



CITY OF BAXTER, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT BAXTER, MINNESOTA - YEAR ENDED DECEMBER 31, 2020

PREPARED BY: Department of Finance
Jeremy S. Vacinek, Finance Director

Brenda Brooks, Finance Specialist

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INTRODUCTORY SECTION



July 23, 2021

Honorable Mayor and Members of the City Council
City of Baxter

We are pleased to submit the Comprehensive Annual Financial Report (Annual Report) of the City of Baxter (City) for the fiscal year ended December 31, 2020. *Minnesota Statutes* require cities to issue an annual report on its financial position and activity prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. BerganKDV, Ltd., performed the audit for the fiscal year ended December 31, 2020. The unmodified (“clean”) opinion has been included as the first component of the financial section of this Annual Report.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Management’s discussion and analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY

The City of Baxter, established in 1939, is located approximately 125 miles northwest of the Minneapolis-St. Paul metropolitan area in Crow Wing County. The City encompasses 20.3 square miles and serves a residential population of 8,555. The City is empowered to levy a property tax on both real and personal properties located within its boundaries.

The City operates under a Mayor-Council form of government. Policy making and legislative authority are vested in a city council consisting of the mayor and four other members. Council responsibilities include, among other things: passing ordinances, adopting the budget, appointing committees, and hiring a city administrator. The city administrator is responsible for carrying out council policies and ordinances and overseeing day-to-day operations. The council is elected on a non-partisan basis in four-year staggered terms.

The City provides a full range of municipal services including police, contracted fire, water, sewer, storm water, construction and maintenance of parks and streets, planning and economic development, recreation and cultural activities, and general administration.

This Annual Report presents the financial status of the City and its component unit. Component units are separate legal entities included in this report due to significant operational or financial relationships with the City. The Economic Development Authority (EDA) of Baxter is reported on a blended basis as part of the primary government because their board is composed of all City council members and they provide services entirely to the City. The City does not report any discretely presented component units.

The annual budget is the foundation of the City's financial planning and control. With input from all departments, the finance department prepares proposed budgets for the general fund, most special revenue funds, debt service fund, and select capital project funds. The proposed budget is then presented to the city council in August, who then hold work sessions and public hearings, and adopt the final budget prior to December 31st.

The annual budget is prepared by fund, function, and department. Transfers between funds are approved by the council. Budget-to-actual comparisons are provided in this report for the general fund, debt service fund and each individual special revenue fund for which an annual budget has been adopted. Major fund budget comparisons begin on page 21; nonmajor special revenue fund budgetary comparisons begin on page 83.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the City of Baxter operates.

Local Economy

Baxter is the regional retail and service center of the beautiful central lakes area of Minnesota with over half of its tax base comprising of the commercial sector. The region is the home to the Whitefish Chain of Lakes, Gull Lake and 475 other lakes and has a permanent population of more than 65,000. A significant source of employment and revenue in the area is related to primarily summer tourism, and the area is home to six world-class resort and conference centers. With the interregional corridors of state highways 371 and 210 intersecting within the City, other significant area employers include major retailers, public school and college systems, health care providers, construction companies, and State agencies.

Following the extended economic downturn of the 2008 recession, renewed commercial and residential building activity have occurred. Infrastructure investments, including pavement management to better preserve existing infrastructure, have once again been planned and completed. With the onset of the Covid-19 pandemic in 2020, the City closely monitored the financial impact to the City and if necessary, will continue to adjust operating and capital budgets to respond to the pandemic.

Relevant Financial Policies and Long-term Financial Planning

The City attempts to program the future purchase of smaller capital equipment by building equity in related capital project funds to relieve the burden incurred in the year of acquisition. For significant infrastructure projects, the City traditionally issues debt, using revenue from identified beneficiaries as the source of repayment. In recent years, the City has begun to set aside funding from a variety of sources for anticipated future infrastructure projects. The City has achieved a Moody's credit rating of Aa3 by regularly repaying debt early; maintaining healthy fund balances; funding debt with special assessment, sales tax, water and sewer alternative revenue sources; and applying sound financial management practices.

The City has maintained 203 to 250 days expenditures in unassigned fund balance in its General Fund for the last ten years. This has enabled the City to maintain adequate cash reserves to operate without short-term borrowing until property tax revenues are received in late June, July, and December.

Major Initiatives

The City continues to refine its Capital Improvement Plan (CIP) to address planned infrastructure development and maintenance needs. The City has recently completed or is planning to complete the following capital projects:

- Lift Station Rehabilitations – As existing infrastructure begins to age, the City has scheduled rehabilitations of its sewer lift stations to maximize the useful life and avoid service delivery problems. For the past several years, the City has rehabilitated one to two sewer lift stations per year. In 2021, rehabilitation improvements to Lift Station 14 on Meredith Drive were bid and are underway. Scheduled for completion in 2021, the City is rehabilitating lift station number eleven on Glory Road.

As part of the Jasperwood Area improvements near the new elementary school, improvements to lift stations twelve and 23 and the sanitary sewer mains between the two lift stations were completed in 2020. Coupled with the “South Sewer Interceptor” improvements of the North Forestview project being completed in 2021, the improvements will reroute the sanitary sewage that originates in south Baxter, reducing the number of lift stations the sewage flows through to be processed at the wastewater treatment plant and increase the area served with sanitary sewer. The projects are being financed with sewer utility revenues and sales tax proceeds.

- Water Treatment Plant Improvements – To improve the efficiency and quality of the water treated by the City, water treatment plant media for the filters have been replaced and a sludge pad was constructed in conjunction with Jasperwood Area improvement.

In late 2020, deficiencies with the water treatment plant’s filters were discovered. To address the problem, a \$2.2 million filter rehabilitation project to remove the existing filter media and underdrain system and reconstruction was approved in 2021. In addition, improvements to the City’s water interconnect building with the City of Brainerd are being completed in 2021 to ensure the City has an adequate water supply during the rehabilitation of the water treatment plant filters. A combination of cash on hand and general obligation revenue bonds backed by related water utility revenues and sales tax proceeds are planned to finance the projects.

- Storm Water Management – As part of the City’s storm water management, acquisition of easements for the next phase of the Section 6 storm water outlet project to mitigate local flooding is underway with construction planned for the outlet shortly thereafter. For 2021, land acquisition is planned for the first phase of the Excelsior commercial storm pond project.

As part of the 2020 North Forestview project, \$530,000 of storm water outlet improvements are being constructed from Highland Scenic Road to the Mississippi River. Funding for the projects is from a combination of sales tax proceeds, storm water enterprise fund revenues, a state grant, and the City’s property tax debt service levy for the portions financed with bonds in 2020.

- Pavement Management Program (PMP) – In 2020, the City continued its plan to maintain City streets in a manner that will best preserve City and citizen resources. Street rehabilitation through the full depth reclamation process began in 2019 and was completed in 2020 on the following city streets: Memorywood Drive, Fairview Road, Industrial Park Road, Greenwood Road, Basswood Road, and Knollwood Drive.

Street improvements on Excelsior Road, Fairview, Road, and Golf Course Drive were initiated and substantially completed in the City’s commercial sector in 2020. The projects were funded primarily through special assessments to the benefited properties, along with city cash on hand. The balance of the City’s contribution was funded with the 2019 and 2020 bond issue and will be repaid through the City’s property tax debt service levy.

The PMP is ongoing with additional residential and commercial streets slated for future improvements. In 2021, street projects for portions of College Road and Isle Drive have begun.

- Jasperwood Area Street and Utility Improvements to Serve the New Baxter Elementary School and Forestview Middle School – In cooperation with Independent School District 181 (ISD181) in 2019, the City of Baxter facilitated the construction of street and utility improvements to Jasperwood Drive and Mapleton Road to service the new elementary school that opened in the fall 2020. The street and utility improvements, along with improvements to Knollwood Drive, were completed in 2020. ISD181 paid for its portion of the improvements through a prepaid special assessment. The City financed its portion of the project with proceeds from the land sale to ISD181, sales tax proceeds, and a property tax debt service levy from bonds sold in 2019.
- North Forestview Street and Utility Improvements (South Sewer Interceptor) – Construction of street and utility improvements to service the North Forestview area was substantially completed by year-end and is anticipated to fully completed in 2021. In addition to providing reconstructed streets and municipal water and sanitary sewer service to the residential neighborhood, a sanitary sewer interceptor line, water main, and storm water outlet improvements were constructed as part of the project. The sewer interceptor line provides a direct, more efficient route from the wastewater treatment plant to serve south Baxter, including the new elementary school and proposed future Knute Nelson senior residential development. The interceptor will reduce the sanitary sewer flow at some of the City's other lift stations.

The 16-inch water main crosses under TH 371 to link the water treatment plant to the North Forestview neighborhood and provide a future path to connect to the City's east water tower. To provide for looping of the City's water, a 12-inch water main extends from the North Forestview neighborhood to the intersection of Highland Scenic Road and Berrywood Drive, where water service already exists.

Over one-half of the project is being financed by cash on hand from sales tax proceeds, the City's Collector Street Fund, and related enterprise funds. Special assessments and a property tax debt service levy from bonds sold in 2020 will provide the balance of funding.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Baxter for its comprehensive annual financial report for the fiscal year ended December 31, 2019. This was the ninth consecutive year that the City has achieved this prestigious award.

To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a Certificate of Achievement.

Respectfully submitted,



Jeremy S. Vacinek
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

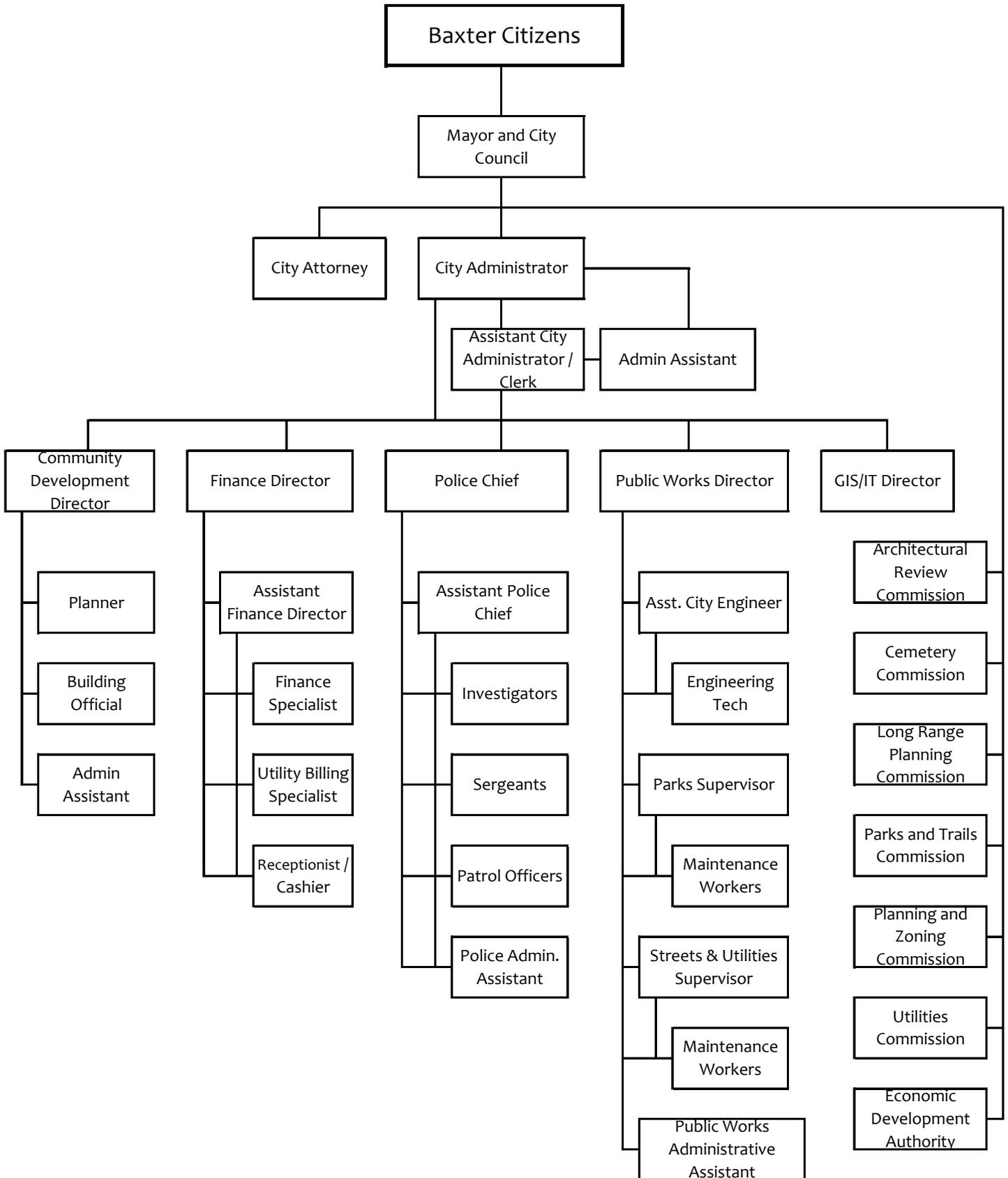
**City of Baxter
Minnesota**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO



Office	Name	Elected Term Expires*
Elected		
Mayor	Darrel Olson	2021
City Council	Mark Cross	2021
	Todd Holman**	2021
	Connie Lyscio	2023
	Zach Tabatt	2023
Appointed		
City Administrator	Bradley Chapulis	
Assistant City Administrator/Clerk	Kelly Steele	
Community Development Director	Joshua Doty	
Finance Director	Jeremy S. Vacinek	
GIS/IT Director	Todd DeBoer	
Police Chief	James Exsted	
Public Works Director	Trevor Walter	
Contractual		
City Attorney	J. Brad Person	
Auditor	BerganKDV	

*Terms expire on the first official business day in January.

**Vice-Mayor

FINANCIAL SECTION

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Baxter
Baxter, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Baxter, Minnesota, as of and for the year ended December 31, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The City of Baxter's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Baxter, Minnesota, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund, the Economic Development Authority Fund and the Sales of Tax Collection Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter and the Required Supplementary Information as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Baxter's basic financial statements. The introductory section, other major governmental funds – budget and actual, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other major governmental funds – budget and actual and combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other major governmental funds – budget and actual and combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matters (Continued)

Other Information (Continued)

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2021, on our consideration of the City of Baxter's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Baxter's internal control over financial reporting and compliance.

BergankDV, Ltd.

St Cloud, Minnesota
July 23, 2021

REQUIRED SUPPLEMENTARY INFORMATION

This section of the City of Baxter's (City) comprehensive annual financial report presents a discussion and analysis of the City's financial performance during the fiscal year that ended on December 31, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the basic financial statements following this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2020 include the following:

- City-wide net position increased 6.3% over the prior year due to significant intergovernmental revenue.
- Total revenues for the year decreased \$2,390,364 from 2019; total expenses decreased \$1,349,930 from the prior year.
- Governmental fund-level revenues totaled \$18,487,536 and were \$9,046,363 less than expenditures before other financing sources and uses.
- Governmental funds' fund balance decreased \$2,190,851 from 2019.
- The Water Enterprise Fund net position increased \$900,956 from the prior year; the Sewer Enterprise Fund net position decreased \$135,831 from the prior year; the Storm Water Enterprise Fund net position increased \$1,485,735 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They can be found on pages 15-16 of this report.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, sanitation, culture and recreation, and economic and community development. The business-type activities of the City include water, sewer, and storm water.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into two categories:

- **Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, two special revenue funds, debt service fund and capital project fund, all of which are considered to be major funds. Data from the other special revenue funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund, debt service fund, and some special revenue funds. A budgetary comparison has been provided for those funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-24 of this report.

- **Proprietary Funds** – The City reports three proprietary funds, all of which are considered major funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and storm water utilities. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 25-28 of this report.

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-66 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's other postemployment benefits and retirement obligations to its employees. Required supplementary information can be found on pages 68-75 of this report.

Combining and individual fund statements and schedules can be found on pages 76-98 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's overall net position was \$140,946,554 on December 31, 2020 (see Table A-1).

**Table A-1
 The City's Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 44,424,678	\$ 43,076,575	\$ 14,319,305	\$ 13,815,409	\$ 58,743,983	\$ 56,891,984
Capital Assets	61,310,403	52,058,525	60,101,174	58,939,268	121,411,577	110,997,793
Total Assets	105,735,081	95,135,100	74,420,479	72,754,677	180,155,560	167,889,777
Total Deferred Outflows of Resources	1,012,525	1,367,663	24,149	23,802	1,036,674	1,391,465
Current Liabilities	6,099,193	5,401,056	701,556	754,058	6,800,749	6,155,114
Long-Term Liabilities	28,689,496	25,030,362	2,802,288	3,297,977	31,491,784	28,328,339
Total Liabilities	34,788,689	30,431,418	3,503,844	4,052,035	38,292,533	34,483,453
Total Deferred Inflows of Resources	1,921,210	2,167,781	31,937	68,457	1,953,147	2,236,238
Net Position						
Net Investment in Capital Assets	37,231,790	32,179,380	57,009,113	55,329,045	89,934,236	82,736,425
Restricted	29,525,388	28,486,012	-	-	29,525,388	28,486,012
Unrestricted	3,280,529	3,238,172	13,899,734	13,328,942	21,486,930	21,339,114
Total Net Position	\$ 70,037,707	\$ 63,903,564	\$ 70,908,847	\$ 68,657,987	\$ 140,946,554	\$ 132,561,551

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)

Changes in Net Position

The City-wide total revenues were \$25,475,454 for the year ended December 31, 2020. Property taxes and special assessments accounted for 58.1% of total revenue for the year and sales tax accounted for 11.6% of total revenue for the year. Governmental activities fees, charges, fines, and other revenues decreased \$212,996 (see Table A-2).

**Table A-2
Change in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Fees, Charges, Fines, and Other	\$ 1,148,890	\$ 1,361,886	\$ 3,454,726	\$ 3,310,295	\$ 4,603,616	\$ 4,672,181
Operating Grants and Contributions	802,905	279,642	17,896	11,207	820,801	290,849
Capital Grants and Contributions	7,392,397	10,266,199	525,079	1,011,863	7,917,476	11,278,062
General Revenues						
Property Taxes	6,890,883	6,404,178	-	-	6,890,883	6,404,178
Lodging Tax	248,466	397,118	-	-	248,466	397,118
Sales Tax	2,965,537	2,799,734	-	-	2,965,537	2,799,734
Tax Increment	608,822	668,465	-	-	608,822	668,465
Unrestricted State Aid	24,000	2,685	-	-	24,000	2,685
Investment Earnings	511,983	641,260	263,919	318,170	775,902	959,430
Change in Fair Value of Investments	329,532	154,521	185,183	80,546	514,715	235,067
Other	105,236	158,049	-	-	105,236	158,049
Total Revenues	21,028,651	23,133,737	4,446,803	4,732,081	25,475,454	27,865,818
Expenses						
General Government	1,593,230	2,493,944	-	-	1,593,230	2,493,944
Public Safety	2,882,168	2,526,036	-	-	2,882,168	2,526,036
Public Works	4,755,589	5,684,908	-	-	4,755,589	5,684,908
Sanitation	10,617	32,983	-	-	10,617	32,983
Water	-	-	1,861,277	1,648,037	1,861,277	1,648,037
Sewer	-	-	1,932,319	2,016,775	1,932,319	2,016,775
Storm Water	-	-	513,061	548,619	513,061	548,619
Culture and Recreation	1,339,968	1,223,138	-	-	1,339,968	1,223,138
Economic & Community Development	1,479,597	1,624,825	-	-	1,479,597	1,624,825
Interest and Fiscal Charges	722,625	641,116	-	-	722,625	641,116
Total Expenses	12,783,794	14,226,950	4,306,657	4,213,431	17,090,451	18,440,381
Increase in Net Position Before Transfers	8,244,857	8,906,787	140,146	518,650	8,385,003	9,425,437
Transfers	(2,110,714)	(3,544,390)	2,110,714	3,544,390	-	-
Change in Net Position	6,134,143	5,362,397	2,250,860	4,063,040	8,385,003	9,425,437
Net Position - Beginning of Year	63,903,564	58,494,067	68,657,987	64,594,947	132,561,551	123,089,014
Change in Accounting Principle/Prior Period Adjustments		47,100				47,100
Net Position - Beginning of Year, as Restated	63,903,564	58,541,167	68,657,987	64,594,947	132,561,551	123,136,114
Net Position - End of Year	\$ 70,037,707	\$ 63,903,564	\$ 70,908,847	\$ 68,657,987	\$ 140,946,554	\$ 132,561,551

Total revenues surpassed expenses, increasing net position \$8,385,003 over last year.

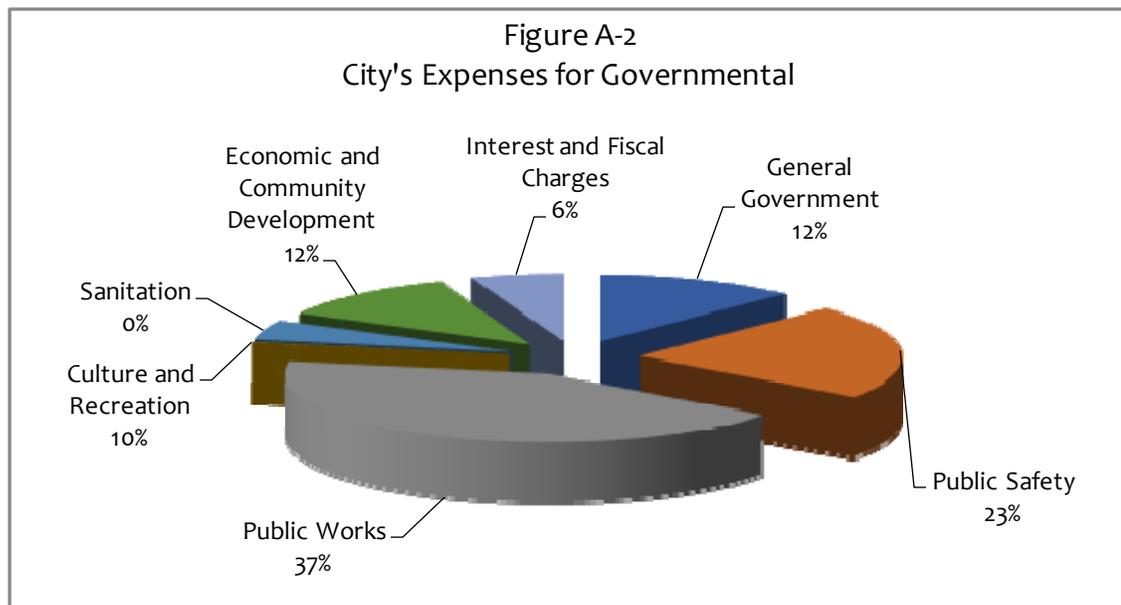
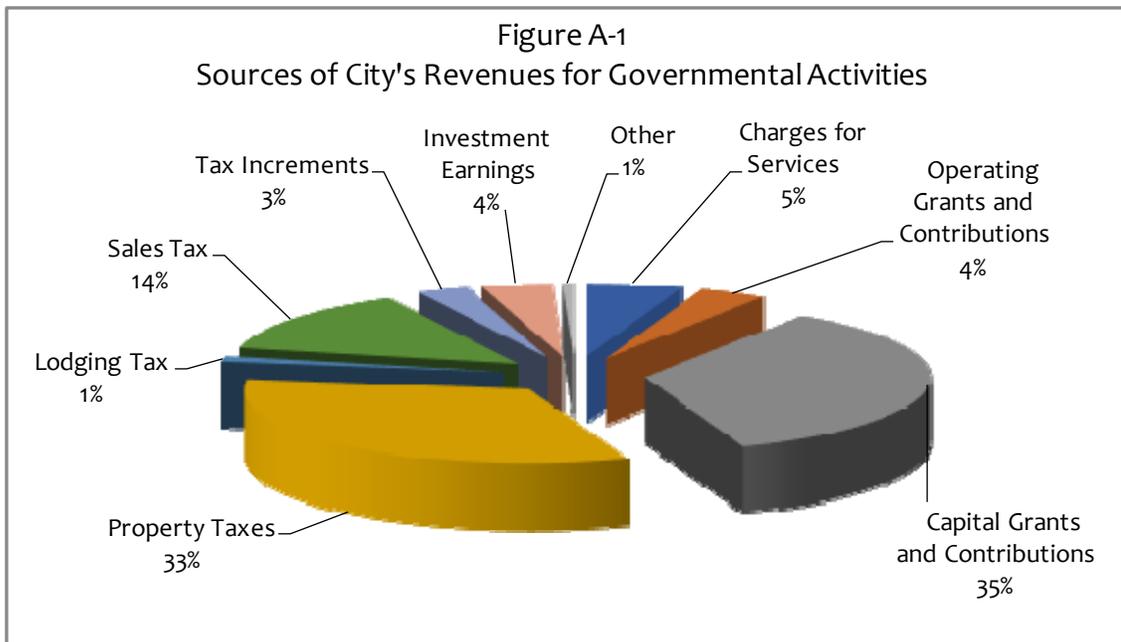
The City-wide cost of all activities this year was \$17,090,451. Governmental activities and business-type activities comprised of \$12,783,794 and \$4,306,657, respectively.

- \$4,603,616 of the cost was paid by the users of the City's programs, comprising of: \$1,148,890 for governmental activities and \$3,454,726 for business-type activities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

- Certain programs in the governmental activities received federal, state, and local support with operating grants and contributions of \$802,905. State assistance for police services, federal Coronavirus Relief Fund CARES Act funding, and an interest rebate for Build America Bonds comprised a majority of the revenue in this classification. Capital grants (special assessments, federal and state grants, and capital contributed from developers) accounted for \$7,392,397 of the revenues. Current year special assessments and prepaid special assessments comprised over \$2,276,000 of the amount, state construction aid and grants consisted of approximately \$691,000, and about \$1,287,000 was from donations and a state grant to fund park greenspace acquisition.
- The City's governmental activities' program expenses exceeded program revenues by \$3,439,602 (see Table A-3). The majority of the remaining expenses were financed with general revenues such as property taxes, lodging taxes, sales taxes, tax increments, investment earnings and other miscellaneous revenues.



FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

**Table A-3
 Cost of Services Analysis**

	Total Cost of Services		Net Revenue from (Cost of) Services	
	2020	2019	2020	2019
GOVERNMENTAL ACTIVITIES				
General Government	\$ 1,593,230	\$ 2,493,944	\$ (1,127,363)	\$ (2,304,344)
Public Safety	2,882,168	2,526,036	(1,999,400)	(1,717,690)
Public Works	4,755,589	5,684,908	1,767,210	4,820,191
Sanitation	10,617	32,983	6,807	(4,813)
Culture and Recreation	1,339,968	1,223,138	42,594	(1,105,112)
Economic and Community Development	1,479,597	1,624,825	(1,457,970)	(1,421,772)
Interest	722,625	641,116	(671,480)	(585,683)
Total	<u>\$ 12,783,794</u>	<u>\$ 14,226,950</u>	<u>\$ (3,439,602)</u>	<u>\$ (2,319,223)</u>
BUSINESS-TYPE ACTIVITIES				
Water	\$ 1,861,277	\$ 1,648,037	\$ 27,702	\$ 398,654
Sewer	1,932,319	2,016,775	(350,558)	(197,223)
Storm Water	513,061	548,619	13,900	(81,497)
Total	<u>\$ 4,306,657</u>	<u>\$ 4,213,431</u>	<u>\$ (308,956)</u>	<u>\$ 119,934</u>

The financial performance of the City as a whole is reflected in its governmental funds as well. As the City completed the year, its governmental funds reported a combined fund balance of \$26,395,759.

Revenues for the City's governmental funds were \$18,487,536 while total expenditures were \$27,533,899. The excess of expenditures over revenues before other financing sources and uses is due to significant capital outlay on infrastructure projects.

GENERAL FUND

The General Fund includes the primary operations of the City in providing services to its residents. Fund balance in the General Fund increased \$168,249 over 2019 due to higher than expected revenues and lower than anticipated expenditures. Days Expenditures in Unassigned Fund Balance for the General Fund remained stable at 203 days.

GENERAL FUND (CONTINUED)

The following schedule presents a summary of General Fund Revenues:

**Table A-4
 General Fund Revenues**

Fund	Year Ended		Change	
	December 31, 2020	December 31, 2019	Increase (Decrease)	Percent
Taxes and Special Assessments	\$ 5,815,223	\$ 5,328,613	\$ 486,610	9.1 %
Franchise Fees	263,735	197,898	65,837	33.3
Licenses and Permits	42,214	44,779	(2,565)	(5.7)
Intergovernmental	479,663	190,421	289,242	151.9
Charges for Services	171,006	197,368	(26,362)	(13.4)
Fines and Forfeits	47,756	64,689	(16,933)	(26.2)
Investment Earnings	81,092	97,735	(16,643)	(17.0)
Net Increase (Decrease) in Fair Value of Investments	36,791	18,239	18,552	101.7
Miscellaneous and Other	106,411	108,179	(1,768)	(1.6)
Total General Fund Revenue	\$ 7,043,891	\$ 6,247,921	\$ 795,970	12.7 %

Total General Fund revenue increased \$795,970 from the previous year. Property taxes and special assessments continue to be the significant source of funding in the general fund, comprising 82.6% of the total general fund revenues for 2020.

The following schedule presents a summary of General Fund Expenditures:

**Table A-5
 General Fund Expenditures**

	Year Ended		Change	
	December 31, 2020	December 31, 2019	Increase (Decrease)	Percent
General Government	\$ 1,700,289	\$ 1,700,088	\$ 201	0.0 %
Public Safety	2,414,159	2,269,200	144,959	6.4
Public Works	820,825	819,930	895	0.1
Culture and Recreation	855,926	811,615	44,311	5.5
Capital Outlay	90,295	14,438	75,857	525.4
Total Expenditures	\$ 5,881,494	\$ 5,615,271	\$ 266,223	4.7 %

General Fund Budgetary Highlights

Over the course of the year, the City revised the annual operating budget when significant amendments were made by the City Council.

- Actual revenues were \$196,391 higher than expected due primarily to higher than anticipated public safety grants, charges for services, investment income, and recognizing 2019 franchise fees received after 60 days in 2020.
- Actual expenditures were \$229,506 less than budgeted primarily due to lower than anticipated insurance premiums, conservative budget practices, and vacant employee position during the year. These savings offset expenditures that were higher than budgeted in the streets and public works administration departments for the year.

ECONOMIC DEVELOPMENT FUND

The Economic Development fund comprises the activities of the City's Economic Development Authority (EDA). The EDA is responsible for marketing the City's industrial park lots and acting as a conduit for the resale of a few residential properties that were acquired as part of infrastructure projects.

In 2020, the EDA's fund balance increased \$37,500 due to higher than anticipated interest income.

SALES TAX COLLECTIONS FUND

The Sales Tax Collections fund year-end fund balance was \$5,428,350, a \$2,805,982 decrease from the prior year. The planned decrease is attributable to the funding of the North Forestview (South Sewer Interceptor) and 2020 Fairview Road and Trail projects. Sales tax funded debt service payments for the 2007A General Obligation Water and Sales Tax Revenue Bonds and the 2009B General Obligation Sales Tax and Sewer Revenue Bonds. It is anticipated fund balance will fluctuate as proceeds continue to accumulate and are spent on future capital needs on a pay-as-you-go basis. Proceeds will also be utilized for future debt service payments on sales tax related bond issues when necessary.

CONSTRUCTION PROJECTS AND DEBT SERVICE

The Debt Service Fund consists of the City's General Obligation Improvement Bonds issued to finance street, utility, and trail improvements. The Fund also includes General Obligation Sales Tax Wastewater Revenue Notes issued to finance the City's share of the wastewater treatment plant financed primarily with sales tax revenues. In addition, the Fund includes the Capital Improvement Plan Bonds issued to finance projects approved as part of the City's five-year Capital Improvement Plan (CIP). A majority of the improvement bonds debt is financed with special assessments to the benefited property owners, with the CIP bonds funded with property tax levy over the next five years.

In 2020, the City issued general obligation bonds to fund capital projects. This debt will be repaid through special assessments and a debt service property tax levy.

The Capital Project Fund accounts for the majority of the City's construction projects and acquisition of capital assets. Fund balance decreased \$266,538 primarily due to the closeout of the 2019 Mill and Overlay project and Collector Street funding for the 2020 projects.

PROPRIETARY FUNDS

Due to timing differences in the user fees and capital improvements in the proprietary funds, increases (or decreases) in net position can occur from year to year. Net position for the Water Fund increased \$900,956, Sewer Fund decreased \$135,831, and Storm Water Fund increased \$1,485,735. The increases in net position in the Water and Storm Water Funds are primarily due to capital contributions. In the Sewer Fund, the decrease in net position is the result of the operating loss and transfer to the Capital Project Fund for sewer infrastructure in the North Forestview (South Sewer Interceptor) project.

Operating revenues in the proprietary funds increased \$141,669 or 4.5% from 2019 due to increased utility rates and expanded service to new users. Water, sewer, and storm water rates increased beginning with February 2020 usage. Rates are reviewed annually and will continue to be reviewed in the future. A steady number of residential utility connections and commercial construction generated \$393,228 of water and sewer availability charge revenues for 2020. The availability charges decreased \$618,635 or 61.1% from the prior year. Availability charges include those certified through special assessment agreements and city improvement projects through capital project fund transfers for collection with Crow Wing County.

PROPRIETARY FUNDS (CONTINUED)

Water operating expenses increased 14.0%, sewer operating expenses decreased 4.2%, and storm water expenses decreased 6.7% from 2019. The increase in water operating expenses was due to higher personnel services, other services and charges costs, and depreciation. The decrease in sewer operating expenses was due to lower BPU sewer treatment costs offset partially by higher personnel services and depreciation. The decrease in Storm Water Fund operating expenses was a result of lower operating supply costs, and structure repairs offset partially by higher personnel services and depreciation costs.

CAPITAL ASSETS

By the end of 2020, the City had invested approximately \$193,889,000 in a broad range of capital assets, including: buildings, improvements, equipment, and infrastructure (see Table A-6). (More detailed information about capital assets can be found in Note 3.A.2 to the financial statements.) Total depreciation expense for the year was \$5,324,752 (including the enterprise funds).

**Table A-6
 The City's Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 8,145,967	\$ 6,760,198	\$ 1,852,414	\$ 1,839,260	\$ 9,998,381	\$ 8,599,458
Construction in Progress	10,368,604	7,610,854	266,256	442,593	10,634,860	8,053,447
Intangible	6,960	6,960	9,867,725	9,867,725	9,874,685	9,874,685
Buildings	1,988,564	1,911,373	9,972,957	9,943,813	11,961,521	11,855,186
Infrastructure and Distribution System	74,805,289	68,097,431	65,538,128	61,952,585	140,343,417	130,050,016
Land Improvements	5,118,391	4,029,188	559,134	559,134	5,677,525	4,588,322
Machinery, Vehicles, Furniture and Equipment	3,294,714	3,062,936	2,103,743	2,071,709	5,398,457	5,134,645
Less: Accumulated Depreciation	(42,418,086)	(39,420,415)	(30,059,183)	(27,737,551)	(72,477,269)	(67,157,966)
Total	\$ 61,310,403	\$ 52,058,525	\$ 60,101,174	\$ 58,939,268	\$ 121,411,577	\$ 110,997,793

In 2020, \$2,928,404 of capital assets was contributed to proprietary funds by the governmental activities of the City.

At year-end, the City had \$34,780,947 in long-term liabilities outstanding, including bond discounts and premiums, compensated absences, net pension liabilities, and other postemployment benefits. The City also recognized its proportionate share of the Public Employees Retirement Association of Minnesota's (PERA) net pension liability, in accordance with GASB Statement No. 68. (More detailed information about long-term debt and pension items can be found in Note 3.C and Note 4 to the financial statements, respectively.)

LONG-TERM LIABILITIES (CONTINUED)

The City's long-term debt increased \$4,022,394 for governmental activities due to the issuance of the \$5.76 million General Obligation Improvement Bonds in 2020 and the change in the City's proportionate share of PERA's net pension liability. Long-term debt for business-type activities decreased \$483,601 as a result of the continued payoff of existing debt.

**Table A-7
 The City's Long-Term Liabilities**

	2020	2019
GOVERNMENTAL ACTIVITIES		
General Obligation Bonds	\$ 23,636,500	\$ 19,601,367
General Obligation Revenue Notes	4,306,667	4,772,000
Compensated Absences Payable	441,640	389,464
Other Postemployment Benefits	332,043	330,618
Net Pension Liability	2,747,578	2,348,585
Total	\$ 31,464,428	\$ 27,442,034
BUSINESS-TYPE ACTIVITIES		
General Obligation Bonds	\$ 3,071,741	\$ 3,586,516
Compensated Absences Payable	26,039	19,324
Net Pension Liability	218,739	194,280
Total	\$ 3,316,519	\$ 3,800,120

FACTORS BEARING ON THE CITY'S FUTURE

The City's capital improvement plan guides the implementation of planned infrastructure and maintenance projects. The objective is to match funding with increased infrastructure needs and to promote continued economic development within the City. Through the capital improvement planning process, the City will continue to plan for future capital investments and monitor their impacts of City services.

Street maintenance and new improvements planned in 2021 include full depth reclamation of segments of College Road and Isle Drive within the City. The projects will be funded with a combination of special assessments to benefiting properties, sales tax proceeds, enterprise fund contributions, MNDOT funding, and an annual property tax levy for the City's portion of the debt service.

Major improvements to the City's water infrastructure system are slated for 2021. Water pump upgrades to the City's pumps at the water interconnect building with the City of Brainerd are underway. A rehabilitation of the water treatment plant filters and underdrains was bid and approved in July 2021. Other sewer infrastructure projects continuing in 2021 include the rehabilitation of sanitary sewer lift station number 14. Storm water projects include land acquisition and construction of the next phase of the Section 6 stormwater outlet project to alleviate localized flooding in that area.

FACTORS BEARING ON THE CITY'S FUTURE (CONTINUED)

Collections of the City's local option sales tax and motor vehicle excise tax are robust; receipts are up \$171,838, or 6.2%, from 2019. In 2014, the City's sales tax authority was extended through 2037. The City is authorized to fund \$32 million of water, sewer, and storm water related infrastructure and traffic-safety related improvements and \$8 million for the regional component of water and sewer improvements to the Brainerd Lakes Regional Airport. Through a revenue sharing agreement with the City of Brainerd, Baxter remits 20% of its net sales tax revenues to the City of Brainerd on a semi-annual basis for the airport component.

Sales tax receipts will continue to finance outstanding debt service related to the City's water treatment plant and the City's share of wastewater treatment plant capacity. To minimize future borrowing costs, sales tax proceeds on hand will be utilized for eligible portions of capital projects identified in the capital improvement plan. Sales tax proceeds are one of the identified funding sources for the storm water and trail improvement portions of the 2021 full depth reclamation street project.

Private investment in the City remains stable. Commercial construction included the Ekomarkt retail tenant and remodels for North Memorial Ambulance, Bernick beverage distribution, and Simonson Lumber. Building permits for 16 residential homes were issued in 2020. Interest in multi-family housing remains strong. A housing project consisting of a 20-unit apartment building and 20 units of townhomes was completed, along with an addition to a senior-care facility.

The new Baxter elementary school, constructed on Jasperwood Drive, was completed in the fall 2020. The city facilitated construction of the street and utility improvements to Jasperwood Drive and Mapleton Road with construction completed in 2020. Improvements to the former elementary school are being completed to accommodate a school district early childhood education center.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives. Contact Jeremy Vacinek, Finance Director, at (218) 454-5112 if you have questions about this report or would like to request additional financial information.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Baxter, Minnesota
Statement of Net Position

Comprehensive Annual Financial Report
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Pooled Investments	\$ 27,025,079	\$ 13,724,956	\$ 40,750,035
Internal Balances	(125,995)	125,995	-
Accrued Interest Receivable	216,551	-	216,551
Accounts Receivable - Net	191,935	424,578	616,513
Due from Other Governments	998,992	15,383	1,014,375
Prepaid items	1,914	-	1,914
Delinquent Taxes Receivable	183,514	-	183,514
Special Assessments Receivable	13,783,556	28,393	13,811,949
Land Held For Resale	2,149,132	-	2,149,132
Non-Depreciable Capital Assets			
Land	8,145,967	1,852,414	9,998,381
Construction in Progress	10,368,604	266,256	10,634,860
Depreciable Capital Assets (Net)			
Intangible	-	7,524,106	7,524,106
Buildings	900,139	6,922,207	7,822,346
Distribution Systems	38,099,299	42,463,651	80,562,950
Land Improvements	3,064,684	261,934	3,326,618
Machinery, Vehicles, Furniture and Equipment	731,710	810,606	1,542,316
Total Assets	105,735,081	74,420,479	180,155,560
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan and OPEB Deferments	1,012,525	24,149	1,036,674
Total Assets and Deferred Outflows of Resources	\$ 106,747,606	\$ 74,444,628	\$ 181,192,234
LIABILITIES			
Accounts Payable	\$ 1,056,475	\$ 150,306	\$ 1,206,781
Due to Other Governments	757,391	838	758,229
Salaries Payable	53,734	4,303	58,037
Accrued Liabilities	129,430	7,127	136,557
Contracts Payable	464,834	-	464,834
Accrued Interest Payable	275,120	24,751	299,871
Unearned Revenue	7,560	-	7,560
Escrow Deposits	579,717	-	579,717
Long-term Liabilities:			
Due Within One Year			
Compensated Absences Payable	19,599	4,231	23,830
General Obligation Bonds Payable	2,275,000	510,000	2,785,000
General Obligation Revenue Notes Payable	480,333	-	480,333
Due In More than One Year			
Compensated Absences Payable	422,041	21,808	443,849
Total Other Postemployment Benefits Payable	332,043	-	332,043
Net Pension Liability - PERA	2,747,578	218,739	2,966,317
General Obligation Bonds Payable	21,361,500	2,561,741	23,923,241
General Obligation Revenue Notes Payable	3,826,334	-	3,826,334
Total Liabilities	34,788,689	3,503,844	38,292,533
DEFERRED INFLOWS OF RESOURCES			
State Aid Received for Subsequent Years	967,500	-	967,500
Gain on Refunding Bonds	-	20,320	20,320
Pension Plan and OPEB Deferments	953,710	11,617	965,327
Total Deferred Inflows of Resources	1,921,210	31,937	1,953,147
NET POSITION			
Net Investment in Capital Assets	37,231,790	57,009,113	89,934,236
Restricted for			
Debt Service	19,875,369	-	19,875,369
Economic Development	3,680,855	-	3,680,855
Sales Tax Funded Infrastructure	5,471,758	-	5,471,758
Tax Increment Financing	436,438	-	436,438
Police Activity	60,968	-	60,968
Unrestricted	3,280,529	13,899,734	21,486,930
Total Net Position	70,037,707	70,908,847	140,946,554
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 106,747,606	\$ 74,444,628	\$ 181,192,234

See accompanying Notes to Financial Statements.

City of Baxter, Minnesota
Statement of Activities

Comprehensive Annual Financial Report
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES							
General Government	\$ 1,593,230	\$ 240,650	\$ 225,056	\$ 161	\$ (1,127,363)	\$ -	\$ (1,127,363)
Public Safety	2,882,168	419,356	463,341	71	(1,999,400)	-	(1,999,400)
Public Works	4,755,589	414,244	12,185	6,096,370	1,767,210	-	1,767,210
Sanitation	10,617	373	17,051	-	6,807	-	6,807
Culture and Recreation	1,339,968	55,850	30,917	1,295,795	42,594	-	42,594
Economic and Community Development	1,479,597	18,417	3,210	-	(1,457,970)	-	(1,457,970)
Interest and Fiscal Charges	722,625	-	51,145	-	(671,480)	-	(671,480)
Total Governmental Activities	12,783,794	1,148,890	802,905	7,392,397	(3,439,602)	-	(3,439,602)
BUSINESS-TYPE ACTIVITIES							
Water	1,861,277	1,629,263	3,286	256,430	-	27,702	27,702
Sewer	1,932,319	1,300,502	12,610	268,649	-	(350,558)	(350,558)
Storm Water	513,061	524,961	2,000	-	-	13,900	13,900
Total Business-Type Activities	4,306,657	3,454,726	17,896	525,079	-	(308,956)	(308,956)
Total Government	\$ 17,090,451	\$ 4,603,616	\$ 820,801	\$ 7,917,476	(3,439,602)	(308,956)	(3,748,558)
GENERAL REVENUES							
Property Taxes					6,890,883	-	6,890,883
Lodging Tax					248,466	-	248,466
Sales Tax					2,965,537	-	2,965,537
Tax Increments					608,822	-	608,822
Grants and Contributions not Restricted for a Particular Purpose					24,000	-	24,000
Investment Earnings					511,983	263,919	775,902
Net Increase (Decrease) in Fair Value of Investments					329,532	185,183	514,715
Miscellaneous					105,236	-	105,236
TRANSFERS					(2,110,714)	2,110,714	-
Total General Revenues and Transfers					9,573,745	2,559,816	12,133,561
Change in Net Position					6,134,143	2,250,860	8,385,003
Net Position - Beginning of Year					63,903,564	68,657,987	132,561,551
NET POSITION - END OF YEAR					\$ 70,037,707	\$ 70,908,847	\$ 140,946,554

See accompanying Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds

December 31, 2020

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	Economic Development	Sales Tax Collections	Debt Service Fund	Capital Project Fund		
ASSETS							
Cash and Pooled Investments	\$ 2,659,411	\$ 1,484,095	\$ 5,366,109	\$ 6,679,585	\$ 8,851,652	\$ 1,984,227	\$ 27,025,079
Due from Other Funds	539,388	-	-	-	-	-	539,388
Accrued Interest Receivable	216,551	-	-	-	-	-	216,551
Accounts Receivable	119,538	-	7,898	1,121	54,248	9,130	191,935
Due from Other Governments	134,783	-	531,321	72,101	260,787	-	998,992
Prepaid Expenses	1,384	-	-	-	-	530	1,914
Delinquent Taxes Receivable	157,297	-	-	26,217	-	-	183,514
Special Assessments Receivable	188	3,591	-	13,407,645	358,898	13,234	13,783,556
Advances to Other Funds	792,000	44,600	-	-	-	-	836,600
Land Held for Resale	-	2,149,132	-	-	-	-	2,149,132
Total Assets	\$ 4,620,540	\$ 3,681,418	\$ 5,905,328	\$ 20,186,669	\$ 9,525,585	\$ 2,007,121	\$ 45,926,661
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 141,433	\$ -	\$ -	\$ 1,857	\$ 628,048	\$ 285,137	\$ 1,056,475
Due to Other Governments	70,861	563	433,570	8,584	240,634	3,179	757,391
Salaries Payable	48,744	-	-	-	-	4,990	53,734
Accrued Liabilities	129,430	-	-	-	-	-	129,430
Due to Other Funds	-	-	-	25,739	639,397	247	665,383
Contracts Payable	-	-	-	-	464,834	-	464,834
Unearned Revenue	4,055	-	-	-	-	3,505	7,560
Advances From Other Funds	-	-	-	-	-	836,600	836,600
Escrow Deposits	-	-	-	-	250,000	329,717	579,717
Total Liabilities	394,523	563	433,570	36,180	2,222,913	1,463,375	4,551,124
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue							
Taxes	157,297	-	-	26,217	-	-	183,514
Special Assessments	188	3,591	-	13,407,645	358,898	13,234	13,783,556
Other	1,800	-	43,408	-	967,500	-	1,012,708
Total Deferred Inflows of Resources	159,285	3,591	43,408	13,433,862	1,326,398	13,234	14,979,778
FUND BALANCES							
Nonspendable	793,384	-	-	-	-	530	793,914
Restricted	-	3,677,264	5,428,350	6,716,627	-	497,406	16,319,647
Committed	-	-	-	-	-	561,344	561,344
Assigned	-	-	-	-	5,976,274	1,417	5,977,691
Unassigned	3,273,348	-	-	-	-	(530,185)	2,743,163
Total Fund Balances	4,066,732	3,677,264	5,428,350	6,716,627	5,976,274	530,512	26,395,759
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,620,540	\$ 3,681,418	\$ 5,905,328	\$ 20,186,669	\$ 9,525,585	\$ 2,007,121	\$ 45,926,661

Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position – Governmental Activities

December 31, 2020

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 26,395,759
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	61,310,403
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the governmental funds.	14,012,278
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. Deferred outflows and inflows related to these long-term liabilities are also not reported in the governmental funds.	
General Obligation Bonds Payable	\$ (23,636,500)
General Obligation Revenue Notes Payable	(4,306,667)
Compensated Absences Payable	(441,640)
Other Postemployment Benefits (OPEB) Payable	(332,043)
Accrued Interest Payable	(275,120)
Net Pension Liability - PERA	(2,747,578)
OPEB and Pension Plan Deferments	58,815
	<u>(31,680,733)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 70,037,707</u>

City of Baxter, Minnesota
Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds

Comprehensive Annual Financial Report
Year Ended December 31, 2020

	Major Funds						Total Governmental Funds
	General Fund	Economic Development	Sales Tax Collections	Debt Service Fund	Capital Project Fund	Other Governmental Funds	
REVENUES							
Taxes	\$ 5,806,962	\$ -	\$ -	\$ 1,084,832	\$ 5,490	\$ -	\$ 6,897,284
Lodging Tax	-	-	-	-	-	248,466	\$ 248,466
Sales Tax	-	-	2,965,537	-	-	-	2,965,537
Tax Increments	-	-	-	-	-	608,822	608,822
Franchise Fees	263,735	-	-	-	370,497	-	634,232
Special Assessments	8,261	-	-	1,476,194	799,758	71	2,284,284
Licenses, Permits, and Fees	42,214	-	-	-	-	217,676	259,890
Intergovernmental	479,663	-	-	51,145	1,463,745	315,479	2,310,032
Charges for Services	171,006	-	-	-	-	78,770	249,776
Fines and Forfeits	47,756	-	-	-	-	5,832	53,588
Gifts and Contributions	1,000	-	-	-	-	992,100	993,100
Investment Earnings	81,092	30,020	149,792	89,491	163,101	32,164	545,660
Net Increase (Decrease) in Fair Value of Investments	36,791	19,678	97,937	66,143	85,909	23,074	329,532
Miscellaneous	105,411	-	-	-	720	1,202	107,333
Total Revenues	7,043,891	49,698	3,213,266	2,767,805	2,889,220	2,523,656	18,487,536
EXPENDITURES							
CURRENT							
General Government	1,700,289	-	56,115	-	18,066	14,057	1,788,527
Public Safety	2,414,159	-	-	-	189,110	185,957	2,789,226
Public Works	820,825	-	-	-	1,274,682	-	2,095,507
Sanitation	-	-	-	-	-	20,811	20,811
Culture and Recreation	855,926	-	-	-	65,888	9,905	931,719
Economic and Community Development	-	42,198	585,640	-	-	897,635	1,525,473
CAPITAL OUTLAY							
General Government	82,395	-	-	-	24,643	-	107,038
Public Safety	-	-	-	-	192,117	-	192,117
Public Works	7,900	-	-	-	13,543,616	-	13,551,516
Culture and Recreation	-	-	-	-	-	1,385,768	1,385,768
DEBT SERVICE							
Principal	-	-	-	2,390,333	-	-	2,390,333
Interest and Fiscal Charges	-	-	-	668,322	87,499	43	755,864
Total Expenditures	5,881,494	42,198	641,755	3,058,655	15,395,621	2,514,176	27,533,899
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,162,397	7,500	2,571,511	(290,850)	(12,506,401)	9,480	(9,046,363)
OTHER FINANCING SOURCES (USES)							
Issuance of GO Bonds	-	-	-	103	5,759,897	-	5,760,000
Issuance of GO Bonds - Premium	-	-	-	-	277,822	-	277,822
Transfers In	452,321	30,000	-	1,225,435	6,480,818	82,011	8,270,585
Transfers Out	(1,446,469)	-	(5,377,493)	-	(278,674)	(350,259)	(7,452,895)
Total Other Financing Sources (Uses)	(994,148)	30,000	(5,377,493)	1,225,538	12,239,863	(268,248)	6,855,512
NET CHANGE IN FUND BALANCES	168,249	37,500	(2,805,982)	934,688	(266,538)	(258,768)	(2,190,851)
Fund Balance - Beginning of Year	3,898,483	3,639,764	8,234,332	5,781,939	6,242,812	789,280	28,586,610
FUND BALANCE - END OF YEAR	\$ 4,066,732	\$ 3,677,264	\$ 5,428,350	\$ 6,716,627	\$ 5,976,274	\$ 530,512	\$ 26,395,759

See accompanying Notes to Financial Statements.

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Government-Wide
Statement of Activities – Governmental Activities

December 31, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (2,190,851)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Contributions of capital assets (infrastructure) by developers are not shown as income in the governmental funds because they do not provide current financial resources. Capital asset transfers from the governmental activities to the business-type activities are not reflected as expenditures in the governmental fund statements because they do not involve a transfer of current financial resources.

Expenditures for General Capital Assets, Infrastructure, and Other Related Capital Assets Adjustments	15,216,154	
Capital Contributions to Enterprise Funds	(2,928,404)	
Capital Contributions from Developers	-	
Current Year Depreciation	<u>(2,997,671)</u>	9,290,079

In the statement of activities, only the gain or loss on the disposal of capital assets are reported whereas in the governmental funds, the proceeds from the disposal increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the cost of the capital assets disposed of. (38,201)

The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements. 2,602,081

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. The net proceeds for debt issuance are: (5,760,000)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal Repayments		
General Obligation Bonds	1,925,000	
Revenue Bonds	<u>465,333</u>	2,390,333

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Issuance of Premium	(277,822)	
Change in Accrued Interest Payable	(44,450)	
Amortization of Discounts and Premiums	77,689	
Change in Compensated Absences	(52,176)	
Change in Other Postemployment Benefits	5,815	
Change in Pension Expense	<u>131,646</u>	<u>(159,298)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 6,134,143

General Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
GENERAL PROPERTY TAXES	\$ 5,803,600	\$ 5,803,600	\$ 5,806,962	\$ 3,362
FRANCHISE FEES	195,400	195,400	263,735	68,335
SPECIAL ASSESSMENTS				
Principal	8,100	8,100	8,261	161
LICENSES, PERMITS, AND FEES				
Business Licenses and Permits	800	800	1,050	250
Other Licenses, Permits, and Fees	38,300	38,300	41,164	2,864
Total Licenses, Permits and Fees	39,100	39,100	42,214	3,114
INTERGOVERNMENTAL				
STATE AND LOCAL				
Market Value Credit	-	-	596	596
Public Safety Grants	136,500	136,500	159,228	22,728
Other	12,600	12,600	34,102	21,502
Total State and Local	149,100	149,100	193,926	44,826
FEDERAL				
Coronavirus Relief Funds	-	277,700	279,381	1,681
Public Safety Grants	-	-	6,356	6,356
Total Federal	-	277,700	285,737	8,037
Total Intergovernmental	149,100	426,800	479,663	52,863
CHARGES FOR SERVICES	151,700	151,700	171,006	19,306
FINES AND FORFEITS	58,200	58,200	47,756	(10,444)
GIFTS AND CONTRIBUTIONS	-	-	1,000	1,000
INVESTMENT EARNINGS	69,100	69,100	81,092	11,992
NET INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENTS	-	-	36,791	36,791
MISCELLANEOUS				
Other Rents and Royalties	95,500	95,500	95,643	143
Other Miscellaneous Revenues	-	-	9,768	9,768
Total Miscellaneous	95,500	95,500	105,411	9,911
Total Revenues	6,569,800	6,847,500	7,043,891	196,391

See accompanying Notes to Financial Statements.

General Fund (Continued)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Other General Government	\$ 283,700	\$ 283,700	\$ 182,284	\$ (101,416)
Council	46,400	46,400	40,784	(5,616)
Administration	391,400	391,400	373,522	(17,878)
Finance	470,600	470,600	381,691	(88,909)
Public Works Administration	454,000	454,000	454,202	202
Information Systems	180,400	193,000	187,631	(5,369)
Legal	79,000	79,000	80,175	1,175
Total General Government	<u>1,905,500</u>	<u>1,918,100</u>	<u>1,700,289</u>	<u>(217,811)</u>
PUBLIC SAFETY				
Police	2,084,700	2,084,700	2,060,301	(24,399)
Fire Protection	353,900	353,900	353,858	(42)
Total Public Safety	<u>2,438,600</u>	<u>2,438,600</u>	<u>2,414,159</u>	<u>(24,441)</u>
PUBLIC WORKS				
Streets	809,400	809,400	820,825	11,425
CULTURE AND RECREATION				
Parks Maintenance	894,700	894,700	820,926	(73,774)
Recreation Program	35,000	35,000	35,000	-
Total Culture and Recreation	<u>929,700</u>	<u>929,700</u>	<u>855,926</u>	<u>(73,774)</u>
CAPITAL OUTLAY				
General Government	-	7,300	82,395	75,095
Public Works	-	7,900	7,900	-
Total Capital Outlay	<u>-</u>	<u>15,200</u>	<u>90,295</u>	<u>75,095</u>
Total Expenditures	<u>6,083,200</u>	<u>6,111,000</u>	<u>5,881,494</u>	<u>(229,506)</u>
EXCESS OF REVENUES OVER EXPENDITURES	486,600	736,500	1,162,397	425,897
OTHER FINANCING SOURCES (USES)				
Transfers In	363,000	363,000	452,321	89,321
Transfers Out	(849,600)	(1,449,400)	(1,446,469)	2,931
Total Other Financing Sources (Uses)	<u>(486,600)</u>	<u>(1,086,400)</u>	<u>(994,148)</u>	<u>92,252</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (349,900)</u>	168,249	<u>\$ 518,149</u>
Fund Balances - Beginning of Year			3,898,483	
FUND BALANCES - END OF YEAR			<u>\$ 4,066,732</u>	

See accompanying Notes to Financial Statements.

Economic Development Authority Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Investment Earnings	\$ 16,500	\$ 16,500	\$ 30,020	\$ 13,520
Net Increase (Decrease) in Fair Value of Investments	-	-	19,678	19,678
Total Revenues	16,500	16,500	49,698	33,198
EXPENDITURES				
CURRENT				
Economic and Community Development Economic Development	46,500	46,500	42,198	(4,302)
EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES	(30,000)	(30,000)	7,500	37,500
OTHER FINANCING SOURCES				
Transfers In	30,000	30,000	30,000	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	37,500	\$ 37,500
Fund Balance - Beginning of Year			3,639,764	
FUND BALANCE - END OF YEAR			\$ 3,677,264	

See accompanying Notes to Financial Statements.

Sales Tax Collections Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Sales Tax	\$ 2,801,800	\$ 2,801,800	\$ 2,965,537	\$ 163,737
Investment Earnings	64,000	64,000	149,792	85,792
Net Increase (Decrease) in Fair Value of Investments	-	-	97,937	97,937
Total Revenues	2,865,800	2,865,800	3,213,266	347,466
EXPENDITURES				
CURRENT				
General Government	56,700	56,700	56,115	(585)
Economic and Community Development				
Economic Development	549,000	549,000	585,640	36,640
Total Expenditures	605,700	605,700	641,755	36,055
EXCESS OF REVENUES OVER EXPENDITURES	2,260,100	2,260,100	2,571,511	311,411
OTHER FINANCING USES				
Transfers Out	(4,462,500)	(5,542,500)	(5,377,493)	165,007
NET CHANGE IN FUND BALANCE	\$ (2,202,400)	\$ (3,282,400)	(2,805,982)	\$ 476,418
Fund Balance - Beginning of Year			8,234,332	
FUND BALANCE - END OF YEAR			\$ 5,428,350	

City of Baxter, Minnesota
Statement of Net Position – Proprietary Funds

Comprehensive Annual Financial Report
December 31, 2020

	Water	Sewer	Storm Water	Total Enterprise Funds
ASSETS				
Current Assets:				
Cash and Investments	\$ 6,997,579	\$ 6,134,399	\$ 592,978	\$ 13,724,956
Receivables				
Due From Other Funds	247	125,748	-	125,995
Accounts	177,405	174,926	72,247	424,578
Due From Other Governments	-	15,383	-	15,383
Special Assessments	1,465	26,271	657	28,393
Total Current Assets	<u>7,176,696</u>	<u>6,476,727</u>	<u>665,882</u>	<u>14,319,305</u>
Noncurrent Assets:				
Non-Depreciable Capital Assets				
Land	352,932	62,598	1,436,884	1,852,414
Construction In Progress	12,451	223,832	29,973	266,256
Depreciable Capital Assets (Net)				
Intangible	-	7,524,106	-	7,524,106
Buildings	6,922,207	-	-	6,922,207
Distribution Systems	16,318,537	16,288,179	9,856,935	42,463,651
Land Improvements	-	-	261,934	261,934
Machinery, Vehicles, Furniture and Equipment	616,488	125,864	68,254	810,606
Total Noncurrent Assets	<u>24,222,615</u>	<u>24,224,579</u>	<u>11,653,980</u>	<u>60,101,174</u>
Total Assets	<u>31,399,311</u>	<u>30,701,306</u>	<u>12,319,862</u>	<u>74,420,479</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Plan Deferments	11,558	11,003	1,588	24,149
Total Assets and Deferred Outflows of Resources	<u>\$ 31,410,869</u>	<u>\$ 30,712,309</u>	<u>\$ 12,321,450</u>	<u>\$ 74,444,628</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	45,811	83,820	20,675	150,306
Due To Other Governments	517	276	45	838
Salaries Payable	2,000	2,009	294	4,303
Accrued Liabilities	7,127	-	-	7,127
Accrued Interest Payable	24,751	-	-	24,751
Compensated Absences Payable	1,828	2,291	112	4,231
General Obligation Bonds Payable	510,000	-	-	510,000
Total Current Liabilities	<u>592,034</u>	<u>88,396</u>	<u>21,126</u>	<u>701,556</u>
Noncurrent Liabilities:				
Compensated Absences Payable	9,898	9,898	2,012	21,808
Net Pension Liability - PERA	104,690	99,662	14,387	218,739
General Obligation Bonds Payable	2,561,741	-	-	2,561,741
Total Liabilities	<u>3,268,363</u>	<u>197,956</u>	<u>37,525</u>	<u>3,503,844</u>
DEFERRED INFLOWS OF RESOURCES				
Gain on Refunding Bonds	20,320	-	-	20,320
Pension Plan Deferments	5,560	5,293	764	11,617
Total Deferred Inflows of Resources	<u>25,880</u>	<u>5,293</u>	<u>764</u>	<u>31,937</u>
NET POSITION				
Net Investment in Capital Assets	21,130,554	24,224,579	11,653,980	57,009,113
Unrestricted	6,986,072	6,284,481	629,181	13,899,734
Total Net Position	<u>\$ 28,116,626</u>	<u>\$ 30,509,060</u>	<u>\$ 12,283,161</u>	<u>\$ 70,908,847</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 31,410,869</u>	<u>\$ 30,712,309</u>	<u>\$ 12,321,450</u>	<u>\$ 74,444,628</u>

See accompanying Notes to Financial Statements.

City of Baxter, Minnesota
Statement of Revenues, Expenses, and Changes in
Net Position – Proprietary Funds

Comprehensive Annual Financial Report
Year Ended December 31, 2020

	Water	Sewer	Storm Water	Total Enterprise Funds
OPERATING REVENUES				
Charges For Services				
User Charges	\$ 1,426,041	\$ 1,282,468	\$ 520,471	\$ 3,228,980
Meter Sales	26,803	-	-	26,803
Non-User Sales	2,390	3,312	-	5,702
Penalties	13,263	12,894	4,500	30,657
Permits and Hookup Charges	1,743	1,828	-	3,571
Miscellaneous	2,468	-	(10)	2,458
Total Operating Revenues	<u>1,472,708</u>	<u>1,300,502</u>	<u>524,961</u>	<u>3,298,171</u>
OPERATING EXPENSES				
Personnel Services	206,249	196,353	39,120	441,722
Supplies and Fees	141,665	35,695	14,474	191,834
Other Services and Charges	403,096	740,418	155,487	1,299,001
Depreciation	1,064,698	959,853	302,530	2,327,081
Total Operating Expenses	<u>1,815,708</u>	<u>1,932,319</u>	<u>511,611</u>	<u>4,259,638</u>
OPERATING INCOME (LOSS)	(343,000)	(631,817)	13,350	(961,467)
NONOPERATING REVENUES (EXPENSES)				
Special Assessments	730	2,024	336	3,090
Water Plant Fee	156,555	-	-	156,555
Availability Charges	119,188	124,266	-	243,454
Intergovernmental	2,556	10,586	1,664	14,806
Investment Earnings	129,597	124,134	10,188	263,919
Net Increase (Decrease) in Fair Value of Investments	91,454	86,448	7,281	185,183
Interest Expense and Fiscal Charges	(45,569)	-	-	(45,569)
Gain/(Loss) on Disposal of Capital Assets	-	-	(1,450)	(1,450)
Total Nonoperating Revenues (Expenses)	<u>454,511</u>	<u>347,458</u>	<u>18,019</u>	<u>819,988</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	111,511	(284,359)	31,369	(141,479)
Capital Contributions from Developers	137,242	144,383	-	281,625
Capital Contributions from Governmental Activities	732,732	565,206	1,630,466	2,928,404
Transfers In	412,613	91,237	-	503,850
Transfers Out	(493,142)	(652,298)	(176,100)	(1,321,540)
CHANGE IN NET POSITION	900,956	(135,831)	1,485,735	2,250,860
Net Position - Beginning of Year	<u>27,215,670</u>	<u>30,644,891</u>	<u>10,797,426</u>	<u>68,657,987</u>
NET POSITION - END OF YEAR	<u>\$ 28,116,626</u>	<u>\$ 30,509,060</u>	<u>\$ 12,283,161</u>	<u>\$ 70,908,847</u>

Net changes in net position reported above:	\$ 2,250,860
Amounts reported for business-type activities in the statement of activities are different because:	
Transfer in of capital assets from governmental activities	2,928,404
Governmental activities contribution revenue reported above	(2,928,404)
Change in net position of business-type activities	<u>\$ 2,250,860</u>

See accompanying Notes to Financial Statements.

City of Baxter, Minnesota
Statement of Cash Flows – Proprietary Funds

Comprehensive Annual Financial Report
Year Ended December 31, 2020

	Water	Sewer	Storm Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,476,933	\$ 1,296,790	\$ 517,405	\$ 3,291,128
Payments to Suppliers	(543,239)	(793,296)	(155,346)	(1,491,881)
Payments to Employees	(211,773)	(203,476)	(39,298)	(454,547)
Net Cash Flows - Operating Activities	721,921	300,018	322,761	1,344,700
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Change in Due from Other Funds	(247)	347,927	-	347,680
Transfers In	412,613	91,237	-	503,850
Transfers Out	(493,142)	(652,298)	(176,100)	(1,321,540)
Net Cash Flows - Noncapital Financing Activities	(80,776)	(213,134)	(176,100)	(470,010)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest and Fiscal Charges Paid	(67,868)	-	-	(67,868)
Availability Charges	119,188	124,266	-	243,454
Grants Received	2,556	10,586	1,664	14,806
Water Plant Fee	156,555	-	-	156,555
Special Assessments	7,144	11,151	291	18,586
Payments on General Obligation Bonds	(500,000)	-	-	(500,000)
Purchases of Capital Assets	(43,008)	(273,059)	(17,232)	(333,299)
Proceeds from the Sale of Capital Assets	-	-	4,001	4,001
Net Cash Provided (Used) by Capital and Related Financing Activities	(325,433)	(127,056)	(11,276)	(463,765)
Cash Flows - Investing Activities				
Investment Earnings Received	221,051	210,582	17,469	449,102
Net Cash Provided (Used) by Investing Activities	221,051	210,582	17,469	449,102
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	536,763	170,410	152,854	860,027
Cash and Cash Equivalents - Beginning of Year	6,460,816	5,963,989	440,124	12,864,929
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,997,579	\$ 6,134,399	\$ 592,978	\$ 13,724,956

See accompanying Notes to Financial Statements.

City of Baxter, Minnesota
 Statement of Cash Flows – Proprietary Funds (Continued)

Comprehensive Annual Financial Report
 Year Ended December 31, 2020

RECONCILIATION OF OPERATING INCOME (LOSS)
 TO NET CASH PROVIDED (USED) BY
 OPERATING ACTIVITIES

Operating Income (Loss)	\$ (343,000)	\$ (631,817)	\$ 13,350	\$ (961,467)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	1,064,698	959,853	302,530	2,327,081
Miscellaneous Revenue				
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	4,225	11,671	(7,556)	8,340
Due from Other Governments	-	(15,383)	-	(15,383)
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	6,776	18,741	14,707	40,224
Salaries and Wages Payable	(4,390)	(4,966)	(1,163)	(10,519)
Compensated Absences Payable	2,972	3,435	308	6,715
Due to Other Governments	(5,254)	(35,924)	(92)	(41,270)
Pension Plan Deferments	(4,106)	(5,592)	677	(9,021)
Total Adjustments	<u>1,064,921</u>	<u>931,835</u>	<u>309,411</u>	<u>2,306,167</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 721,921</u>	<u>\$ 300,018</u>	<u>\$ 322,761</u>	<u>\$ 1,344,700</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions from Developers	\$ 137,242	\$ 144,383	\$ -	\$ 281,625
Capital Contributions from Governmental Activities	<u>732,732</u>	<u>565,206</u>	<u>1,630,466</u>	<u>2,928,404</u>
Total Noncash Capital and Related Financing Activities	<u>\$ 869,974</u>	<u>\$ 709,589</u>	<u>\$ 1,630,466</u>	<u>\$ 3,210,029</u>

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Baxter was formed and operates pursuant to applicable Minnesota laws. The governing body consists of a four-member council and a mayor elected by voters of the City.

The City of Baxter's (the City) financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Financial Reporting Entity

The financial reporting entity consists of the City (primary government) and the component unit (legally separate organization) for which the primary government is financially accountable. There is financial accountability if (1) the primary government appoints a voting majority of an organization's governing body and has the ability to impose its will on that governing body or (2) there is the potential for the organization to provide specific financial benefits or to impose specific financial burdens on the primary government. In conformity with generally accepted accounting principles, the financial statements of the City's component unit are included in the financial reporting entity as a blended component unit.

Blended Component Unit

The financial statements of the Economic Development Authority (EDA) of Baxter have been included in the financial reporting entity as a blended component unit because the City and EDA have substantively the same governing body. Members of the EDA board are appointed by the City Council and the EDA board acts as an advisory board to the Council, which is the governing board of the EDA. In addition, City management has operational responsibility over the EDA and operates the EDA in the same manner as City activities.

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the primary government and its component unit. These statements include the financial activities of the overall City government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties for support.

In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

1. Government-Wide Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of each function of the City's governmental activities and different business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as availability charges and investment earnings, result from nonexchange transactions or incidental activities.

The City reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the City. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

Economic Development Fund - The economic development special revenue fund is used to account for the financial activity of the City's Economic Development Authority (EDA). Special assessments and charges for services are restricted for use within this blended component unit.

Sales Tax Collections Fund - The sales tax collections special revenue fund is used to account for financial resources financed by sales tax collections. These revenues are legally restricted for the funding of infrastructure projects.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal, interest and related costs of governmental funds.

Capital Project Fund - The capital project fund is used to account for financial resources to be used for the acquisition or construction of major capital infrastructure, improvements, and equipment.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

Water Fund – The water fund accounts for the activities of the City’s water wells, treatment, and distribution.

Sewer Fund – The sewer fund accounts for the activities of the City’s sanitary sewer system.

Storm Water Fund – The storm water fund accounts for the activities of the City’s storm water infrastructure system.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The City considers all revenues to be available if they are collected within 60 days after the end of the current period. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and compensated absences, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes between the various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of the City’s enterprise funds are charges to customers for sales of goods and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Cash and Investments (Including Cash Equivalents)

Cash balances are invested to the extent available in various securities as authorized by *Minnesota Statutes*. Investment earnings are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Investments are stated at fair value.

For the purposes of the statement of cash flows of the proprietary funds, cash equivalents are considered to be short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months.

Cash equivalents are considered to be cash on hand, deposits, and short-term investments with original maturities of three months or less.

2. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered, and temporary loans. These short-term receivables and payables are classified as "due from other funds" or "due to other funds" on the fund financial statements. Longer-term loans are classified as "advances to other funds" or "advances from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

3. Accounts Receivable

No substantial losses are anticipated from present receivable balances. Therefore, no allowance for uncollectible accounts is deemed necessary. Write-offs are done on a case-by-case basis.

4. Prepaid Items

Payments made to vendors for services that will benefit future periods are recorded as prepaid items under the consumption method. That portion of the relevant funds' balances equal to the prepaid items is nonspendable if the amounts are considered to be material, and if sufficient fund balance exists.

5. Property Taxes

The City levies its general property tax for the subsequent year during the month of December and certifies its levy to Crow Wing County which acts as the collection agency for property taxes within the County. Taxes are recognized as receivables on January 1 of the current year when they are levied against individual properties by the County. They become a lien against the property against which they are levied on the levy date.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

5. Property Taxes (Continued)

Current year property tax revenues represent the tax levy certified to the County Auditor-Treasurer in December of 2019 which was collected during the year ended December 31, 2020. Any adjustments or abatements to either the current, or any prior year, levy are adjusted through the current year general property tax revenues. Property taxes not collected by the County and remitted to the City within 60 days of year end are classified as delinquent and not considered measurable and available and are fully offset by deferred inflows of resources in the governmental fund financial statements. Delinquent taxes receivable represents the past six years of uncollected tax years. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

6. Special Assessments

Special assessments are levied against the benefited properties for the assessable costs of improvement projects in accordance with *Minnesota Statutes*. Assessments are collectible over a term of years at an interest rate established by the City Council upon adoption of each assessment roll. Any annual installments remaining unpaid as of November 30th of each year are certified to the County for collection with property taxes during the following year. Special assessments receivable represents the past six years of uncollected special assessments. Property owners are allowed to prepay future installments in full without interest or prepayment penalties.

In the governmental fund financial statements, special assessment levies are recorded as a receivable and as unavailable revenue at the time of the levy. Unavailable revenue is recognized as current revenue when the annual assessment installments become measurable and available. Interest on special assessments is also recognized when it becomes measurable and available.

7. Land Held for Resale

Land held for resale is carried at the lower of cost or net realizable value.

8. Capital and Intangible Assets

Capital assets, which include property, plant, equipment, temporary easements, internally developed software, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of the initial capitalization of infrastructure, the City retroactively implemented the reporting of this item when GASB 34 was implemented. Costs of infrastructure assets from 1980 to 2003, totaling \$24,829,566, have been estimated. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

8. Capital and Intangible Assets

Capital and intangible assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	10-40
Infrastructure	10-40
Land Improvements	10-40
Machinery, Furniture, and Equipment	3-20
Temporary Easements	Length of Term or 5 Years
Internally Developed Software	3

9. Compensated Absences

Compensated absences include accumulated vacation, vested sick leave and compensatory time. All full-time employees of the City are entitled to annual vacation and sick leave with pay. Employees are allowed vacations from 7 to 28 days per year, depending on length of service. Sick leave of one day per month may be accumulated up to a maximum of 120 days for City employees. Upon retirement the employee is paid for all accumulated vacation, compensatory time, and if eligibility requirements are met, 50% of their unused sick leave. Actual payments are made from the fund(s) to which the employee is assigned at the time of retirement. The General, Community Development Special Revenue, Water, Sewer, and Storm Water Funds are involved in paying compensated absences.

Sick leave payments are reported as expenditures for governmental fund types when the payments are made to employees. Appropriations lapse at year-end and accordingly, there are no available expendable financial resources. Because of this, the estimated commitment for sick leave (compensated absences) for governmental funds is reported in the statement of net position.

In the City’s proprietary funds and in the government-wide financial statements, amounts earned but unused for vacation leave and that portion of earned, but unused, sick leave estimated to be payable upon retirement are reflected under the accrual basis of accounting.

10. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

11. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the government-wide and proprietary fund Statements of Net Position and governmental fund Balance Sheet report separate sections for deferred outflows and inflows of resources.

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. It is the deferred outflows of resources related to pensions and OPEB reported in the government-wide and proprietary funds Statements of Net Position. This deferred outflow results from differences between expected and actual experience, changes of assumptions, the difference between projected and actual earnings on pension plan investments, and from contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items which qualify for reporting in this category.

The first item relates to unavailable revenues from property taxes, special assessments, and other revenues. The City will not recognize the related revenue until a future event occurs. The deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected no later than 60 days after the end of the City's year) under the modified accrual basis of accounting. Included in this is also deferred inflows of resources related to municipal state aid received for subsequent years. This amount is deferred on the fund level and in governmental activities as an inflow of resources and will be recognized in the period that the amounts become available.

The second item, deferred inflows of resources related to pensions and OPEB, is reported in the government-wide and proprietary funds Statements of Net Position. This deferred inflow results from differences between expected and actual experience, changes of assumptions, and differences between projected and actual earnings on pension plan investments. These amounts are deferred and amortized as required under pension standards.

The third item, deferred inflows of resources related to the gain on refunding, is reported in the proprietary funds Statements of Net Position. This deferred inflow results from difference between the reacquisition price and the net carrying amount of refunded bonds. This amount is being amortized in accordance with GAAP.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

12. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Fund Balance/Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. A reclassification of \$4,306,667 was made between this net position class and unrestricted net position in the total column on the Statement of Net Position to recognize the portion of debt attributable to capital assets contributed from governmental activities to business-type activities. Net position is reported as restricted in government-wide financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts not available for appropriation. Restricted fund balance represents amounts available for appropriation but intended for a specific use and legally restricted by outside parties. Committed fund balance represents constraints on spending that the Council imposes upon itself by Council resolution; fund balance commitments may only be changed or rescinded by further Council resolution or if the purpose of the commitment has been fulfilled. Assigned fund balance represents resources intended for spending for purposes set by the Council or authorized management. The Council has authorized the Finance Director and his designee to assign fund balance at management's discretion to reflect current and expected operations, consistent with the City's fund balance policy.

Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When any combination of committed, assigned, and unassigned resources are available for use, it is the City's policy to use committed resources first, then assigned, then unassigned resources as they are needed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues, Expenditures, and Expenses

1. Revenues

In the fund financial statements, property taxes are recognized to the extent they are collected and received in the current period or within 60 days after year-end. Portions paid by the State in the form of market value credit aid and other state tax credits are included in intergovernmental revenues. Delinquent property taxes receivable which have not been recognized as revenue are equally offset in the financial statements by deferred inflows of resources.

Licenses and permits, charges for services, fines, forfeits, and miscellaneous revenues are recorded as revenues when measurable and available.

Special assessments principal and interest earnings are recorded as revenues in the same manner as property taxes.

Property Tax Collection Calendar

The City levies its property taxes for the subsequent year during the month of December. In Minnesota, the lien date and assessment date is January 2. The property tax is recorded as revenue when it becomes available. Crow Wing County is the collecting agency for the levy and then remits the collections to the City. All taxes not collected as of December 31 are shown as delinquent taxes receivable.

The County Auditor-Treasurer prepares the tax list for all taxable property in the City, applying the applicable tax capacity rate to the tax capacity value of individual properties, to arrive at the actual tax for each property. The County Auditor-Treasurer also collects all special assessments, except for certain payments paid directly to the City.

The County Auditor-Treasurer provides a list of taxes and special assessments to be collected on each parcel of property to the County Auditor-Treasurer in January of each year.

Property owners are required to pay one-half of their real estate taxes by May 15 and the balances by October 15.

Within 30 days after the May settlement, the County Auditor-Treasurer is required to pay 70% of the estimated collections of taxes and special assessments to the City. The County Auditor-Treasurer must pay the balance to the City within 60 days after the settlement, provided that after 45 days interest begins to accrue.

Within ten business days after November 15, the County Auditor-Treasurer shall pay to each taxing district, except any school district, 100% of the estimated collections arising from taxes levied by and belonging to each taxing district from May 20 to November 20.

2. Expenditures

Expenditure recognition for governmental fund types includes only amounts represented by current liabilities. Since noncurrent liabilities do not affect net current assets, they are not recognized as governmental fund expenditures or liabilities. They are reported as liabilities on the Statements of Net Position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues, Expenditures, and Expenses (Continued)

3. Expenses

Proprietary funds recognize expenses, including compensated absences, when they are incurred.

F. Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The City has legally adopted budgets for the general fund; economic development fund; sales tax collections fund; debt service fund; nonmajor combined tax increment financing special revenue funds; and cemetery, community development, capital park, lodging tax administration, and recycling nonmajor special revenue funds.

Budget amounts presented include the originally adopted budget and final amended budget approved by City Council. The City does not use encumbrances. Budgeted expenditure appropriations lapse at year-end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 30 of each year, the Finance Director submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. The City adopts the proposed budget as amended and adjusted by the Council and certifies the proposed property tax levy to the County Auditor-Treasurer according to *Minnesota Statutes*.
2. Public hearings and work sessions on the City's budget are conducted in the Council Chambers at City Hall.
3. Within five business days of December 20th, the final budget is legally enacted by Council resolution and the final property tax levy is certified to the County Auditor-Treasurer.
4. Management is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund are approved by the City Council. Reported budget amounts are as originally adopted or amended by the City Council.
5. Expenditures may not legally exceed budgeted appropriations at the total fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., personnel, supplies, services and charges, and capital outlay) within each program or department (i.e. administration, finance, public works maintenance, information systems, police, public works, parks maintenance, and community development). All amounts over budget have been approved by the City Council through the disbursement process. The City is not legally required to adopt an annual budget for the capital project fund or subfunds. Project-length financial plans are adopted for the capital projects subfunds.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures over Appropriations

Expenditures exceeded budgeted amounts in the following funds:

	Expenditures	Budget	Excess
Sales Tax Collections Fund	\$ 641,755	\$ 605,700	\$ 36,055
Nonmajor Special Revenue Fund			
Capital Park Fund	1,395,673	425,400	970,273
Recycling Fund	20,811	19,500	1,311

The Sales Tax Collections Fund’s excess was the result of unbudgeted expenditures and was funded with related excess revenues. The Capital Park Fund excess was the result of park land and greenspace buffer purchases that were funded by park dedication fees and state grants received. The Recycling Fund had excess expenditures related to professional services that were funded by increased revenues.

Deficit Fund Balances of Nonmajor Funds

TIF District 7 Grand Oaks, TIF District 10 Isle Drive, TIF District 12 Isle/Falcon Drive, TIF District 13 Avantech, TIF District 14 Excelsior/Edgewood, TIF District 15 White Oak Estates nonmajor special revenue funds had negative fund balances at December 31, 2020, of \$6,463, \$88,609, \$175,171, \$42,329, \$217,405, and \$208, respectively.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

The Minnesota Municipal Money Market (4M) Fund Trust is a common law trust organized in accordance with the Minnesota Joint Powers Act, which invests only in investment instruments allowable under *Minnesota Statutes* as described on the following page. The 4M fund is an unrated pool that is valued at amortized cost, which approximates fair value, and does not restrict or limit withdrawals made by the City. The amortized cost method of valuation values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the fair value of instruments.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Interest Rate Risk

The purpose of this policy is to limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's policy states that maturity dates should vary in order to ensure that the City will have money available when it needs it.

Investment Type	Total	Less than 1 Year	1-5 years	>5 years
4M	\$ 18,799	\$ 18,799	\$ -	\$ -
Negotiable CD's	14,725,269	6,718,416	8,006,853	-
US Government Securities	5,286,077	3,286,041	-	2,000,036
Municipal Bonds	17,158,822	5,925,014	7,057,278	4,176,530
Money Market	479,888	479,888	-	-
Total	\$ 37,668,855	\$ 16,428,158	\$ 15,064,131	\$ 6,176,566

Credit Risk

Minnesota Statutes restrict the types of investments in which the City may invest. The City's investment policy identifies eight different acceptable investment types and the minimum requirements of each one.

The Minnesota Municipal Money Market Trust Fund does not have its own credit rating. MBIA, Inc., who administers the Minnesota Municipal Money Market Fund Trust, holds an organization credit rating of AA by Standard & Poor's. The City also invests in Federal Agricultural Mortgage Corporation, which is not rated, and Federal National Mortgage Association, Federal Farm Credit Bank, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation, which all hold a credit rating of AA+ by Standard & Poor's. Local government bonds hold a credit rating of A or better.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Minnesota Statutes §§ 118A.04 and 118A.05 generally authorize the following types of investments as available to the City:

1. Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by *Minnesota Statute § 118A.04, subd. 6*;
2. Mutual funds through shares of registered investment companies provided the mutual fund received certain ratings depending on the investments;
3. General obligations of the State of Minnesota and its municipalities and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
4. Bankers’ Acceptances of United States Banks;
5. Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less;
6. With certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Concentration Credit Risk

The City places no official limit on the amount the City may invest in any one issuer, however its policy states that the investment portfolio must be diversified by individual issuer to reduce the exposure to risk of loss. The City did not have any investments in any one issuer exceeding 5% of total investments.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City’s investment policy does not specifically address this risk.

Custodial Credit Risk - Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy addresses collateralization and states that at no time will deposits exceed \$250,000 unless such excesses are protected by pledged securities.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledge must equal 110% of the deposits not covered by insurance or corporate surety bonds.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Authorized collateral includes: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated A or better; revenue obligations of a state or local government rated AA or better; irrevocable standby letters of credit issue by a Federal Home Loan Bank; and time deposits insured by a federal agency. *Minnesota Statutes* require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

As of December 31, 2020, the principal of all City deposits were covered by insurance or collateral.

	<u>Balance</u>
Deposits	\$ 3,081,180
Investments	<u>37,668,855</u>
Total Cash & Investments	<u><u>\$ 40,750,035</u></u>
	<u>Balance</u>
Cash & Investments	
Governmental Funds	\$ 27,025,079
Proprietary	<u>13,724,956</u>
Total Cash & Investments	<u><u>\$ 40,750,035</u></u>

Fair Value Measurements

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities to determine fair value disclosures.

The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level III). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Financial assets and liabilities recorded on the statement of net position are categorized based on the inputs to the valuation techniques as follows:

Level I – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level II – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level III – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants and would use in pricing the asset.

Investments are measured as follows:

Investments at Fair Value	Total	Level I	Level II	Level III
US Gov't Securities	\$ 5,286,077	\$ -	\$ 5,286,077	\$ -
Local Gov't Bonds	17,158,822	-	17,158,822	-
CD's	14,725,269	-	14,725,269	-
MM MF	479,888	479,888	-	-
Total	\$ 37,650,056	\$ 479,888	\$ 37,170,168	\$ -
<u>Investments at Amortized Cost</u>				
4M	\$18,799			
Total	\$ 37,668,855			

U.S. government securities and local government bonds are valued using market approach pricing techniques.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Capital Assets

Capital asset activity of the City for the year ended December 31, 2020, is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
GOVERNMENTAL ACTIVITIES					
Capital Assets not being Depreciated					
Land	\$ 6,760,198	\$ 1,385,769	\$ -	\$ -	\$ 8,145,967
Construction in Progress	7,610,854	14,889,272	9,203,118	(2,928,404)	10,368,604
Total Capital Assets not being Depreciated	14,371,052	16,275,041	9,203,118	(2,928,404)	18,514,571
Capital Assets being Depreciated					
Intangible	6,960	-	-	-	6,960
Buildings	1,911,373	77,191	-	-	1,988,564
Infrastructure	68,097,431	6,707,858	-	-	74,805,289
Land Improvements	4,029,188	1,089,203	-	-	5,118,391
Machinery, Vehicles, Furniture and Equipment	3,062,936	269,979	38,201	-	3,294,714
Total Capital Assets being Depreciated	77,107,888	8,144,231	38,201	-	85,213,918
Less: Accumulated Depreciation for					
Intangible	6,960	-	-	-	6,960
Buildings	1,005,073	83,352	-	-	1,088,425
Infrastructure	34,276,012	2,429,978	-	-	36,705,990
Land Improvements	1,754,565	299,142	-	-	2,053,707
Machinery, Vehicles, Furniture and Equipment	2,377,805	185,199	-	-	2,563,004
Total Accumulated Depreciation	39,420,415	2,997,671	-	-	42,418,086
Total Capital Assets being Depreciated, Net	37,687,473	5,146,560	38,201	-	42,795,832
Governmental Activities Capital Assets, Net	\$ 52,058,525	\$ 21,421,601	\$ 9,241,319	\$ (2,928,404)	\$ 61,310,403

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Capital Assets (Continued)

The following is a summary of the proprietary funds' capital assets at December 31, 2020:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
BUSINESS-TYPE ACTIVITIES					
Capital Assets not being Depreciated					
Land	\$ 1,839,260	\$ -	\$ -	\$ 13,154	\$ 1,852,414
Construction in Progress	442,593	241,477	417,814	-	266,256
Total Capital Assets not being Depreciated	2,281,853	241,477	417,814	13,154	2,118,670
Capital Assets being Depreciated					
Intangible	9,867,725	-	-	-	9,867,725
Buildings	9,943,813	29,144	-	-	9,972,957
Distribution System	61,952,585	670,293	-	2,915,250	65,538,128
Land Improvements	559,134	-	-	-	559,134
Machinery, Vehicles, Furniture and Equipment	2,071,709	42,934	10,900	-	2,103,743
Total Capital Assets being Depreciated	84,394,966	742,371	10,900	2,915,250	88,041,687
Less: Accumulated Depreciation for					
Intangible	2,096,924	246,695	-	-	2,343,619
Buildings	2,801,549	249,201	-	-	3,050,750
Distribution System	21,461,513	1,612,964	-	-	23,074,477
Land Improvements	278,347	18,853	-	-	297,200
Machinery, Vehicles, Furniture and Equipment	1,099,218	199,368	5,449	-	1,293,137
Total Accumulated Depreciation	27,737,551	2,327,081	5,449	-	30,059,183
Total Capital Assets being Depreciated, Net	56,657,415	(1,584,710)	5,451	2,915,250	57,982,504
Business-Type Activities Capital Assets, Net	\$ 58,939,268	\$ (1,343,233)	\$ 423,265	\$ 2,928,404	\$ 60,101,174

Depreciation expense was charged to functions/programs of the Primary Government as follows:

Governmental Activities	
General Government	\$ 44,435
Public Safety	97,275
Public Works	2,461,494
Culture and Recreation	391,669
Economic and Community Development	2,798
Total Depreciation Expense - Governmental Activities	<u>\$ 2,997,671</u>
Business-Type Activities	
Water	\$ 1,064,698
Sewer	959,853
Storm Water	302,530
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,327,081</u>

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables, and Transfers

1. Due to/from Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Capital Project Fund	\$ 539,388	Cash Deficit
Sewer Fund	Capital Project Fund	100,009	Cash Deficit
Sewer Fund	Debt Service Fund	25,739	Cash Deficit
Water Fund	Nonmajor Governmental Funds	247	Cash Deficit
Total		<u>\$ 665,383</u>	

2. Advances from/to Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 792,000	Cover delayed receipts
Economic Development Fund	Nonmajor Governmental Funds	44,600	Cash Deficit
Total		<u>\$ 836,600</u>	

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables, and Transfers (Continued)

3. Interfund Transfers

	Amount	Purpose
Transfer to General Fund from		
Capital Project Fund	\$ 85,793	Capital project administrative costs
Nonmajor Governmental Funds	25,000	Administrative costs
Nonmajor Governmental Funds	3,528	Equipment appropriations
Water Fund	132,000	Administrative costs
Sewer Fund	132,000	Administrative costs
Storm Water Fund	74,000	Administrative costs
Transfer to Economic Development Fund from		
General	30,000	EDA Fund annual appropriation
Transfer to Debt Service Fund from		
Sales Tax Collections	568,467	Annual appropriation
General	323,757	Debt service appropriation
Nonmajor Governmental	303,211	TIF contributions for debt service payment
Water	15,000	Contribution for debt service payment
Sewer	15,000	Contribution for debt service payment
Transfer to Capital Project Fund from		
General	387,000	Collector Street appropriation
General	50,000	Trail Construction appropriation
General	297,700	IT, vehicle and equipment annual appropriations
General	276,001	Project appropriations
Sales Tax Collections	4,498,057	Project appropriations
Nonmajor Governmental	18,520	IT, vehicle and equipment annual appropriations
Water	15,600	IT, vehicle and equipment annual appropriations
Water	330,542	Project appropriations
Sewer	12,700	IT, vehicle and equipment annual appropriations
Sewer	492,598	Project appropriations
Storm Water	12,100	IT, vehicle and equipment annual appropriations
Storm Water	90,000	Project appropriations
Transfer to Nonmajor Governmental Funds from		
General	15,000	Cemetery appropriation
General	65,000	Community Development annual appropriation
General	2,011	Recycling appropriation
Transfer to Water Fund from		
Sales Tax Collections	310,969	Contribution for debt service payment
Capital Project	101,644	WAC Fees
Transfer to Sewer Fund from		
Capital Project	91,237	SAC Fees
Total Transfers	<u>\$ 8,774,435</u>	

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities

1. Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities including infrastructure. General obligation bonds have been issued for both general government and proprietary activities. Bonds issued to provide funds for proprietary activities are reported in proprietary funds if they are expected to be repaid from proprietary revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. Assets of the debt service fund, together with scheduled future ad valorem tax levies, tax increments, sales tax revenues, and special assessments, are dedicated for the retirement of these bonds.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

2. Components of Long-Term Debt

	Authorized and Issued	Redeemed	Outstanding	Due in 2021	
				Principal	Interest
GOVERNMENTAL ACTIVITIES					
<u>General Obligation Bonds</u>					
General Obligation Refunding Bonds, Series 2013A; 2.00%; Issued 03/05/2013; Final Maturity 08/01/2026	\$ 4,045,000	\$ 2,350,000	\$ 1,695,000	\$ 270,000	\$ 31,200
General Obligation Improvement Bonds, Series 2014; 0.50 to 3.00%; Issued 12/22/2014; Final Maturity 02/01/2027	1,925,000	1,050,000	875,000	115,000	21,646
General Obligation Improvement Bonds, Series 2015; 2.00 to 2.75%; Issued 12/22/2015; Final Maturity 02/01/2028	7,130,000	2,730,000	4,400,000	510,000	93,063
General Obligation Tax Increment Bonds, Series 2015; 2.00 to 2.75%; Issued 12/22/2015; Final Maturity 02/01/2028	1,400,000	940,000	460,000	245,000	7,313
General Obligation Improvement Bonds, Series 2016; 2.00%; Issued 12/15/2016; Final Maturity 02/01/2024	2,225,000	1,100,000	1,125,000	395,000	18,550
General Obligation Improvement Bonds, Series 2018; 3.00 to 5.00%; Issued 11/27/2018; Final Maturity 02/01/2029	4,930,000	375,000	4,555,000	420,000	179,900
General Obligation Tax Increment Bonds, Series 2018; 3.00 to 5.00%; Issued 11/27/2018; Final Maturity 02/01/2036	1,210,000	-	1,210,000	55,000	44,623
General Obligation Improvement Bonds, Series 2019; 2.00 to 5.00%; Issued 12/18/19; Final Maturity 02/01/2030	2,470,000	-	2,470,000	265,000	101,775
General Obligation Improvement Bonds, Series 2020; 1.00 to 3.00%; Issued 12/21/20; Final Maturity 02/01/2036	5,760,000	-	5,760,000	-	70,574
Total General Obligation Bonds	31,095,000	8,545,000	22,550,000	2,275,000	568,644
Add: Unamortized Premium	-	-	1,086,500	-	-
Total General Obligation Bonds, Net	\$ 31,095,000	\$ 8,545,000	\$ 23,636,500	\$ 2,275,000	\$ 568,644
<u>Notes from Direct Borrowing</u>					
Taxable General Obligation Sales Tax Wastewater Revenue Note (to City of Brainerd), Series 2009B; 3.233%; Issued 06/24/09; Final Maturity 08/20/2028.	\$ 8,655,596	\$ 4,348,929	\$ 4,306,667	\$ 480,333	\$ 139,234
Total Governmental Activities Long-Term Debt	\$ 39,750,596	\$ 12,893,929	\$ 27,943,167	\$ 2,755,333	\$ 707,878

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

2. Components of Long-Term Debt (Continued)

	Authorized and Issued	Redeemed	Outstanding	Due in 2021	
				Principal	Interest
BUSINESS-TYPE ACTIVITIES					
<u>General Obligation Bonds</u>					
General Obligation Refunding Bonds, Series 2013A; 2.00%; Issued 03/05/2013; Final Maturity 08/01/2026	\$ 5,950,000	\$ 2,960,000	\$ 2,990,000	\$ 510,000	\$ 57,450
Total General Obligation Bonds, Net	5,950,000	2,960,000	2,990,000	510,000	57,450
Add: Unamortized Premium	-	-	81,741	-	-
Total Business-Type Activities	5,950,000	2,960,000	3,071,741	510,000	57,450
Total Long-Term Debt	\$ 45,700,596	\$ 15,853,929	\$ 31,014,908	\$ 3,265,333	\$ 765,328

3. Changes in Long-Term Debt

	December 31,	Additions	Retirements	December 31,	Due Within One Year
	2019			2020	
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds	\$ 18,715,000	\$ 5,760,000	\$ 1,925,000	\$ 22,550,000	\$ 2,275,000
Issuance Premium (Discount)	886,367	277,822	77,689	1,086,500	-
Total General Obligation Bonds Payable	19,601,367	6,037,822	2,002,689	23,636,500	2,275,000
Notes from Direct Borrowing	4,772,000	-	465,333	4,306,667	480,333
Compensated Absences	389,464	346,829	294,653	441,640	19,599
Governmental Activity Long-Term Liabilities	\$ 24,762,831	\$ 6,384,651	\$ 2,762,675	\$ 28,384,807	\$ 2,774,932
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds	\$ 3,490,000	\$ -	\$ 500,000	\$ 2,990,000	\$ 510,000
Issuance Premium (Discount)	96,516	-	14,775	81,741	-
Total General Obligation Bonds Payable	3,586,516	-	514,775	3,071,741	510,000
Compensated Absences	19,324	26,482	19,767	26,039	4,231
Business Activity Long-Term Liabilities	\$ 3,605,840	\$ 26,482	\$ 534,542	\$ 3,097,780	\$ 514,231

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

3. Changes in Long-Term Debt (Continued)

For the governmental activities, compensated absences, other postemployment benefits, and net pension liability are generally liquidated through the General Fund.

4. Minimum Debt Payments

Debt requirements to maturity are as follows:

Year Ending December 31,	Governmental Activities			Governmental Activities		
	General Obligation Bonds			Notes from Direct Borrowing		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 2,275,000	\$ 568,643	\$ 2,843,643	\$ 480,333	\$ 139,235	\$ 619,568
2022	2,445,000	544,788	2,989,788	496,000	123,705	619,705
2023	2,255,000	476,218	2,731,218	512,000	107,670	619,670
2024	2,315,000	407,858	2,722,858	528,333	91,117	619,450
2025	2,215,000	335,151	2,550,151	545,667	74,036	619,703
2026-2030	8,190,000	674,119	8,864,119	1,744,334	113,985	1,858,319
2031-2035	2,555,000	140,446	2,695,446	-	-	-
2036	300,000	3,275	303,275	-	-	-
Total	\$ 22,550,000	\$ 3,150,498	\$ 25,700,498	\$ 4,306,667	\$ 649,748	\$ 4,956,415

Year Ending December 31,	Business-Type Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 510,000	\$ 57,450	\$ 567,450
2022	525,000	47,200	572,200
2023	530,000	36,650	566,650
2024	545,000	26,000	571,000
2025	565,000	15,000	580,000
2026	315,000	6,300	321,300
Total	\$ 2,990,000	\$ 188,600	\$ 3,178,600

5. Risk Management

The City is exposed to various risks of loss related to: torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The City has entered into a joint powers agreement with the League of Minnesota Cities Insurance Trust (LMCIT). The LMCIT is a public entity risk pool currently operating as common risk management and insurance program for Minnesota cities. The City also carries commercial insurance for certain other risks of loss, including employee health insurance.

The agreement for formation of the LMCIT provides that the pool will be self-sustaining through member assessments and will reinsure through commercial companies for claims in excess of reserved amounts for each insured event. The pool can make additional assessments to make the pool self-sustaining. The City has determined that it is not possible to estimate the amount of such additional assessments; however, they are not expected to be material to the financial statements. There were no significant reductions in insurance coverage from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Fund Balance

Portions of the City’s fund balance are nonspendable, restricted due to legal restrictions, committed by Council action, assigned by City management, or unassigned. The following is a summary of fund balance components at December 31, 2020:

	General Fund	Economic Development	Sales Tax Collections	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable							
Prepaid Items	\$ 1,384	\$ -	\$ -	\$ -	\$ -	\$ 530	\$ 1,914
Advances to Other Funds	792,000	-	-	-	-	-	792,000
Total Nonspendable	793,384	-	-	-	-	530	793,914
Restricted							
Debt Service	-	-	-	6,716,627	-	-	6,716,627
Economic Development	-	3,677,264	-	-	-	-	3,677,264
Sales Tax	-	-	5,428,350	-	-	-	5,428,350
Tax Increment Financing	-	-	-	-	-	436,438	436,438
Police Activity	-	-	-	-	-	60,968	60,968
Total Restricted	-	3,677,264	5,428,350	6,716,627	-	497,406	16,319,647
Committed							
Cemetery Care	-	-	-	-	-	52,663	52,663
Culture and Recreation	-	-	-	-	-	197,210	197,210
Economic and Community Development	-	-	-	-	-	311,471	311,471
Recycling	-	-	-	-	-	-	-
Total Committed	-	-	-	-	-	561,344	561,344
Assigned							
Cemetery	-	-	-	-	-	1,417	1,417
Capital Projects	-	-	-	-	5,976,274	-	5,976,274
Total Assigned	-	-	-	-	5,976,274	1,417	5,977,691
Unassigned	3,273,348	-	-	-	-	(530,185)	2,743,163
Total Fund Balance	\$ 4,066,732	\$ 3,677,264	\$ 5,428,350	\$ 6,716,627	\$ 5,976,274	\$ 530,512	\$ 26,395,759

NOTE 4 DEFINED BENEFIT PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2020, was \$253,405. The components of pension expense are noted in the following plan summaries.

The General Fund and Water, Sewer, and Storm Water Funds typically liquidate the liability related to pensions.

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

1. General Employees Retirement Plan

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

1. General Employees Retirement Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any 5 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for a Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Benefits Provided (Continued)

1. General Employees Retirement Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. Public Employees Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase was fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

1. General Employees Retirement Plan Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Retirement Plan for the year ended December 31, 2020, were \$142,913. The City's contributions were equal to the required contributions as set by state statute.

2. Public Employees Police and Fire Plan Contributions

Police and Fire member's contribution rates increased from 11.3% of pay to 11.8% and employer rates increased from 16.95% to 17.7% on January 1, 2020. The City's contributions to the Police and Fire Fund for the year ended December 31, 2019, were \$224,425. The City's contributions were equal to the required contributions as set by state statute.

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs

1. General Employees Retirement Plan Pension Costs

At December 31, 2020, the City reported a liability of \$1,570,810 for its proportionate share of the General Employees Retirement Plan's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State of Minnesota's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$48,424. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion share was 0.0262% at the end of the measurement period and 0.0257% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 1,570,810
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>48,424</u>
Total	<u><u>\$ 1,619,234</u></u>

For the year ended December 31, 2020, the City recognized pension expense of \$55,703 for its proportionate share of the General Employees Retirement Plan's pension expense. Included in the amount, the City recognized \$4,214 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2020, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 14,064	\$ 5,943
Changes in actuarial assumptions	-	58,068
Net collective difference between projected and actual investment earnings	31,689	-
Changes in proportion	54,249	19,416
Contributions paid to PERA subsequent to the measurement date	<u>73,424</u>	-
Total	<u><u>\$ 173,426</u></u>	<u><u>\$ 83,427</u></u>

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Retirement Plan Pension Costs (Continued)

The \$73,424 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense
2021	\$ (53,585)
2022	(4,522)
2023	36,731
2024	<u>37,951</u>
Total	<u>\$ 16,575</u>

2. Public Employees Police and Fire Plan Pension Costs

At December 31, 2020, the City reported a liability of \$1,395,507 for its proportionate share of the Public Employees Police and Fire Plan’s net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportionate share of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2020, the City’s proportionate share was 0.1066% at the end of the measurement period and 0.1067% for the beginning of the period.

The State of Minnesota also contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state aid was paid on October 1, 2019. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

As a result, the State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota’s pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of \$197,372 for its proportionate share of the Police and Fire Plan’s pension expense. Included in this amount, the City recognized \$10,183 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$4.5 million to the Police and Fire Fund.

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Public Employees Police and Fire Plan Pension Costs (Continued)

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$9,594 for the year ended December 31, 2020, as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund.

At December 31, 2020, the City reported its proportionate share of the Police and Fire Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 59,669	\$ 60,716
Changes in actuarial assumptions	428,473	785,438
Net collective difference between projected and actual investment earnings	63,457	-
Changes in proportion	82,251	29,533
Contributions paid to PERA subsequent to the measurement date	112,213	-
Total	<u>\$ 746,063</u>	<u>\$ 875,687</u>

The \$112,213 reported as deferred outflows of resources related to pensions resulting from the City’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense
2021	\$ (69,281)
2022	(333,393)
2023	82,985
2024	77,040
2025	812
Total	<u>\$ (241,837)</u>

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

	<u>General Employees Fund</u>		<u>Police and Fire Fund</u>	
Inflation	2.25%	Per Year	2.5	% Per year
Salary increase	3.00%	Per Year	3.25	% Per year
Investment rate of return	7.50%		7.5	%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA’s experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan and 1.0% per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2020, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation. The most recent four-year experience study for Police and Fire Plan was completed in 2020. The recommended assumptions for that plan was adopted by the Board and will be effective with the July 1, 2021, actual valuation if approved by the Legislature.

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term
Domestic stocks	35.5 %	5.10 %
International stocks	17.5	5.30
Bonds (fixed income)	20.0	0.75
Alternative assets (private markets)	25.0	5.90
Cash	2.0	0.00
Total	100 %	

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the City’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the GERF net pension liability:	\$ 2,517,463	\$ 1,570,810	\$ 789,897
City's proportionate share of the PEPFF net pension liability:	2,790,977	1,395,507	241,002

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 5 DEFINED CONTRIBUTION PENSION PLAN

One elected official of the City is covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

The defined contribution plan consists of individual accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses; therefore, there is no future liability to the City. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.25%) of the assets in each member's account annually.

Pension expense for the year is equal to the contributions made. Total contributions made by the City during fiscal year 2020 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 330	\$ 330	5%	5%	5%

NOTE 6 POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The City provides a single-employer defined benefit health care plan to eligible retirees. The plan offers medical coverage that is administered by the City of Baxter and Sourcewell. Health Partners, under contract with Sourcewell, is the claims administrator. It is the City’s policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for District employees and retirees. No assets are accumulated in a trust.

B. Benefits Provided

At retirement, the City provides benefits for retirees as required by *Minnesota Statute* §471.61 subdivision 2b. Active employees who retire from the City when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the City’s health benefits program. Pursuant to the provisions of the plan, retirees are required to pay 100 percent of the total premium cost.

C. Members

As of January 1, 2019, the following were covered by the benefit terms:

Active employees electing coverage	41
Retirees receiving payments	2
	<u>43</u>

D. Contributions

Retirees contribute to the health care plan at the same rate as City employees, with no direct subsidy from the City. However, this results in retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on contract terms with Sourcewell. The required contributions are based on projected pay-as-you-go financing requirements. For 2020, the City contributed \$34,250 to the plan.

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Key Methods and Assumptions Used in Valuation of Total OPEB Liability</u>	
Salary increases	3.00%
Inflation	2.50%
Healthcare cost trend increases	6.25% as of January 1, 2020, decreasing each year to an ultimate rate of 5.00% over 5 years
Mortality Assumption	RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale

NOTE 6 POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the January 1, 2019, valuation were based on results of an actuarial experience study for the period January 1, 2019 – December 31, 2019.

The discount rate used to measure the total OPEB liability was 2.90% based on the 20-year municipal bond yield.

F. Total OPEB Liability

The City’s total OPEB liability of \$332,043 was measured as of January 1, 2020, and was determined by an actuarial analysis as of January 1, 2019.

	<u>Total OPEB Liability</u>
Balances at January 1, 2019	\$ 330,618
Changes for the year	
Service Cost	9,324
Interest Cost	12,273
Assumption Changes	14,078
Benefit Payments	<u>(34,250)</u>
Net Changes	1,425
Balances at January 1, 2020	<u>\$ 332,043</u>

Assumption changes:

- The discount rate was changed from 3.80% to 2.90%.

G. OPEB Liability Sensitivity

The following presents the City’s total OPEB liability calculated using the discount rate of 2.90% as well as the liability measured using 1% lower and 1% higher than the current discount rate:

<u>Net OPEB Liability (Asset)</u>		
1% Decrease in Discount Rate (1.90%)	Discount Rate (2.90%)	1% Increase in Discount Rate (3.90%)
\$ 350,228	\$ 332,043	\$ 314,901

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using health care trend rates that are 1% lower and 1% higher than the current health care trend rates:

<u>Net OPEB Liability (Asset)</u>		
1% Decrease (5.25%) Decreasing to (4.00%)	Current (6.25%) Decreasing to (5.00%)	1% Increase (7.25%) Decreasing to (6.00%)
\$ 307,668	\$ 332,043	\$ 359,963

NOTE 6 POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the City recognized OPEB expense of \$30,725. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability losses	\$ 67,976	\$ -
Subsequent contributions	36,540	-
Assumption changes	12,670	6,213
Total	<u>\$ 117,186</u>	<u>\$ 6,213</u>

I. OPEB Liability Sensitivity

\$36,540 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Year ended December 31	Pension Expense
2021	\$	9,128
2022		9,128
2023		9,128
2024		9,128
2025		9,128
Thereafter		<u>28,793</u>
Total	<u>\$</u>	<u>74,433</u>

NOTE 7 TAX INCREMENT FINANCING

The City has entered into seven Tax Increment Financing (TIF) agreements which meet the criteria for disclosure under Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures. The City's authority to enter into these agreements comes from *Minnesota Statute 469*. The City entered into these agreements for the purpose of promoting economic development and housing opportunities.

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" note ("Note") is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs. The Notes are not a debt of the City and the City is not liable on the Notes, except for the City's obligations to make payments from pledged tax increment from the applicable TIF district. The Notes shall not be payable out of any funds or properties other than pledged tax increment.

During the year ended December 31, 2020, the City generated \$250,859 in tax increment revenue on the seven TIF districts with TIF pay-as-you-go notes and incurred \$309,915 in developer payments. The following agreement exceeded 15% of the total tax increment generated on the pay-as-you-go TIF districts throughout the year.

- TIF District No. 13 was established in 2015 for the purpose of site improvements and land acquisition costs for development of a manufacturing firm. Under the agreement up to \$433,580 of development costs will be reimbursed through tax increment over a period not to exceed nine years. During the year ended December 31, 2020, the City generated \$62,119 of tax increment revenue and made payments on the Note of \$177,398. The Note's balance at year end was \$256,182.

NOTE 8 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

A. Construction Commitments

At year-end, the City had approximately \$426,000 of outstanding construction commitments related to construction services for the Lift Station 11 Reconstruction, North Forestview project, and Excelsior/Fairview/Golf Course projects.

B. Contingencies/Commitments

The City, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. The City Attorney estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

On March 13, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. This event affects the economy and financial markets. The extent on the impact on the City may be both direct and indirect and will vary based on the duration of the outbreak and various other factors. An estimate of the financial effect on the City's financial statements at December 31, 2020, cannot be determined at this time.

C. Revenue-Sharing Agreement

In August 2015, the City entered into a revenue-sharing agreement with the City of Brainerd (Brainerd) to finance \$8 million of improvements to the Brainerd Lakes Regional Airport. On a semi-annual basis, the City remits 20% of its net sales tax revenues to Brainerd. Through 2020, the City has paid \$2,944,034 of its sales tax revenues to Brainerd. The City's liability is limited to 20% of its net sales tax revenue collected through 2037, up to \$8,000,000 total.

D. Related Organization

On February 12, 2007, the City entered into a Joint Powers Agreement with Independent School District No. 181. The purpose of the agreement is to allow the City and School District to work jointly together to provide social and recreational services and activities, to work collaboratively to avoid the duplication of social and recreational services, to maximize the efficiency of City and School District personnel and to cooperate in the operation of integrated city and school recreation sites and facilities.

The Joint Powers Board is composed of six members: one member of the City Council, one member of the School Board, one member of the Park and Trails Commission, the Director of Community Education for the School District, the City Administrator, and the Superintendent of Schools for the School District.

E. Subsequent Events

In May 2021, the City approved a contract for approximately \$1,600,000 for the 2021 Mill & Overlay project.

In July 2021, the City approved a contract for approximately \$1,600,000 for the 2021 Water Treatment Plant Filter Rehabilitation Improvement Project.

NOTE 9 NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending December 31, 2022.

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This statement will be effective for the year ending December 31, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN THE MD&A**

Schedule of Changes in Total OPEB Liability and Related Ratios

December 31, 2020

	December 31, 2019	December 31, 2020
Total OPEB Liability		
Service Cost	\$ 7,746	\$ 9,324
Interest	8,437	12,273
Assumption Changes	(7,767)	14,078
Differences between Expected and Actual Experience	84,970	-
Benefit Payments	(21,192)	(34,250)
Net change in total OPEB liability	<u>72,194</u>	<u>1,425</u>
Beginning of year	<u>258,424</u>	<u>330,618</u>
End of Year	<u>\$ 330,618</u>	<u>\$ 332,043</u>
Covered-employee payroll	\$ 2,849,493	\$ 2,934,978
Total OPEB liability as a percentage of covered-employee payroll	11.6%	11.3%

Note: Schedule is intended to show a ten-year trend. Additional years will be reported as they become available.

Assumption changes:

- The discount rate was changed from 3.80% to 2.90%.

Fiscal Year Ending (for the Financial Reporting Period)	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
<u>General Employees Plan</u>					
12/31/2020	\$ 146,848	\$ 146,848	-	\$ 1,957,973	7.5%
12/31/2019	137,998	137,998	-	1,839,973	7.5%
12/31/2018	135,233	135,233	-	1,803,112	7.5%
12/31/2017	125,914	125,914	-	1,678,853	7.5%
12/31/2016	120,106	120,106	-	1,601,400	7.5%
12/31/2015	122,416	122,416	-	1,632,213	7.5%
<u>Public Employees Police and Fire Plan</u>					
12/31/2020	\$ 224,425	224,425	-	1,267,938	17.7%
12/31/2019	202,152	202,152	-	1,192,637	17.0%
12/31/2018	172,325	172,325	-	1,063,734	16.2%
12/31/2017	163,806	163,806	-	1,011,149	16.2%
12/31/2016	155,324	155,324	-	958,794	16.2%
12/31/2015	144,398	144,398	-	891,346	16.2%

* This schedule is intended to show information for ten years, but is provided prospectively beginning with the year ended December 31, 2015. Additional year's information will be disclosed as it becomes available.

Schedule of City's Proportionate Share of Net Pension Liability

December 31, 2020

Fiscal Year Ending (for the Measurement Period)	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of Net Pension Liability Associated with the City	Total City and State Proportionate Share of NPL Associated with the City	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>General Employees Plan</u>							
6/30/2020	0.0262%	\$ 1,570,810	\$ 48,424	\$ 1,619,234	\$ 1,867,653	84.1%	79.1%
6/30/2019	0.0257%	1,421,843	44,165	1,466,008	1,820,040	78.1%	80.2%
6/30/2018	0.0264%	1,464,095	48,100	1,512,195	1,773,828	82.5%	79.5%
6/30/2017	0.0243%	1,551,296	19,506	1,570,802	1,565,456	99.1%	75.9%
6/30/2016	0.0270%	2,192,266	28,577	2,220,843	1,674,559	130.9%	68.9%
6/30/2015	0.0267%	1,383,733	-	1,383,733	1,569,468	88.2%	78.2%
<u>Public Employees Police and Fire Plan</u>							
6/30/2020	0.1066%	\$ 1,395,507	\$ 33,098	1,428,605	\$ 1,202,741	116.0%	87.2%
6/30/2019	0.1067%	1,121,022	-	1,121,022	1,100,118	101.9%	89.3%
6/30/2018	0.0975%	1,030,998	-	1,030,998	1,028,102	100.3%	88.8%
6/30/2017	0.0950%	1,282,613	-	1,282,613	980,042	130.9%	85.4%
6/30/2016	0.0970%	3,892,779	-	3,892,779	933,686	416.9%	63.9%
6/30/2015	0.0980%	1,113,509	-	1,113,509	896,822	124.2%	86.6%

GENERAL EMPLOYEES FUND

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020, through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

GENERAL EMPLOYEES FUND (CONTINUED)

2018 Changes Continued)

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

GENERAL EMPLOYEES FUND (CONTINUED)

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

POLICE AND FIRE FUND

2020 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019, and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019, and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

POLICE AND FIRE FUND (CONTINUED)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

Changes in Plan Provisions

- The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

**OTHER MAJOR GOVERNMENTAL FUNDS –
BUDGET AND ACTUAL**

Budget and Actual – Debt Service Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
General Property Taxes	\$ 1,076,000	\$ 1,076,000	\$ 1,084,832	\$ 8,832
Special Assessments				
Principal	896,400	896,400	1,139,799	243,399
Interest	383,400	383,400	336,395	(47,005)
Intergovernmental				
Federal	50,800	50,800	51,145	345
Investment Earnings	53,300	53,300	89,491	36,191
Net Increase (Decrease) in Fair Value of Investments	-	-	66,143	66,143
Total Revenues	2,459,900	2,459,900	2,767,805	307,905
EXPENDITURES				
DEBT SERVICE				
Principal	2,390,400	2,390,400	2,390,333	(67)
Interest and Fiscal Charges	644,700	668,900	668,322	(578)
Total Expenditures	3,035,100	3,059,300	3,058,655	(645)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(575,200)	(599,400)	(290,850)	308,550
OTHER FINANCING SOURCES (USES)				
Issuance of GO Bonds	-	-	103	103
Transfers In	911,400	1,235,200	1,225,435	(9,765)
Total Other Financing Sources (Uses)	911,400	1,235,200	1,225,538	(9,662)
NET CHANGE IN FUND BALANCE	\$ 336,200	\$ 635,800	934,688	\$ 298,888
Fund Balance - Beginning of Year			5,781,939	
FUND BALANCE - END OF YEAR			\$ 6,716,627	

COMBINING AND INDIVIDUAL FINANCIAL SCHEDULES

OTHER GOVERNMENTAL FUNDS

Other governmental funds are nonmajor special revenue funds reported in the other governmental funds column of the governmental funds financial statements. Special revenue funds are used to account for specific revenues that are legally restricted for particular purposes.

Cemetery Fund - This fund is used to account for the activities of the City owned and operated Baxter Cemetery. A portion of plot sales are committed for capital outlay and perpetual care of the cemetery.

Community Development Fund - This fund is used to account for funds committed to the operation of the City's Community Development department. Operations include building inspection and community planning.

Capital Park Fund - This fund is used to account for donations, developer fees, and other revenues legally restricted or committed for capital expenditures related to the City's parks.

Project Development Fund - This fund is used to account for developer fees committed for specified economic development projects.

Lodging Tax Administration Fund - This fund is used to account for the collection of lodging tax revenues and the promotion of tourism for the City.

TIF District 5 Arbor Glenn Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Arbor Glenn tax increment project.

TIF District 6 Clearwater Estates Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Clearwater Estates tax increment project.

TIF District 7 Grand Oaks Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Grand Oaks tax increment project.

TIF District 8 Arbor Glenn 2 Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Arbor Glenn 2 tax increment project.

TIF District 9 Grand Oaks Court Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Grand Oaks Court tax increment project.

TIF District 10 Isle Drive Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Isle Drive tax increment project.

TIF District 11 Sprucewood Townhomes Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Sprucewood Townhomes tax increment project.

TIF District 12 Isle/Falcon Drive Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Isle Drive/Falcon Drive tax increment project.

TIF District 13 Avantech Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Avantech tax increment project.

TIF District 14 Excelsior/Edgewood Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the Excelsior/Edgewood tax increment project.

TIF District 15 White Oak Estates Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the White Oak Estates tax increment project.

Alcohol Seizure Fund - This fund is used to account for the proceeds from the sale of DUI forfeited property restricted by State statute for expenditures related to DUI enforcement and education.

Drug Seizure Fund - This fund is used to account for the proceeds from the sale of drug offense forfeited property restricted by State statute for expenditures related to drug enforcement and education.

Recycling Fund - This fund is used to account for SCORE grant revenues committed to the City's recycling program.

City of Baxter, Minnesota
 Combining Balance Sheet
 Other Governmental Funds

Comprehensive Annual Financial Report
 December 31, 2020

	Cemetery	Community Development	Capital Park	Project Development	Lodging Tax Administration	TIF District 5 Arbor Glenn	TIF District 6 Clearwater Estates	TIF District 7 Grand Oaks
ASSETS								
Cash and Pooled Investments	\$ 54,154	\$ 477,042	\$ 103,677	\$ 263,815	\$ 10,788	\$ 227,622	\$ 102,620	\$ 6,900
Accounts Receivable	-	-	-	-	9,130	-	-	-
Prepaid Items	-	530	-	-	-	-	-	-
Special Assessments Receivable	-	13,234	-	-	-	-	-	-
Total Assets	\$ 54,154	\$ 490,806	\$ 103,677	\$ 263,815	\$ 19,918	\$ 227,622	\$ 102,620	\$ 6,900
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 74	\$ 5,658	\$ 2,500	\$ 620	\$ 19,918	\$ -	\$ -	\$ 7,063
Due to Other Governments	-	4,112	-	-	-	-	-	-
Salaries Payable	-	4,990	-	-	-	-	-	-
Due to Other Funds	-	247	-	-	-	-	-	-
Unearned Revenue	-	-	3,505	-	-	-	-	-
Advances to Other Funds	-	-	-	-	-	-	-	6,300
Escrow Deposits	-	150,564	-	163,657	-	-	-	-
Total Liabilities	74	165,571	6,005	164,277	19,918	-	-	13,363
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue								
Special Assessments	-	13,234	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	13,234	-	-	-	-	-	-
Fund Balances								
Nonspendable	-	530	-	-	-	-	-	-
Restricted	-	-	-	-	-	227,622	102,620	-
Committed	52,663	311,471	97,672	99,538	-	-	-	-
Assigned	1,417	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(6,463)
Total Fund Balances	54,080	312,001	97,672	99,538	-	227,622	102,620	(6,463)
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 54,154	\$ 490,806	\$ 103,677	\$ 263,815	\$ 19,918	\$ 227,622	\$ 102,620	\$ 6,900

City of Baxter, Minnesota
 Combining Balance Sheet
 Other Governmental Funds (continued)

Comprehensive Annual Financial Report
 December 31, 2020

	TIF District 8 Arbor Glenn 2	TIF District 9 Grand Oaks Court	TIF District 10 Isle Drive	TIF District 11 Sprucewood Townhomes	TIF District 12 Isle/Falcon Drive	TIF District 13 Avantech	TIF District 14 Excelsior/ Edgewood	TIF District 15 White Oak Est
ASSETS								
Cash and Pooled Investments	\$ 131,019	\$ 12,071	\$ 228,211	\$ 23,104	\$ 27,952	\$ 179,669	\$ 48,095	\$ 92
Accounts Receivable	-	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 131,019</u>	<u>\$ 12,071</u>	<u>\$ 228,211</u>	<u>\$ 23,104</u>	<u>\$ 27,952</u>	<u>\$ 179,669</u>	<u>\$ 48,095</u>	<u>\$ 92</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 38,896	\$ 7,853	\$ 20	\$ 13,249	\$ 23	\$ 177,398	\$ -	\$ -
Due to Other Governments	-	-	-	-	-	-	-	-
Salaries Payable	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
Advances to Other Funds	-	-	316,800	-	203,100	44,600	265,500	300
Escrow Deposits	-	-	-	-	-	-	-	-
Total Liabilities	<u>38,896</u>	<u>7,853</u>	<u>316,820</u>	<u>13,249</u>	<u>203,123</u>	<u>221,998</u>	<u>265,500</u>	<u>300</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	92,123	4,218	-	9,855	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	(88,609)	-	(175,171)	(42,329)	(217,405)	(208)
Total Fund Balances	<u>92,123</u>	<u>4,218</u>	<u>(88,609)</u>	<u>9,855</u>	<u>(175,171)</u>	<u>(42,329)</u>	<u>(217,405)</u>	<u>(208)</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 131,019</u>	<u>\$ 12,071</u>	<u>\$ 228,211</u>	<u>\$ 23,104</u>	<u>\$ 27,952</u>	<u>\$ 179,669</u>	<u>\$ 48,095</u>	<u>\$ 92</u>

City of Baxter, Minnesota
 Combining Balance Sheet
 Other Governmental Funds (continued)

Comprehensive Annual Financial Report
 December 31, 2020

	Alcohol Seizure	Drug Seizure	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and Pooled Investments	\$ 41,461	\$ 45,935	\$ 1,984,227
Accounts Receivable	-	-	9,130
Prepaid Items	-	-	530
Special Assessments Receivable	-	-	13,234
Total Assets	<u>\$ 41,461</u>	<u>\$ 45,935</u>	<u>\$ 2,007,121</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 11,865	\$ 285,137
Due to Other Governments	-	(933)	3,179
Salaries Payable	-	-	4,990
Due to Other Funds	-	-	247
Unearned Revenue	-	-	3,505
Advances to Other Funds	-	-	836,600
Escrow Deposits	-	15,496	329,717
Total Liabilities	<u>-</u>	<u>26,428</u>	<u>1,463,375</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue			
Special Assessments	-	-	13,234
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>13,234</u>
Fund Balances			
Nonspendable	-	-	530
Restricted	41,461	19,507	497,406
Committed	-	-	561,344
Assigned	-	-	1,417
Unassigned	-	-	(530,185)
Total Fund Balances	<u>41,461</u>	<u>19,507</u>	<u>530,512</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 41,461</u>	<u>\$ 45,935</u>	<u>\$ 2,007,121</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2020

Other Governmental Funds

	Cemetery	Community Development	Capital Park	Project Development	Lodging Tax Administration	TIF District 5 Arbor Glenn	TIF District 6 Clearwater Estates	TIF District 7 Grand Oaks
REVENUES								
Lodging Tax	\$ -	\$ -	\$ -	\$ -	\$ 248,466	\$ -	\$ -	\$ -
Tax Increments	-	-	-	-	-	62,149	-	14,870
Special Assessments	-	71	-	-	-	-	-	-
Licenses, Permits, and Fees	-	217,676	-	-	-	-	-	-
Intergovernmental	-	3,428	295,000	-	-	-	-	-
Charges for Services	-	78,048	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Gifts and Contributions	-	-	992,100	-	-	-	-	-
Investment Earnings	989	9,052	2,302	5,443	-	4,044	1,952	42
Net Increase (Decrease) in Fair Value of Investments	704	6,408	1,567	3,776	-	2,897	1,371	28
Miscellaneous	1,200	2	-	-	-	-	-	-
Total Revenues	2,893	314,685	1,290,969	9,219	248,466	69,090	3,323	14,940
EXPENDITURES								
CURRENT								
General Government	14,057	-	-	-	-	-	-	-
Public Safety	-	172,226	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	9,905	-	-	-	-	-
Economic and Community Development	-	288,821	-	370	248,466	38,775	1,275	15,496
CAPITAL OUTLAY								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	1,385,768	-	-	-	-	-
DEBT SERVICE								
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	14,057	461,047	1,395,673	370	248,466	38,775	1,275	15,496
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,164)	(146,362)	(104,704)	8,849	-	30,315	2,048	(556)
OTHER FINANCING SOURCES (USES)								
Transfers In	15,000	65,000	-	-	-	-	-	-
Transfers Out	-	(37,000)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	15,000	28,000	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	3,836	(118,362)	(104,704)	8,849	-	30,315	2,048	(556)
Fund Balance - Beginning of Year	50,244	430,363	202,376	90,689	-	197,307	100,572	(5,907)
FUND BALANCE - END OF YEAR	\$ 54,080	\$ 312,001	\$ 97,672	\$ 99,538	\$ -	\$ 227,622	\$ 102,620	\$ (6,463)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2020

Other Governmental Funds (continued)

	TIF District 8 Arbor Glenn 2	TIF District 9 Grand Oaks Court	TIF District 10 Isle Drive	TIF District 11 Sprucewood Townhomes	TIF District 12 Isle/Falcon Drive	TIF District 13 Avantech	TIF District 14 Excelsior/ Edgewood	TIF District 15 White Oak Est
REVENUES								
Lodging Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Increments	64,827	17,451	238,443	29,443	38,203	62,119	81,317	-
Special Assessments	-	-	-	-	-	-	-	-
Licenses, Permits, and Fees	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Gifts and Contributions	-	-	-	-	-	-	-	-
Investment Earnings	1,772	112	1,310	226	187	2,582	211	-
Net Increase (Decrease) in Fair Value of Investments	1,300	78	1,222	159	176	1,920	220	-
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	67,899	17,641	240,975	29,828	38,566	66,621	81,748	-
EXPENDITURES								
CURRENT								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-
Economic and Community Development	44,822	17,014	13,504	27,844	8,718	181,115	11,207	208
CAPITAL OUTLAY								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-
DEBT SERVICE								
Interest and Fiscal Charges	-	-	20	-	23	-	-	-
Total Expenditures	44,822	17,014	13,524	27,844	8,741	181,115	11,207	208
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	23,077	627	227,451	1,984	29,825	(114,494)	70,541	(208)
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	(221,450)	-	(35,763)	-	(45,998)	-
Total Other Financing Sources (Uses)	-	-	(221,450)	-	(35,763)	-	(45,998)	-
NET CHANGE IN FUND BALANCES	23,077	627	6,001	1,984	(5,938)	(114,494)	24,543	(208)
Fund Balance - Beginning of Year	69,046	3,591	(94,610)	7,871	(169,233)	72,165	(241,948)	-
FUND BALANCE - END OF YEAR	\$ 92,123	\$ 4,218	\$ (88,609)	\$ 9,855	\$ (175,171)	\$ (42,329)	\$ (217,405)	\$ (208)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2020

Other Governmental Funds (continued)

	Alcohol Seizure	Drug Seizure	Recycling	Total Other Governmental Funds
REVENUES				
Lodging Tax	\$ -	\$ -	\$ -	\$ 248,466
Tax Increments	-	-	-	608,822
Special Assessments	-	-	-	71
Licenses, Permits, and Fees	-	-	-	217,676
Intergovernmental	-	-	17,051	315,479
Charges for Services	-	349	373	78,770
Fines and Forfeits	751	5,081	-	5,832
Gifts and Contributions	-	-	-	992,100
Investment Earnings	792	1,000	148	32,164
Net Increase (Decrease) in Fair Value of Investments	554	694	-	23,074
Miscellaneous	-	-	-	1,202
Total Revenues	2,097	7,124	17,572	2,523,656
EXPENDITURES				
CURRENT				
General Government	-	-	-	14,057
Public Safety	2,075	11,656	-	185,957
Sanitation	-	-	20,811	20,811
Culture and Recreation	-	-	-	9,905
Economic and Community Development	-	-	-	897,635
CAPITAL OUTLAY				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	1,385,768
DEBT SERVICE				
Interest and Fiscal Charges	-	-	-	43
Total Expenditures	2,075	11,656	20,811	2,514,176
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	22	(4,532)	(3,239)	9,480
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	2,011	82,011
Transfers Out	-	(10,048)	-	(350,259)
Total Other Financing Sources (Uses)	-	(10,048)	2,011	(268,248)
NET CHANGE IN FUND BALANCES	22	(14,580)	(1,228)	(258,768)
Fund Balance - Beginning of Year	41,439	34,087	1,228	789,280
FUND BALANCE - END OF YEAR	\$ 41,461	\$ 19,507	\$ -	\$ 530,512

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2020

Budget and Actual – Cemetery Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Investment Earnings	\$ 500	\$ 500	\$ 989	\$ 489
Net Increase (Decrease) in Fair Value of Investments	-	-	704	704
Miscellaneous				
Other Miscellaneous Revenues	5,400	5,400	1,200	(4,200)
Total Revenues	5,900	5,900	2,893	(3,007)
EXPENDITURES				
CURRENT				
General Government				
Cemetery	18,700	18,700	14,057	(4,643)
CAPITAL OUTLAY				
General Government	49,500	49,500	-	(49,500)
Total Expenditures	68,200	68,200	14,057	(54,143)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(62,300)	(62,300)	(11,164)	51,136
OTHER FINANCING SOURCES				
Transfers In	15,000	15,000	15,000	-
NET CHANGE IN FUND BALANCE	\$ (47,300)	\$ (47,300)	3,836	\$ 51,136
Fund Balance - Beginning of Year			50,244	
FUND BALANCE - END OF YEAR			\$ 54,080	

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2020

Budget and Actual – Community Development Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Special Assessments	\$ -	\$ -	\$ 71	\$ 71
Licenses, Permits, and Fees	216,800	216,800	217,676	876
Intergovernmental				
State and Local	-	2,700	3,428	728
Charges for Services	113,800	113,800	78,048	(35,752)
Investment Earnings	5,000	5,000	9,052	4,052
Net Increase (Decrease) in Fair Value of Investments	-	-	6,408	6,408
Miscellaneous				
Other Miscellaneous Revenues	-	-	2	2
Total Revenues	<u>335,600</u>	<u>338,300</u>	<u>314,685</u>	<u>(23,615)</u>
EXPENDITURES				
CURRENT				
Public Safety				
Building Inspection	238,800	238,800	172,226	(66,574)
Economic and Community Development Planning	<u>320,500</u>	<u>320,500</u>	<u>288,821</u>	<u>(31,679)</u>
Total Expenditures	<u>559,300</u>	<u>559,300</u>	<u>461,047</u>	<u>(98,253)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(223,700)	(221,000)	(146,362)	74,638
OTHER FINANCING SOURCES (USES)				
Transfers In	65,000	65,000	65,000	-
Transfers Out	<u>(37,000)</u>	<u>(37,000)</u>	<u>(37,000)</u>	-
Total Other Financing Sources (Uses)	<u>28,000</u>	<u>28,000</u>	<u>28,000</u>	-
NET CHANGE IN FUND BALANCE	<u>\$ (195,700)</u>	<u>\$ (193,000)</u>	<u>(118,362)</u>	<u>\$ 74,638</u>
Fund Balance - Beginning of Year			430,363	
FUND BALANCE - END OF YEAR			<u>\$ 312,001</u>	

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2020

Budget and Actual – Capital Park Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 295,000	\$ 295,000	\$ -
Gifts and Contributions	-	-	992,100	\$ 992,100
Investment Earnings	1,200	1,200	2,302	1,102
Net Increase (Decrease) in Fair Value of Investments	-	-	1,567	1,567
Total Revenues	1,200	296,200	1,290,969	994,769
EXPENDITURES				
CURRENT				
Culture and Recreation Capital Park	25,000	25,000	9,905	(15,095)
CAPITAL OUTLAY				
Culture and Recreation	-	400,400	1,385,768	985,368
Total Expenditures	25,000	425,400	1,395,673	970,273
NET CHANGE IN FUND BALANCE	\$ (23,800)	\$ (129,200)	(104,704)	\$ 24,496
Fund Balance - Beginning of Year			202,376	
FUND BALANCE - END OF YEAR			\$ 97,672	

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2020

Budget and Actual – Lodging Tax Administration Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Lodging Tax	\$ 403,500	\$ 403,500	\$ 248,466	\$ (155,034)
Investment Earnings	-	-	-	-
Total Revenues	<u>403,500</u>	<u>403,500</u>	<u>248,466</u>	<u>(155,034)</u>
EXPENDITURES				
CURRENT				
Economic and Community Development	<u>403,500</u>	<u>403,500</u>	<u>248,466</u>	<u>(155,034)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance - Beginning of Year				-
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

Budget and Actual – Combined Tax Increment Financing Special Revenue Funds

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Tax Increments	\$ 705,300	\$ 600,700	\$ 608,822	\$ 8,122
Investment Earnings	5,200	5,200	12,438	7,238
Net Increase (Decrease) in Fair Value of Investments	-	-	9,371	9,371
Total Revenues	710,500	605,900	630,631	24,731
EXPENDITURES				
CURRENT				
Economic and Community Development	211,000	373,900	359,978	(13,922)
DEBT SERVICE				
Interest and Fiscal Charges	-	-	43	43
Total Expenditures	211,000	373,900	360,021	(13,879)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	499,500	232,000	270,610	38,610
OTHER FINANCING SOURCES (USES)				
Transfers Out	(303,300)	(303,300)	(303,211)	89
Total Other Financing Sources (Uses)	(303,300)	(303,300)	(303,211)	89
NET CHANGE IN FUND BALANCE	\$ 196,200	\$ (71,300)	(32,601)	\$ 38,699
Fund Balance - Beginning of Year			(61,146)	
FUND BALANCE - END OF YEAR			\$ (93,747)	

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2020

Budget and Actual – Recycling Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental				
State and Local	14,000	14,000	17,051	\$ 3,051
Charges for Services	300	300	373	73
Investment Earnings	300	300	148	(152)
Total Revenues	<u>14,600</u>	<u>14,600</u>	<u>17,572</u>	<u>2,972</u>
EXPENDITURES				
CURRENT				
Sanitation	<u>19,000</u>	<u>19,500</u>	<u>20,811</u>	<u>1,311</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,400)	(4,900)	(3,239)	1,661
OTHER FINANCING SOURCES				
Transfers In	<u>4,900</u>	<u>4,900</u>	<u>2,011</u>	<u>(2,889)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 500</u>	<u>\$ -</u>	<u>(1,228)</u>	<u>\$ (1,228)</u>
Fund Balance - Beginning of Year			1,228	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

City of Baxter, Minnesota
 Combining Balance Sheet
 Debt Service Fund – by Bond Issue

Comprehensive Annual Financial Report
 December 31, 2020

	2009B G.O. Sales Tax Wastewater Note	2013A G.O. Refunding Bonds '06A & '06B	2014 G.O. Improvement Bonds	2015 G.O. Improvement Bonds	2016 G.O. Improvement Bonds	2018 G.O. Improvement & TIF Bonds	2019 G.O. Improvement Bonds	2020 G.O. Improvement Bonds	Combined Totals
ASSETS									
Cash and Pooled Investments	\$ -	\$ 1,326,935	\$ 906,931	\$ 1,872,724	\$ 600,522	\$ 1,489,399	\$ 404,285	\$ 78,789	\$ 6,679,585
Accounts Receivable	-	-	-	-	1,121	-	-	-	1,121
Due From Other Governments	25,739	4,483	3,777	5,354	7,514	16,845	8,389	-	72,101
Delinquent Taxes Receivable	-	4,833	8,053	6,198	3,370	1,923	1,840	-	26,217
Special Assessments Receivable	-	549,880	1,632,072	2,139,452	1,016,012	2,529,021	1,499,563	4,041,645	13,407,645
Total assets	\$ 25,739	\$ 1,886,131	\$ 2,550,833	\$ 4,023,728	\$ 1,628,539	\$ 4,037,188	\$ 1,914,077	\$ 4,120,434	\$ 20,186,669
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES									
LIABILITIES									
Accounts Payable	\$ -	\$ -	\$ 500	\$ 407	\$ 450	\$ -	\$ 500	\$ -	\$ 1,857
Due to Other Governments	-	4,706	3,878	-	-	-	-	-	8,584
Due to Other Funds	25,739	-	-	-	-	-	-	-	25,739
Total Liabilities	25,739	4,706	4,378	407	450	-	500	-	36,180
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue									
Taxes	-	4,833	8,053	6,198	3,370	1,923	1,840	-	26,217
Special Assessments	-	549,880	1,632,072	2,139,452	1,016,012	2,529,021	1,499,563	4,041,645	13,407,645
Total Deferred Inflows of Resources	-	554,713	1,640,125	2,145,650	1,019,382	2,530,944	1,501,403	4,041,645	13,433,862
FUND BALANCES									
Restricted	-	1,326,712	906,330	1,877,671	608,707	1,506,244	412,174	78,789	6,716,627
Total Fund Balances	-	1,326,712	906,330	1,877,671	608,707	1,506,244	412,174	78,789	6,716,627
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 25,739	\$ 1,886,131	\$ 2,550,833	\$ 4,023,728	\$ 1,628,539	\$ 4,037,188	\$ 1,914,077	\$ 4,120,434	\$ 20,186,669

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2020

Debt Service Fund – by Bond Issue

	2009B G.O. Sales Tax Wastewater Note	2013A G.O. Refunding Bonds '06A & '06B	2014 G.O. Improvement Bonds	2015 G.O. Improvement Bonds	2016 G.O. Improvement Bonds	2018 G.O. Improvement & TIF Bonds	2019 G.O. Improvement Bonds	2020 G.O. Improvement Bonds	Combined Totals
REVENUES									
Taxes	\$ -	\$ 174,911	\$ 1,041	\$ 206,091	\$ 209,321	\$ 236,516	\$ 256,952	\$ -	\$ 1,084,832
Special Assessments	-	2,700	180,587	378,423	190,363	469,118	199,136	55,867	1,476,194
Intergovernmental	51,145	-	-	-	-	-	-	-	51,145
Investment Earnings	-	23,190	14,767	28,228	6,629	14,268	1,951	458	89,491
Net Increase (Decrease) in Fair Value of Investments	-	16,443	10,635	20,486	5,116	10,743	1,959	761	66,143
Total Revenues	51,145	217,244	207,030	633,228	411,429	730,645	459,998	57,086	2,767,805
EXPENDITURES									
DEBT SERVICE									
Principal	465,333	260,000	115,000	745,000	430,000	375,000	-	-	2,390,333
Interest and Fiscal Charges	154,279	36,681	24,159	115,782	27,250	242,523	67,648	-	668,322
Total Expenditures	619,612	296,681	139,159	860,782	457,250	617,523	67,648	-	3,058,655
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(568,467)	(79,437)	67,871	(227,554)	(45,821)	113,122	392,350	57,086	(290,850)
OTHER FINANCING SOURCES (USES)									
Issuance of GO bonds	-	-	-	-	-	-	-	103	103
Transfers In	568,467	30,000	-	257,213	-	348,155	-	21,600	1,225,435
Total Other Financing Sources (Uses)	568,467	30,000	-	257,213	-	348,155	-	21,703	1,225,538
NET CHANGE IN FUND BALANCES	-	(49,437)	67,871	29,659	(45,821)	461,277	392,350	78,789	934,688
Fund Balance - Beginning of Year	-	1,376,149	838,459	1,848,012	654,528	1,044,967	19,824	-	5,781,939
FUND BALANCE - END OF YEAR	\$ -	\$ 1,326,712	\$ 906,330	\$ 1,877,671	\$ 608,707	\$ 1,506,244	\$ 412,174	\$ 78,789	\$ 6,716,627

City of Baxter, Minnesota
 Combining Balance Sheet
 Capital Project Fund – by Project

Comprehensive Annual Financial Report
 December 31, 2020

	Collector Street	Street Replacement	Capital Equipment	Trails Construction	City Center Building	Cypress Town Center	Eagle Drive	Cypress Dr- Hinckley to 48
ASSETS								
Cash and Pooled Investments	\$ 3,333,069	\$ 1,894,451	\$ 1,550,519	\$ 382,133	\$ 469,829	\$ 52,323	\$ -	\$ -
Accounts Receivable	-	54,248	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	-	-
Special Assessments Receivable	313,548	6,291	-	39,059	-	-	-	-
Total Assets	\$ 3,646,617	\$ 1,954,990	\$ 1,550,519	\$ 421,192	\$ 469,829	\$ 52,323	\$ -	\$ -
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ -	\$ -	\$ 100,613	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	8,288	58,290
Contracts Payable	18,700	-	4,021	-	-	-	-	-
Escrow Deposits	-	-	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-	-	-
Total Liabilities	18,700	-	104,634	-	-	-	8,288	58,290
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue								
Special Assessments	313,548	6,291	-	39,059	-	-	-	-
Other	967,500	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	1,281,048	6,291	-	39,059	-	-	-	-
FUND BALANCES								
Assigned	2,346,869	1,948,699	1,445,885	382,133	469,829	52,323	-	-
Unassigned	-	-	-	-	-	-	(8,288)	(58,290)
Total Fund Balances	2,346,869	1,948,699	1,445,885	382,133	469,829	52,323	(8,288)	(58,290)
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 3,646,617	\$ 1,954,990	\$ 1,550,519	\$ 421,192	\$ 469,829	\$ 52,323	\$ -	\$ -

Combining Balance Sheet

December 31, 2020

Capital Project Fund – by Project (continued)

	Fairview Extension 371 NW	Inglewood/ Fairview/ Foley	South Sewer Interceptor	North Perch Lake Utilities	Inglewood - 77 Utilities	Inglewood Railroad Crossing	2020 Fairview Road & Trail
ASSETS							
Cash and Pooled Investments	\$ -	\$ 81,001	\$ 455,992	\$ -	\$ -	\$ -	\$ 129,764
Accounts Receivable	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-	-
Total Assets	\$ -	\$ 81,001	\$ 455,992	\$ -	\$ -	\$ -	\$ 129,764
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ -	\$ -	\$ 63,149	\$ -	\$ -	\$ 4,004	\$ 87,336
Due to Other Funds	346,435	-	-	142	11,974	176,710	-
Contracts Payable	-	-	417,391	-	-	-	24,722
Escrow Deposits	-	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-	-
Total Liabilities	346,435	-	480,540	142	11,974	180,714	112,058
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue							
Special Assessments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
FUND BALANCES							
Assigned	-	81,001	-	-	-	-	17,706
Unassigned	(346,435)	-	(24,548)	(142)	(11,974)	(180,714)	-
Total Fund Balances	(346,435)	81,001	(24,548)	(142)	(11,974)	(180,714)	17,706
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ -	\$ 81,001	\$ 455,992	\$ -	\$ -	\$ -	\$ 129,764

Capital Project Fund – by Project (continued)

	Cypress- Woida	Jasperwood Area	Mapleton Realign	TH 210 Lighting	2019 Mill & Overlay	Knollwood FDR
ASSETS						
Cash and Pooled Investments	\$ -	\$ 490,565	\$ -	\$ -	\$ 12,006	\$ -
Accounts Receivable	-	-	-	-	-	-
Due From Other Governments	-	260,787	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-
Total Assets	\$ -	\$ 751,352	\$ -	\$ -	\$ 12,006	\$ -
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ -	\$ 260,718	\$ -	\$ 88	\$ 12,006	\$ 10,598
Due to Other Funds	16,242	-	3,486	11,014	-	690
Contracts Payable	-	-	-	-	-	-
Escrow Deposits	-	250,000	-	-	-	-
Due to Other Governments	-	240,634	-	-	-	-
Total Liabilities	16,242	751,352	3,486	11,102	12,006	11,288
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue						
Special Assessments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
FUND BALANCES						
Assigned	-	-	-	-	-	-
Unassigned	(16,242)	-	(3,486)	(11,102)	-	(11,288)
Total Fund Balances	(16,242)	-	(3,486)	(11,102)	-	(11,288)
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ -	\$ 751,352	\$ -	\$ -	\$ 12,006	\$ -

Capital Project Fund – by Project (continued)

	Woida-Inglwd to Garrett	2021 Mill & Overlay	Combined Totals
ASSETS			
Cash and Pooled Investments	\$ -	\$ -	\$ 8,851,652
Accounts Receivable	-	-	54,248
Due From Other Governments	-	-	260,787
Special Assessments Receivable	-	-	358,898
Total Assets	\$ -	\$ -	\$ 9,525,585
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 89,536	\$ 628,048
Due to Other Funds	5,873	253	639,397
Contracts Payable	-	-	464,834
Escrow Deposits	-	-	250,000
Due to Other Governments	-	-	240,634
Total Liabilities	5,873	89,789	2,222,913
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue			
Special Assessments	-	-	358,898
Other	-	-	967,500
Total Deferred Inflows of Resources	-	-	1,326,398
FUND BALANCES			
Assigned	-	-	6,744,445
Unassigned	(5,873)	(89,789)	(768,171)
Total Fund Balances	(5,873)	(89,789)	5,976,274
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ -	\$ -	\$ 9,525,585

Capital Project Fund – by Project

	Collector Street	Street Replacement	Capital Equipment	Trails Construction	City Center Building	Cypress Drive	Cypress Town Center	Eagle Drive
REVENUES								
Taxes	\$ 5,490	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise Fees	-	316,497	-	54,000	-	-	-	-
Special Assessments	-	-	-	7,695	-	-	-	-
Intergovernmental	518,603	172,868	244,114	-	-	267,373	-	-
Investment earnings	65,424	31,849	27,969	7,044	8,824	-	983	-
Net Increase (Decrease) in Fair Value of Investments	46,248	22,970	20,264	5,052	6,209	-	691	(110)
Miscellaneous	-	-	720	-	-	-	-	-
Total Revenues	635,765	544,184	293,067	73,791	15,033	267,373	1,674	(110)
EXPENDITURES								
CURRENT								
General Government	-	-	18,066	-	-	-	-	-
Public Safety	-	-	189,110	-	-	-	-	-
Public Works	-	48,064	2,746	-	-	69,593	-	155
Culture and Recreation	-	-	3,295	62,593	-	-	-	-
Economic and Community Development	-	-	-	-	-	-	-	-
CAPITAL OUTLAY								
General Government	-	-	24,643	-	-	-	-	-
Public Safety	-	-	192,117	-	-	-	-	-
Public Works	-	-	40,114	-	-	-	-	-
DEBT SERVICE								
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	-	48,064	470,091	62,593	-	69,593	-	155
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	635,765	496,120	(177,024)	11,198	15,033	197,780	1,674	(265)
OTHER FINANCING SOURCES (USES)								
Issuance of GO Bonds	-	-	-	-	-	-	-	-
Issuance of GO Bonds - Premium	-	-	-	-	-	-	-	-
Transfers In	387,000	-	356,620	53,008	-	-	-	-
Transfers Out	(1,450,000)	-	-	(43,002)	-	-	-	-
Total Other Financing Sources (Uses)	(1,063,000)	-	356,620	10,006	-	-	-	-
NET CHANGE IN FUND BALANCES	(427,235)	496,120	179,596	21,204	15,033	197,780	1,674	(265)
Fund Balance - Beginning of Year	2,774,104	1,452,579	1,266,289	360,929	454,796	(197,780)	50,649	(8,023)
FUND BALANCE - END OF YEAR	\$ 2,346,869	\$ 1,948,699	\$ 1,445,885	\$ 382,133	\$ 469,829	\$ -	\$ 52,323	\$ (8,288)

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

December 31, 2020

Capital Project Fund – by Project (continued)

	Cypress Dr- Hinckley to 48	Fairview Extension 371 NW	Inglewood/ Fairview/ Foley	South Sewer Interceptor	North Perch Lake Utilities	Inglewood - 77 Utilities	Inglewood Railroad Crossing	Arbor Glen Trail
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise Fees	-	-	-	-	-	-	-	-
Special Assessments	-	-	-	686,679	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Investment Earnings	-	-	1,522	-	-	-	-	-
Net Increase (Decrease) in Fair Value of Investments	(770)	(4,578)	1,070	(16,890)	(2)	(158)	(1,141)	(250)
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	(770)	(4,578)	2,592	669,789	(2)	(158)	(1,141)	(250)
EXPENDITURES								
CURRENT								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	1,095	6,507	-	20,204	3	225	2,589	224
Culture and Recreation	-	-	-	-	-	-	-	-
Economic and Community Development	-	-	-	-	-	-	-	-
CAPITAL OUTLAY								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	9,213,961	-	-	155,916	45,778
DEBT SERVICE								
Interest and Fiscal Charges	-	-	-	64,706	-	-	-	-
Total Expenditures	1,095	6,507	-	9,298,871	3	225	158,505	46,002
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,865)	(11,085)	2,592	(8,629,082)	(5)	(383)	(159,646)	(46,252)
OTHER FINANCING SOURCES (USES)								
Issuance of GO Bonds	-	-	-	4,259,444	-	-	-	-
Issuance of GO Bonds - Premium	-	-	-	205,449	-	-	-	-
Transfers In	-	-	-	4,800,000	-	-	-	53,152
Transfers Out	-	-	-	(192,881)	-	-	-	(4,646)
Total Other Financing Sources (Uses)	-	-	-	9,072,012	-	-	-	48,506
NET CHANGE IN FUND BALANCES	(1,865)	(11,085)	2,592	442,930	(5)	(383)	(159,646)	2,254
Fund Balance - Beginning of Year	(56,425)	(335,350)	78,409	(467,478)	(137)	(11,591)	(21,068)	(2,254)
FUND BALANCE - END OF YEAR	\$ (58,290)	\$ (346,435)	\$ 81,001	\$ (24,548)	\$ (142)	\$ (11,974)	\$ (180,714)	\$ -

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

December 31, 2020

Capital Project Fund – by Project (continued)

	2020							
	Fairview Road & Trail	Memorywood Drive	Cypress- Woida	Jasperwood Area	Mapleton Realign	TH 210 Lighting	2019 Mill & Overlay	Knollwood FDR
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise Fees	-	-	-	-	-	-	-	-
Special Assessments	92,538	42	-	-	-	-	12,804	-
Intergovernmental	-	-	-	260,787	-	-	-	-
Investment Earnings	229	539	-	7,463	-	-	11,255	-
Net Increase (Decrease) in Fair Value of Investments	(1,121)	(27)	(214)	4,091	(47)	(124)	4,813	(8)
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	91,646	554	(214)	272,341	(47)	(124)	28,872	(8)
EXPENDITURES								
CURRENT								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	1	11,878	305	1,104,418	65	6,570	-	4
Culture and Recreation	-	-	-	-	-	-	-	-
Economic and Community Development	-	-	-	-	-	-	-	-
CAPITAL OUTLAY								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	2,909,593	143,338	-	(295,696)	-	-	1,223,769	11,276
DEBT SERVICE								
Interest and Fiscal Charges	22,793	-	-	-	-	-	-	-
Total Expenditures	2,932,387	155,216	305	808,722	65	6,570	1,223,769	11,280
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,840,741)	(154,662)	(519)	(536,381)	(112)	(6,694)	(1,194,897)	(11,288)
OTHER FINANCING SOURCES (USES)								
Issuance of GO Bonds	1,500,453	-	-	-	-	-	-	-
Issuance of GO Bonds - Premium	72,373	-	-	-	-	-	-	-
Transfers In	1,527,340	150,686	-	406,541	-	-	242,481	-
Transfers Out	(49,643)	-	-	(449)	-	-	(34,063)	-
Total Other Financing Sources (Uses)	3,050,523	150,686	-	406,092	-	-	208,418	-
NET CHANGE IN FUND BALANCES	209,782	(3,976)	(519)	(130,289)	(112)	(6,694)	(986,479)	(11,288)
Fund Balance - Beginning of Year	(192,076)	3,976	(15,723)	130,289	(3,374)	(4,408)	986,479	-
FUND BALANCE - END OF YEAR	\$ 17,706	\$ -	\$ (16,242)	\$ -	\$ (3,486)	\$ (11,102)	\$ -	\$ (11,288)

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

December 31, 2020

Capital Project Fund – by Project (continued)

	Woida-Inglwd to Garrett	2021 Mill & Overlay	Internal Eliminations	Combined Totals
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 5,490
Franchise Fees	-	-	-	370,497
Special Assessments	-	-	-	799,758
Intergovernmental	-	-	-	1,463,745
Investment Earnings	-	-	-	163,101
Net Increase (Decrease) in Fair Value of Investments	(58)	(1)	-	85,909
Miscellaneous	-	-	-	720
Total Revenues	(58)	(1)	-	2,889,220
EXPENDITURES				
CURRENT				
General Government	-	-	-	18,066
Public Safety	-	-	-	189,110
Public Works	35	1	-	1,274,682
Culture and Recreation	-	-	-	65,888
Economic and Community Development	-	-	-	-
CAPITAL OUTLAY				
General Government	-	-	-	24,643
Public Safety	-	-	-	192,117
Public Works	5,780	89,787	-	13,543,616
DEBT SERVICE				
Interest and Fiscal Charges	-	-	-	87,499
Total Expenditures	5,815	89,788	-	15,395,621
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,873)	(89,789)	-	(12,506,401)
OTHER FINANCING SOURCES (USES)				
Issuance of GO Bonds	-	-	-	5,759,897
Issuance of GO Bonds - Premium	-	-	-	277,822
Transfers In	-	-	(1,496,010)	6,480,818
Transfers Out	-	-	1,496,010	(278,674)
Total Other Financing Sources (Uses)	-	-	-	12,239,863
NET CHANGE IN FUND BALANCES	(5,873)	(89,789)	-	(266,538)
Fund Balance - Beginning of Year	-	-	-	6,242,812
FUND BALANCE - END OF YEAR	\$ (5,873)	\$ (89,789)	\$ -	\$ 5,976,274

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends Information – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity Information – These schedules contain trend information to help the reader understand the City's most significant local revenue source, property taxes.

Debt Capacity Information – These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Source: Unless otherwise noted, the information in these tables is derived from the annual financial report or comprehensive annual financial report for the relevant year.

City of Baxter, Minnesota
 Net Position by Component
 (Accrual Basis of Accounting)

Comprehensive Annual Financial Report
 Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 19,093,683	\$ 22,675,313	\$ 18,567,059	\$ 21,024,796	\$ 21,859,902	\$ 21,164,036	\$ 24,347,941	\$ 29,363,935	\$ 32,179,380	\$ 37,231,790
Restricted for:										
General Government	-	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	-	-
Debt Service	9,634,569	8,805,956	7,868,180	8,395,615	13,492,038	13,243,651	12,467,654	14,899,540	16,057,619	19,875,369
Economic Development	2,939,925	2,964,012	2,977,504	3,016,196	3,397,600	3,414,520	3,426,723	3,560,372	3,643,355	3,680,855
Sales Tax Funded Infrastructure	5,311,147	5,785,750	7,057,415	8,467,296	7,953,458	7,950,592	8,940,748	8,206,031	8,258,960	5,471,758
Revolving Loans	411,558	419,549	420,061	425,702	430,601	434,670	-	-	-	-
Tax Increment Financing	521,192	462,417	616,906	801,698	552,442	441,859	337,937	245,004	450,552	436,438
Police Activity	20,108	25,082	32,669	43,951	52,358	51,351	45,520	56,879	75,526	60,968
Unrestricted	147,101	(2,571,438)	3,152,221	2,980,658	2,967,478	2,434,740	1,715,905	2,162,306	3,238,172	3,280,529
Total Governmental Activities Net Position	38,079,283	38,566,641	40,692,015	40,692,015	45,155,912	49,135,419	51,282,428	58,494,067	63,903,564	70,037,707
Business-Type Activities										
Net Investment in Capital Assets	42,523,243	45,066,969	44,021,212	43,430,296	44,586,970	48,961,336	50,129,617	51,943,906	55,329,045	57,009,113
Unrestricted	8,457,050	9,739,329	10,979,563	11,646,054	11,257,688	12,635,303	13,505,620	12,651,041	13,328,942	13,899,734
Total Business-Type Activities Net Position	50,980,293	54,806,298	55,000,775	55,000,775	55,076,350	61,596,639	63,635,237	64,594,947	68,657,987	70,908,847
Primary Government										
Net Investment in Capital Assets	53,175,816	59,751,282	54,714,808	57,139,494	59,811,872	63,970,703	68,820,311	76,085,174	82,736,425	89,934,236
Restricted for:										
General Government	-	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	-	-
Debt Service	9,634,569	8,805,956	7,868,180	8,395,615	13,243,651	12,467,654	12,467,654	14,899,540	16,057,619	19,875,369
Economic Development	2,939,925	2,964,012	2,977,504	3,016,196	3,414,520	3,426,723	3,426,723	3,560,372	3,643,355	3,680,855
Sales Tax Funded Infrastructure	5,311,147	5,785,750	7,057,415	8,467,296	7,950,592	8,940,748	8,940,748	8,206,031	8,258,960	5,471,758
Revolving Loans	411,558	419,549	420,061	425,702	434,670	-	-	-	-	-
Tax Increment Financing	521,192	462,417	616,906	801,698	441,859	337,937	337,937	245,004	450,552	436,438
Police Activity	20,108	25,082	32,669	43,951	51,351	45,520	45,520	56,879	75,526	60,968
Unrestricted	17,045,261	15,158,891	22,005,247	21,942,310	20,860,166	21,224,712	20,878,772	20,036,014	21,339,114	21,486,930
Total Primary Government Net Position	\$ 89,059,576	\$ 93,372,939	\$ 95,692,790	\$ 95,692,790	\$ 100,232,262	\$ 110,413,997	\$ 114,917,665	\$ 123,089,014	\$ 132,561,551	\$ 140,946,554

City of Baxter, Minnesota
Change in Net Position
(Accrual Basis of Accounting)

Comprehensive Annual Financial Report
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
General Government	\$ 1,416,819	\$ 1,212,361	\$ 1,373,321	\$ 1,522,265	\$ 1,537,205	\$ 1,514,030	\$ 1,683,374	\$ 1,614,534	\$ 2,493,944	\$ 1,593,230
Public Safety	1,939,880	1,874,740	1,894,095	2,020,278	2,041,833	2,634,611	2,379,803	2,290,301	2,526,036	2,882,168
Public Works	2,380,427	2,267,214	2,352,349	2,518,595	3,389,767	2,853,200	2,272,892	4,342,420	5,684,908	4,755,589
Sanitation	38,338	35,476	34,944	37,970	35,114	31,520	32,105	31,174	32,983	10,617
Culture and Recreation	687,545	670,426	723,667	777,891	847,953	943,075	910,191	1,065,834	1,223,138	1,339,968
Economic and Community Development	1,115,103	818,460	827,988	781,557	1,376,093	1,468,261	1,857,100	1,647,234	1,624,825	1,479,597
Interest	940,392	822,443	879,723	696,429	505,783	530,054	460,144	498,992	641,116	722,625
Total Governmental Activities Expenses	8,518,504	7,701,120	8,086,087	8,354,985	9,733,748	9,974,751	9,595,609	11,490,489	14,226,950	12,783,794
Business-Type Activities										
Water	1,652,130	1,674,473	1,968,324	1,793,208	1,728,615	1,625,779	1,732,813	1,613,580	1,648,037	1,861,277
Sewer	1,451,130	1,623,673	1,731,740	1,739,067	1,705,465	1,788,560	1,954,233	1,982,874	2,016,775	1,932,319
Storm Water	259,517	282,810	322,326	302,180	302,516	394,181	455,475	421,596	548,619	513,061
Total Business-Type Activities Expenses	3,362,777	3,580,956	4,022,390	3,834,455	3,736,596	3,808,520	4,142,521	4,018,050	4,213,431	4,306,657
Total Primary Government Expenses	\$ 11,881,281	\$ 11,282,076	\$ 12,108,477	\$ 12,189,440	\$ 13,470,344	\$ 13,783,271	\$ 13,738,130	\$ 15,508,539	\$ 18,440,381	\$ 17,090,451
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 497,891	\$ 518,048	\$ 477,130	\$ 462,537	\$ 475,694	\$ 474,708	\$ 481,839	\$ 178,140	\$ 182,313	\$ 240,650
Public Safety	322,447	555,768	416,024	426,505	368,760	351,049	484,646	454,912	628,295	419,356
Public Works	-	23,434	7,875	525	600	153,974	399,278	429,435	419,156	414,244
Sanitation	379	391	244	162	276	242	365	283	290	373
Culture and Recreation	7,373	211,123	269,462	301,626	69,638	111,931	31,718	36,595	109,441	55,850
Economic and Community Development	35,397	43,782	33,005	26,717	400,285	31,801	42,686	169,676	22,391	18,417
Operating Grants and Contributions	360,152	276,068	235,669	231,786	289,696	260,933	266,915	259,945	279,642	802,905
Capital Grants and Contributions	687,075	956,669	509,946	2,367,570	7,515,674	3,237,197	2,041,706	7,864,471	10,266,199	7,392,397
Total Governmental Activities Program Revenues	1,910,714	2,585,283	1,949,355	3,817,428	9,120,623	4,621,835	3,749,153	9,393,457	11,907,727	9,344,192
Business-Type Activities										
Charges for Services										
Water	1,406,582	1,785,969	1,861,747	1,721,660	1,723,923	1,752,604	1,809,862	1,535,851	1,551,310	1,629,263
Sewer	1,271,248	1,606,991	1,669,945	1,549,520	1,470,789	1,531,966	1,639,194	1,306,049	1,292,345	1,300,502
Storm Water	304,605	311,327	316,202	318,857	321,866	345,328	368,286	421,401	466,640	524,961
Operating Grants and Contributions	18,177	20,690	84,294	37,344	18,527	18,185	15,155	4,537	11,207	17,896
Capital Grants and Contributions	111,272	755,526	95,020	329,375	35,135	73,725	443,718	796,372	1,011,863	525,079
Total Business-Type Activities Program Revenues	3,111,884	4,480,503	4,027,208	3,956,756	3,570,240	3,721,808	4,276,215	4,064,210	4,333,365	3,997,701
Total Primary Government Program Revenues	\$ 5,022,598	\$ 7,065,786	\$ 5,976,563	\$ 7,774,184	\$ 12,690,863	\$ 8,343,643	\$ 8,025,368	\$ 13,457,667	\$ 16,241,092	\$ 13,341,893
Net (Expense)/Revenue										
Governmental Activities	\$ (6,607,790)	\$ (5,115,837)	\$ (6,136,732)	\$ (4,537,557)	\$ (613,125)	\$ (5,352,916)	\$ (5,846,456)	\$ (2,097,032)	\$ (2,319,223)	\$ (3,439,602)
Business-Type Activities	(250,893)	899,547	4,818	122,301	(166,356)	(86,712)	133,694	46,160	119,934	(308,956)
Total Primary Government Net (Expense)/Revenue	\$ (6,858,683)	\$ (4,216,290)	\$ (6,131,914)	\$ (4,415,256)	\$ (779,481)	\$ (5,439,628)	\$ (5,712,762)	\$ (2,050,872)	\$ (2,199,289)	\$ (3,748,558)

Change in Net Position (Continued)
(Accrual Basis of Accounting)

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes	\$ 5,667,151	\$ 5,405,829	\$ 5,479,108	\$ 5,355,718	\$ 5,584,724	\$ 5,766,291	\$ 5,827,483	\$ 6,029,889	\$ 6,404,178	\$ 6,890,883
Lodging Tax	287,419	297,361	291,331	321,994	362,561	378,336	399,024	401,802	397,118	248,466
Sales Tax	1,936,851	2,124,950	2,216,167	2,332,743	2,500,784	2,544,826	2,654,491	2,686,659	2,799,734	2,965,537
Tax Increments	333,922	228,037	354,610	358,473	395,884	487,459	496,504	542,661	668,465	608,822
Grants and Contributions not Restricted for a Particular Purpose	2,433	2,493	2,556	2,423	32,819	4,924	2,631	3,188	2,685	24,000
Investment Earnings	220,984	256,429	136,094	288,085	270,251	165,800	345,168	453,927	641,260	511,983
Net Increase (Decrease) in Fair Value of Investments	-	-	(153,737)	35,901	16,151	59,444	(87,504)	(59)	154,521	329,532
Miscellaneous	69,536	79,518	99,345	89,538	106,833	94,124	93,740	108,019	158,049	105,236
Gain on Sale of Capital Assets	1,400	18,202	27,663	8,529	3,300	7,066	36,070	11,683	-	-
Transfers	(9,310,734)	(2,809,624)	(191,031)	208,050	(997,865)	(5,725,812)	(1,774,142)	(690,893)	(3,544,390)	(2,110,714)
Total Governmental Activities	(791,038)	5,603,195	8,262,106	9,001,454	8,275,442	3,782,458	7,993,465	9,546,876	7,681,620	9,573,745
Business-Type Activities										
Investment Earnings	106,917	116,834	73,895	143,879	134,613	82,894	178,121	222,657	318,170	263,919
Net Increase (Decrease) in Fair Value of Investments	-	-	(75,267)	17,445	8,126	29,987	(47,359)	-	80,546	185,183
Transfers	9,310,734	2,809,624	191,031	(208,050)	997,865	5,725,812	1,774,142	690,893	3,544,390	2,110,714
Total Business-Type Activities Program Revenues	9,417,651	2,926,458	189,659	(46,726)	1,140,604	5,838,693	1,904,904	913,550	3,943,106	2,559,816
Total Primary Government Program Revenues	\$ 8,626,613	\$ 8,529,653	\$ 8,451,765	\$ 8,954,728	\$ 9,416,046	\$ 9,621,151	\$ 9,898,369	\$ 10,460,426	\$ 11,624,726	\$ 12,133,561
Change in Net Position										
Governmental Activities										
Change in Net Position	\$ (7,398,828)	\$ 487,358	\$ 2,125,374	\$ 4,463,897	\$ 7,662,317	\$ (1,570,458)	\$ 2,147,009	\$ 7,449,844	\$ 5,362,397	\$ 6,134,143
Net Position -- Beginning of Year, as Restated	45,478,111	38,079,283	38,566,641	40,692,015	43,043,560	50,705,877	49,135,419	51,044,223	58,541,167	63,903,564
Net Position -- End of Year	38,079,283	38,566,641	40,692,015	45,155,912	50,705,877	49,135,419	51,282,428	58,494,067	63,903,564	70,037,707
Business-Type Activities										
Change in Net Position	9,166,758	3,826,005	194,477	75,575	974,248	5,751,981	2,038,598	959,710	4,063,040	2,250,860
Net Position -- Beginning of Year, as Restated	41,813,535	50,980,293	54,806,298	55,000,775	54,870,410	55,844,658	61,596,639	63,635,237	64,594,947	68,657,987
Net Position -- End of Year	50,980,293	54,806,298	55,000,775	55,076,350	55,844,658	61,596,639	63,635,237	64,594,947	68,657,987	70,908,847
Total Primary Government										
Change in Net Position	1,767,930	4,313,363	2,319,851	4,539,472	8,636,565	4,181,523	4,185,607	8,409,554	9,425,437	8,385,003
Net Position -- Beginning of Year, as Restated	87,291,646	89,059,576	93,372,939	95,692,790	97,913,970	106,550,535	110,732,058	114,679,460	123,136,114	132,561,551
Net Position -- End of Year	\$ 89,059,576	\$ 93,372,939	\$ 95,692,790	\$ 100,232,262	\$ 106,550,535	\$ 110,732,058	\$ 114,917,665	\$ 123,089,014	\$ 132,561,551	\$ 140,946,554

Notes:

The City began to separately present the Net Increase (Decrease) in Fair Value of Investments from Investment Earnings in 2013.

Fund Balances – Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 3,802	\$ 2,115	\$ 21,485	\$ 110,880	\$ 150,890	\$ 331,765	\$ 408,698	\$ 691,951	\$ 782,105	\$ 793,384
Assigned (Designated 2008-2009)	565,400	813,100	766,300	601,800	509,300	404,200	360,000	56,000	-	-
Unassigned (Unrestricted, Undesignated)	2,782,891	2,680,221	2,719,679	2,778,695	2,866,434	2,928,745	2,999,778	3,047,962	3,116,378	3,273,348
Total General Fund	\$ 3,352,093	\$ 3,495,436	\$ 3,507,464	\$ 3,491,375	\$ 3,526,624	\$ 3,664,710	\$ 3,768,476	\$ 3,795,913	\$ 3,898,483	\$ 4,066,732
All Other Governmental Funds										
Nonspendable										
Special Revenue Funds	\$ 165	\$ -	\$ 1,324	\$ 1,065	\$ 54,200	\$ 350	\$ 540	\$ -	\$ -	\$ 530
Restricted										
Special Revenue Funds	6,985,359	9,357,527	10,933,814	12,633,044	12,247,806	12,272,629	12,733,362	12,046,102	12,400,174	9,603,020
Debt Service Fund	8,576,137	4,523,512	8,474,339	8,401,330	4,693,449	4,471,319	5,319,327	5,158,200	5,781,939	6,716,627
Committed										
Special Revenue Funds	753,473	1,218,392	1,475,553	1,366,512	1,188,972	911,908	936,258	924,809	772,883	561,344
Assigned										
Special Revenue Funds	15,191	16,059	16,491	14,928	17,830	8,144	8,759	3,192	2,017	1,417
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Capital Project Fund	4,080,260	4,600,960	5,454,174	5,156,812	6,773,067	6,276,641	4,995,387	5,874,128	6,242,812	5,976,274
Unassigned (Unrestricted, Undesignated)										
Special Revenue Funds	(11,167)	(11,990)	(924)	(100,506)	(197,627)	(209,077)	(280,725)	(523,560)	(511,698)	(530,185)
Total All Other Governmental Funds	\$ 20,399,418	\$ 19,704,460	\$ 26,354,771	\$ 27,473,185	\$ 24,777,697	\$ 23,731,914	\$ 23,712,908	\$ 23,482,871	\$ 24,688,127	\$ 22,329,027

Note:
The City implemented GASB 54 in fiscal year 2010, resulting in significant reclassification of the components of fund balance. Years prior to 2010 have not been restated.

Changes in Fund Balances – Governmental Funds
(Modified Accrual Basis of Accounting)

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 5,871,854	\$ 5,497,267	\$ 5,486,196	\$ 5,430,652	\$ 5,570,060	\$ 5,816,118	\$ 5,782,886	\$ 5,989,767	\$ 6,401,210	\$ 6,897,284
Lodging Tax	287,419	297,361	291,331	321,994	362,561	378,336	399,024	401,802	397,118	248,466
Sales Tax	1,951,316	2,127,170	2,214,519	2,330,735	2,488,992	2,553,030	2,656,049	2,682,041	2,793,699	2,965,537
Tax Increments	333,922	228,037	354,610	358,473	395,884	487,459	496,504	542,661	668,465	608,822
Franchise Fees**						253,065	487,723	557,163	555,107	634,232
Special Assessments	2,063,769	1,861,457	1,294,827	985,975	995,347	2,082,571	1,316,361	1,415,612	1,441,194	2,284,284
Licenses, Permits, and Fees	364,655	405,148	344,444	354,722	313,521	218,478	320,984	275,776	358,964	259,890
Intergovernmental	377,280	316,829	356,311	879,871	1,548,012	510,109	2,228,882	4,533,545	4,988,420	2,310,032
Charges for Services	607,773	660,110	563,774	661,019	809,615	1,066,261	877,973	449,018	3,550,772	249,776
Fines and Forfeits	87,850	108,610	78,299	86,308	88,196	79,602	80,800	84,277	84,170	53,588
Gifts and Contributions	3,960	1,910	2,792	9,352	7,500	3,800	5,350	5,345	14,492	993,100
Investment Earnings	220,989	256,421	136,102	288,085	275,415	177,926	361,593	475,474	674,391	545,660
Net Increase (Decrease) in Fair Value of Investments***	-	-	(153,737)	35,901	16,151	59,444	(87,504)	(59)	154,521	329,532
Miscellaneous	89,106	2,109,805	385,043	396,240	557,872	213,711	106,176	253,822	234,841	107,333
Revolving Loans	36,642	36,642	36,642	-	-	-	-	-	-	-
Total Revenues	12,296,535	13,906,767	11,391,153	12,139,327	13,429,126	13,899,910	15,032,801	17,666,244	22,317,364	18,487,536
Expenditures										
Current										
General Government	1,382,197	1,244,668	1,325,191	1,480,618	1,470,873	1,414,625	1,563,650	1,559,139	1,770,853	1,788,527
Public Safety	1,925,231	1,839,208	1,863,858	1,982,072	1,992,278	2,087,864	2,169,496	2,285,251	2,502,985	2,789,226
Public Works	667,421	520,445	655,100	935,517	1,811,667	1,293,372	332,524	2,337,013	3,486,320	2,095,507
Sanitation	38,338	35,476	34,944	37,970	35,114	31,520	32,105	31,173	32,983	20,811
Culture and Recreation	525,931	502,857	553,710	593,214	628,965	642,157	672,448	747,899	861,822	931,719
Economic and Community Development	1,132,979	839,686	853,244	807,155	1,400,119	1,281,831	1,920,127	1,681,437	1,678,861	1,525,473
Capital Outlay	2,416,666	1,771,214	196,280	4,398,208	11,787,845	4,760,852	4,594,330	12,560,561	11,343,849	15,236,439
Debt Service										
Principal	5,420,721	2,524,110	2,543,333	2,252,000	2,040,667	3,710,334	2,835,333	3,121,667	2,485,667	2,390,333
Interest and Fiscal Charges	987,564	795,870	673,454	660,081	540,235	504,059	516,785	467,727	575,776	755,864
Bond Issue Costs	-	-	46,965	47,734	85,850	44,382	-	84,414	54,950	-
Total Expenditures	14,497,048	10,073,534	8,746,079	13,194,569	21,793,613	15,770,996	14,636,798	24,876,281	24,794,066	27,533,899
Excess (Deficiency) of Revenues Over Expenditures	(2,200,513)	3,833,233	2,645,074	(1,055,242)	(8,364,487)	(1,871,086)	396,003	(7,210,037)	(2,476,702)	(9,046,363)
Other Financing Sources (Uses)										
Sale of Capital Assets	1,839	8,008	27,663	8,529	3,300	7,066	36,070	37,113	655,650	-
Issuance of Bonds	-	-	4,045,000	1,925,000	8,530,000	2,225,000	-	6,140,000	2,470,000	5,760,000
Issuance of Bonds/Notes - Premium	-	-	135,633	15,988	195,304	39,350	-	379,008	299,788	277,822
Issuance of Bonds/Notes - Discount	-	-	-	-	-	-	-	-	-	-
Principal Payment on Refunded Bonds	-	(4,340,000)	-	-	(3,975,000)	-	-	-	-	-
Transfers In	5,589,133	3,040,267	1,950,971	2,450,593	5,044,386	3,096,097	2,058,901	5,094,341	4,782,501	8,270,585
Transfers Out	(5,004,189)	(3,093,123)	(2,142,002)	(2,242,543)	(4,093,741)	(4,404,125)	(2,406,214)	(4,643,025)	(4,470,511)	(7,452,895)
Total Other Financing Sources (Uses)	586,783	(4,384,848)	4,017,265	2,157,567	5,704,249	963,388	(311,243)	7,007,437	3,737,428	6,855,512
Net Change in Fund Balances	\$ (1,613,730)	\$ (551,615)	\$ 6,662,339	\$ 1,102,325	\$ (2,660,238)	\$ (907,698)	\$ 84,760	\$ (202,600)	\$ 1,260,726	\$ (2,190,851)
Debt Service as a Percentage of Noncapital Expenditures*	53.0%	40.0%	37.6%	33.1%	25.8%	38.3%	33.4%	29.1%	22.7%	23.7%

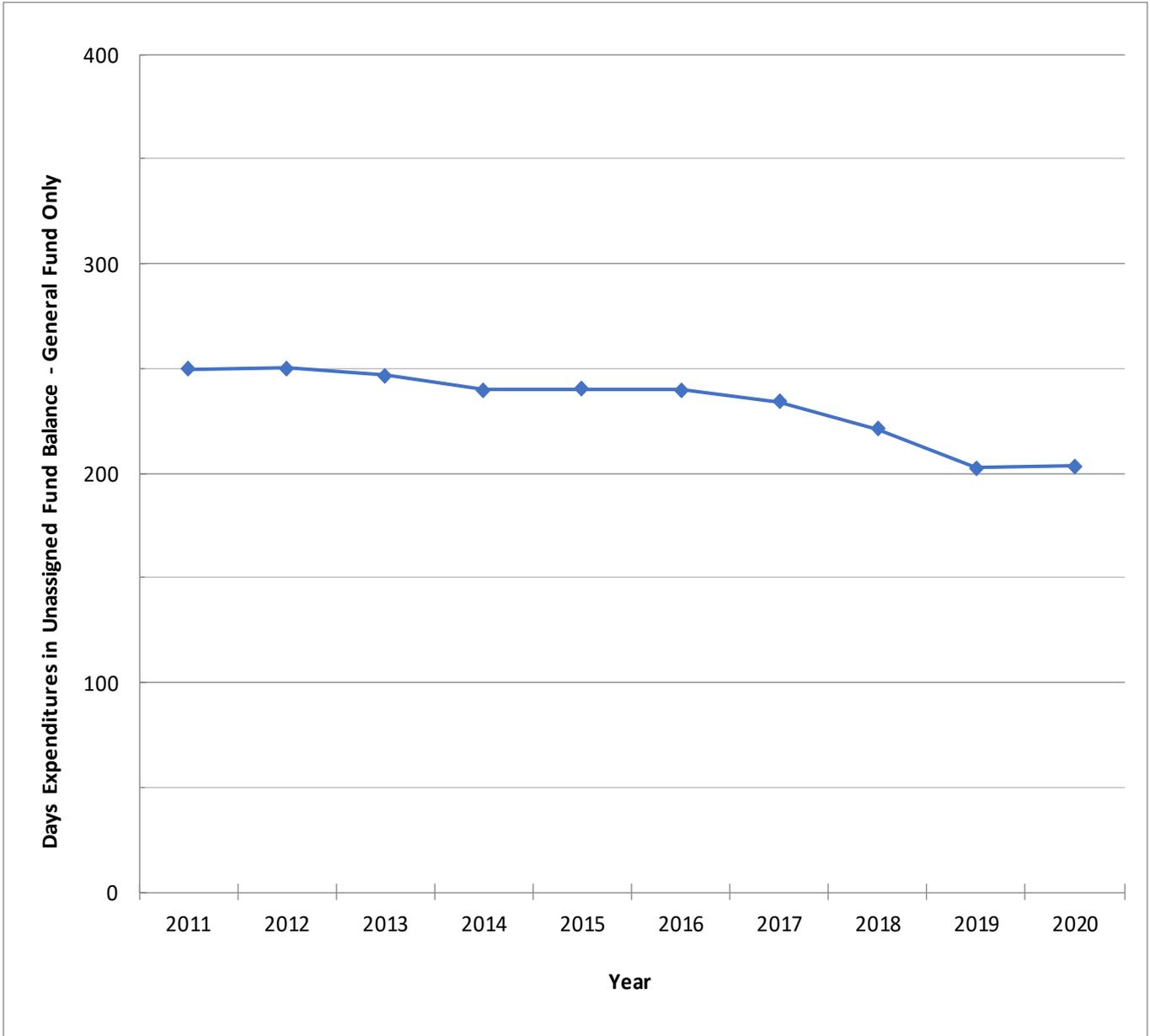
*Revised for fiscal years 2008-2010.

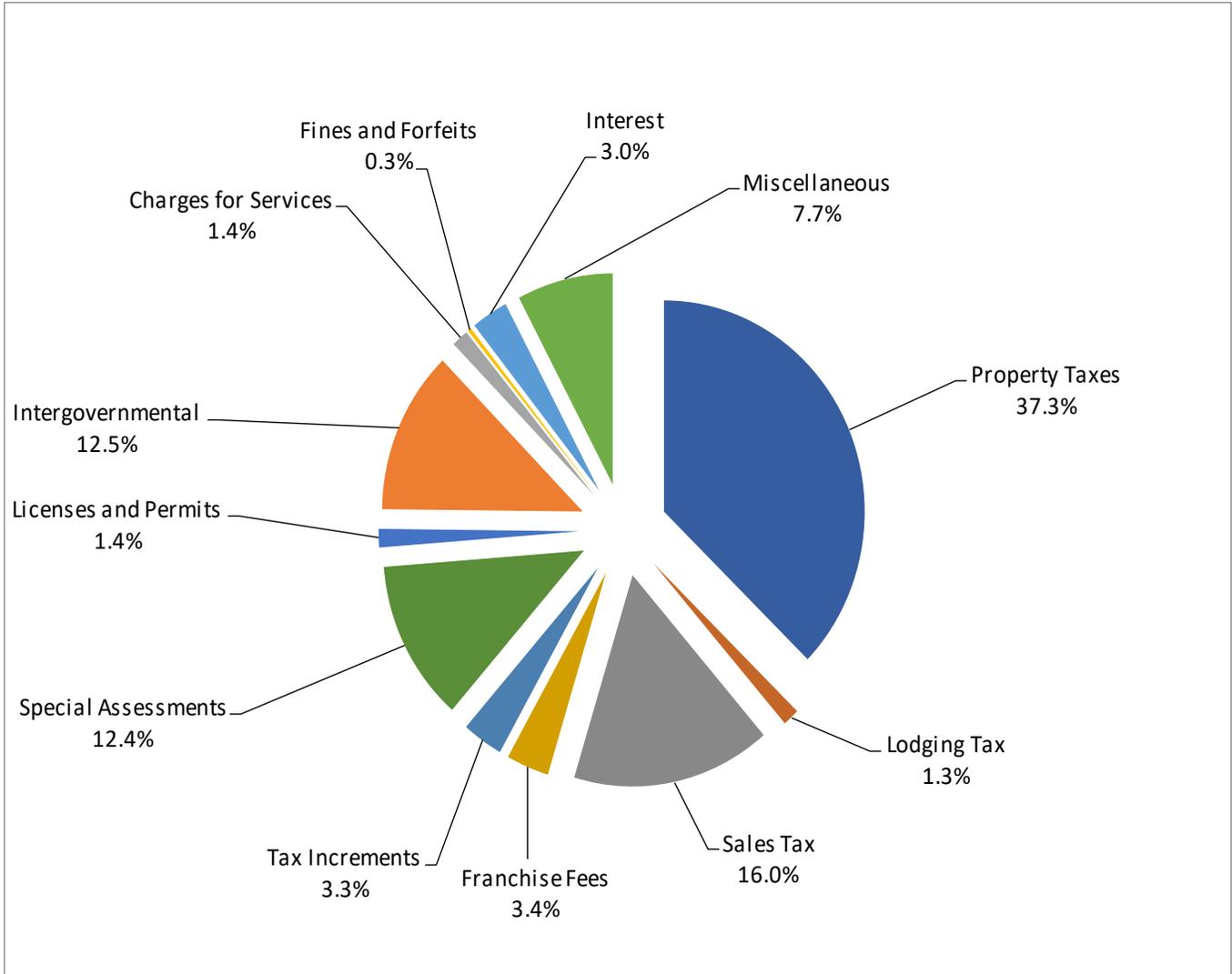
For all years, calculated as follows:

$$\frac{\text{(Principal and Interest Debt Service Expenditures)}}{\text{(Total Expenditures - Capitalized Expenditures)}}$$

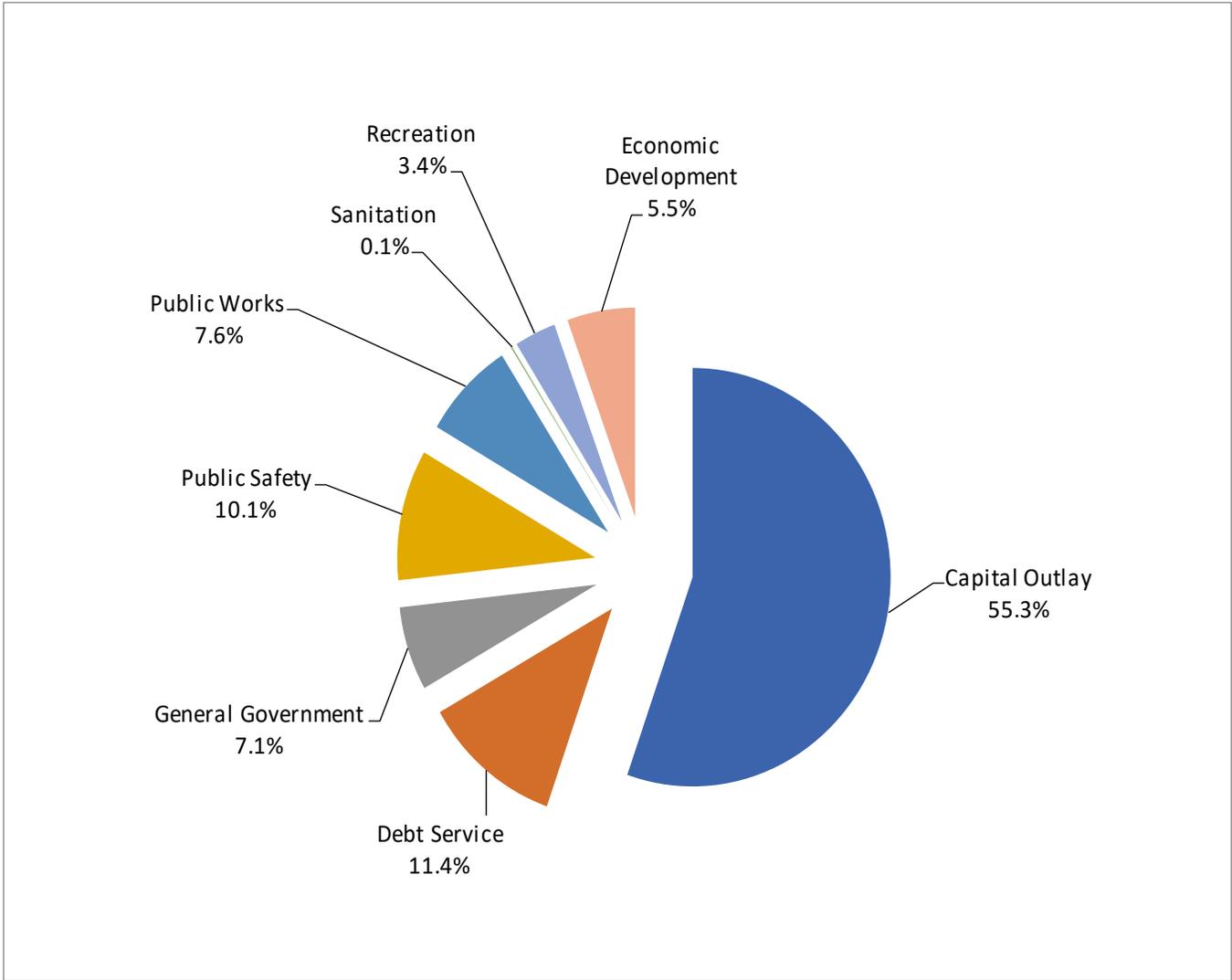
** Franchise fees separated from Licenses, Permits, and Fees in 2016 as the balance became significant; prior years are not restated.

*** Aggregated with Investment Earnings prior to 2013.

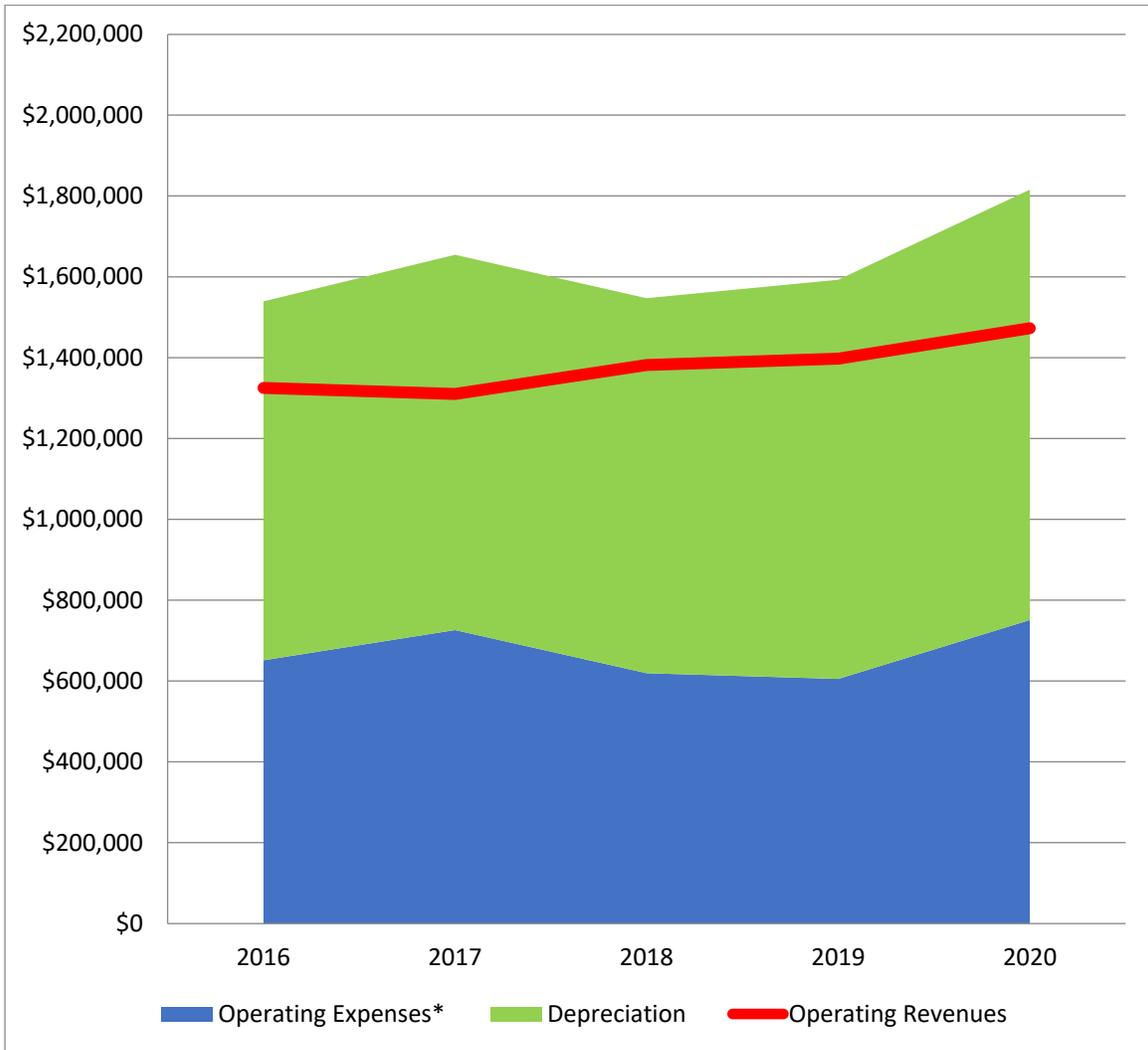




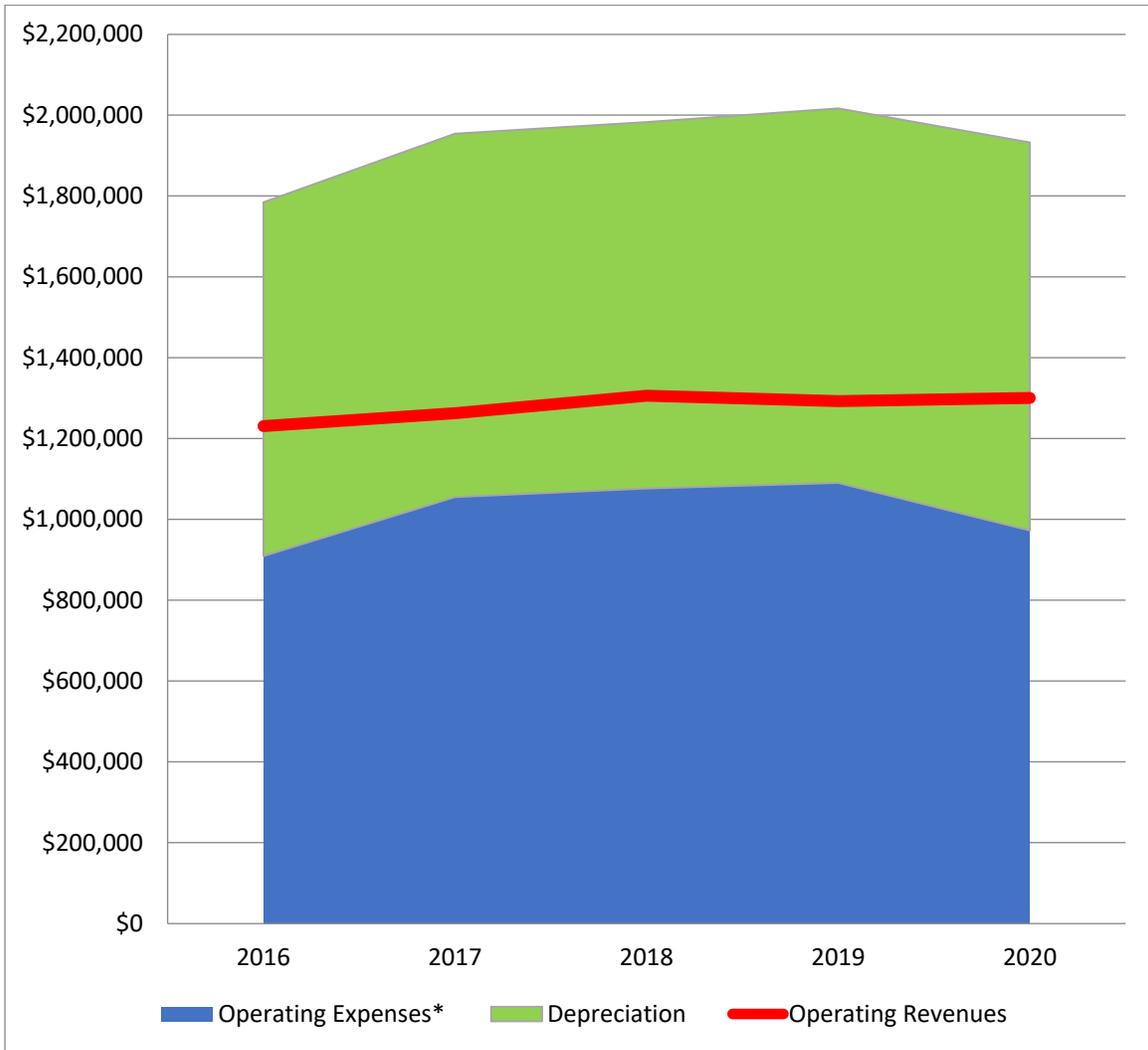
Percentages may not foot to 100% due to rounding.



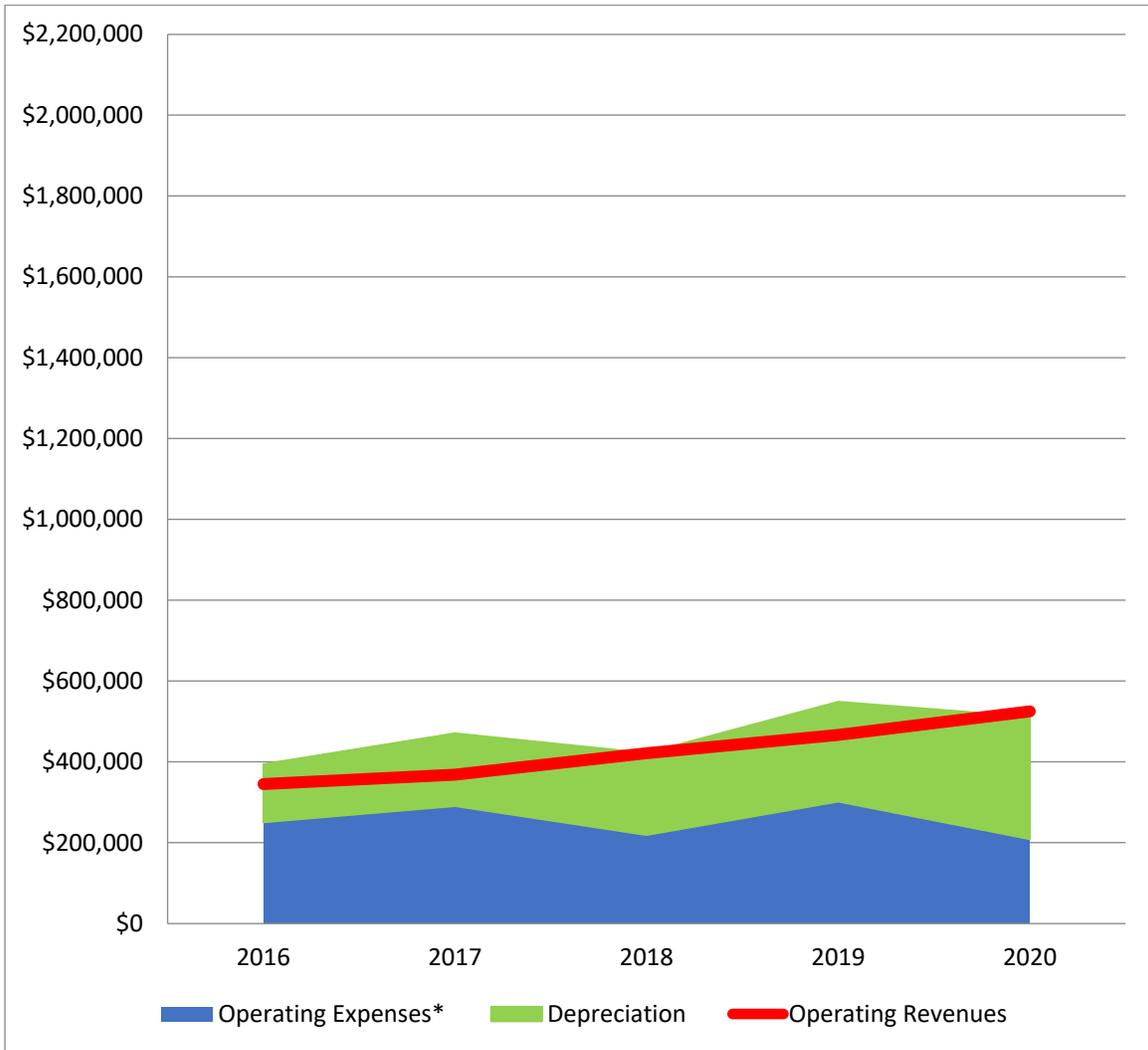
Percentages may not foot to 100% due to rounding.



* Operating expenses excluding depreciation.



* Operating expenses excluding depreciation.



* Operating expenses excluding depreciation.

Net Tax Capacity and Estimated Market Value of Property

Last Ten Fiscal Years

Payable Year	Residential Property	Commercial/Industrial Property	Other	Personal Property	Less: Captured Tax Increment	Net Tax Capacity	Total Direct Tax Rate	Assessor's Estimated Market Value	Assessed Value as a Percentage of Actual Value
2011	\$ 5,257,783	\$ 6,549,615	\$ 130,801	\$ 62,348	\$ 336,978	\$ 11,663,569	48.4	\$ 871,405,300	1.34
2012	4,611,126	6,023,851	111,254	64,828	227,529	10,583,530	51.5	833,843,900	1.27
2013	4,312,599	6,042,856	87,196	63,365	344,987	10,161,029	53.6	804,972,400	1.26
2014	4,276,663	5,976,849	84,582	124,916	348,479	10,092,292	54.6	800,811,300	1.26
2015	4,763,932	5,949,030	80,553	120,718	385,003	10,510,274	53.3	843,685,200	1.25
2016	5,142,516	5,837,078	113,209	123,414	468,037	10,730,030	53.4	879,460,600	1.22
2017	5,557,682	6,245,114	95,511	122,691	479,225	11,541,773	50.3	879,460,600	1.31
2018	5,770,281	6,163,072	136,234	127,062	521,962	11,674,687	51.4	958,008,400	1.22
2019	6,049,678	6,424,104	120,742	122,125	632,770	12,083,879	52.9	994,559,300	1.21
2020	6,387,843	6,228,588	146,099	125,740	573,799	12,314,471	55.8	1,018,049,100	1.21

Source:

Bond Issue Official Statements and Crow Wing County.

Fiscal Year	City Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	School District 181	Crow Wing County	Other	
2011	40.4	8.0	48.4	21.8	29.8	0.2	100.3
2012	40.9	10.6	51.5	23.6	32.4	0.2	107.7
2013	42.6	11.0	53.6	24.4	34.3	0.2	112.5
2014	43.4	11.1	54.6	25.0	35.2	0.2	114.9
2015	42.6	10.7	53.3	25.5	34.6	0.2	113.6
2016	43.0	10.5	53.4	25.4	33.6	0.2	112.6
2017	41.0	9.3	50.3	24.7	32.3	0.2	107.6
2018	42.2	9.2	51.4	24.8	31.7	0.2	108.2
2019	44.1	8.9	52.9	30.0	32.7	0.2	115.9
2020	47.1	8.7	55.8	29.1	33.2	0.8	118.8

Source:
 Crow Wing County.

Fiscal Year	Taxes Levied for the Fiscal Year				Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Levy Outstanding
	Operating Tax Levy	Debt Tax Levy	Adjustments (1)	Total Tax Levy	Amount	Percentage of Levy		Amount	Percentage of Levy		
2011	\$ 4,463,000	\$ 1,187,000	\$ (306,241)	\$ 5,343,759	\$ 5,315,869	99.5	\$ 13,278	\$ 5,329,147	99.7	\$ 14,612	0.3
2012	4,324,200	1,126,000	(62,075)	5,388,125	5,324,313	97.9	50,823	5,375,135	97.9	12,990	1.0
2013	4,324,200	1,126,000	(75,785)	5,374,415	5,328,249	99.1	28,502	5,356,751	99.7	17,664	0.3
2014	4,382,200	1,126,000	(49,623)	5,458,577	5,413,480	99.2	40,413	5,453,893	99.9	4,684	0.1
2015	4,475,900	1,126,000	(27,610)	5,574,290	5,517,329	99.0	27,906	5,545,235	99.5	29,055	0.5
2016	4,608,600	1,126,000	(840)	5,733,760	5,632,638	98.2	21,427	5,654,065	98.6	79,695	1.4
2017	4,731,000	1,076,000	(2,353)	5,804,647	5,689,042	98.0	40,852	5,729,894	98.7	74,753	1.3
2018	4,927,400	1,076,000	(453)	6,002,947	5,941,086	99.0	61,861	6,002,947	100.0	-	-
2019	5,326,800	1,076,000	(397)	6,402,403	6,301,337	98.4	13,951	6,315,288	98.6	87,115	1.4
2020	5,803,600	1,076,000	(4,582)	6,875,018	6,789,500	98.8	-	6,789,500	98.8	85,518	1.2

Source:
 Crow Wing County Auditor-Treasurer's Office

Note:
 (1) Figures are adjusted to reflect abatements, credits and aid from the State of Minnesota, and other minor adjustments made by Crow Wing County.

Taxpayer	2020			2011		
	Net Tax Capacity	Rank	Percentage of Total City Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total City Net Tax Capacity
Mills Property Investments	\$ 328,684	1	2.67 %	\$ 767,376	1	6.57 %
Brainerd Lakes Integrated Health	224,052	2	1.82			
Fleet Farm	212,282	3	1.72			
T&E Properties LLC	161,887	4	1.31			
Wal-Mart Stores, Inc.	159,506	5	1.30	\$ 232,417	2	1.99
TM Excelsior Inc	158,003	6	1.28			
Costco Wholesale Corp	135,504	7	1.10			
Baxter PS 2016 LLC	134,924	8	1.10			
Menard, Inc.	118,860	9	0.97	194,926	4	1.67
Cypress Court Partnership	116,532	10	0.95			
Lindar Corp				222,420	3	1.90
JC Penney Properties, Inc.				146,700	5	1.26
Home Depot USA, Inc.				119,950	6	1.03
Dayton Hudson Corporation (Target)				116,588	7	1.00
JRMINN LLC				116,324	8	1.00
Individual				111,138	9	0.95
Westport Mall LLC				99,826	10	0.85
Total	<u>\$ 1,750,234</u>		<u>14.21 %</u>	<u>\$ 2,127,665</u>		<u>18.21 %</u>

Source:
Crow Wing County.

Fiscal Year	Governmental Activities				Business-Type	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Equipment Certificates	Capital Leases	General Obligation Bonds			
2011	\$ 19,515,921	\$ 8,416,334	\$ -	\$ 100,000	\$ 7,777,527	\$ 35,809,782	14.0	\$ 4,699
2012	13,097,587	7,991,000	-	75,000	7,322,117	28,405,704	11.1	3,708
2013	15,191,857	7,552,667	-	50,000	12,981,869	35,776,393	12.8	4,618
2014	15,336,355	7,100,667	-	25,000	9,946,754	32,408,776	10.4	4,165
2015	18,491,639	6,635,000	-	-	5,900,614	31,027,253	9.5	3,847
2016	17,496,004	6,154,667	-	-	5,305,839	28,956,510	8.3	3,481
2017	15,121,100	5,659,334	-	-	4,701,065	25,481,499	7.1	3,048
2018	18,917,015	5,222,667	-	-	4,086,290	28,225,972	7.3	3,332
2019	19,601,367	4,772,000	-	-	3,586,516	27,959,883	7.2	3,268
2020	23,636,500	4,306,667	-	-	3,071,741	31,014,908	7.9 *	3,625

*Most recent available data

Ratio of Net General Obligation Bonded Debt to Assessed Value and
 Net General Obligation Debt per Capita

Last Ten Fiscal Years

Fiscal Year	Total Gross General Obligation Bonds	Amounts Restricted for Principal Repayments	Total Net General Obligation Bonds	Percentage of Estimated Market Value of Property	Net Bonded Debt per Capita
2011	\$ 27,293,448	\$ 9,634,569	\$ 17,658,879	2.0 %	\$ 2,317
2012	20,419,704	8,805,956	11,613,748	1.4	1,516
2013	28,173,726	7,868,180	20,305,546	2.5	2,621
2014	25,283,109	8,395,615	16,887,494	2.1	2,110
2015	24,392,253	13,492,038	10,900,215	1.3	1,352
2016	22,801,843	13,243,651	9,558,192	1.1	1,149
2017	19,822,165	13,243,651	6,578,514	0.7	787
2018	23,003,305	14,899,540	8,103,765	0.8	957
2019	23,187,883	16,057,619	7,130,264	0.7	833
2020	26,708,241	19,875,369	6,832,872	0.7	799

	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Overlapping			
Crow Wing County	\$ 182,500	10.40 %	\$ 18,978
Brainerd I.S.D. No. 181	219,750,000	23.28	<u>51,167,930</u>
Total Overlapping			<u>51,186,908</u>
City of Baxter Direct Debt	27,943,167	100.00	<u>27,943,167</u>
Total Direct and Overlapping Debt			<u><u>\$ 79,130,075</u></u>

Source:

Crow Wing County and I.S.D 181.

Notes:

(1) Calculated as the portion of Net Tax Capacity attributable to Baxter residents versus the overall Net Tax Capacity for the County and I.S.D. 181, respectively.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Baxter. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Legal Debt Margin

Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 26,142,159	\$ 25,015,317	\$ 24,149,172	\$ 20,899,339	\$ 25,310,556	\$ 26,383,818	\$ 27,898,416	\$ 28,740,252	\$ 29,836,779	\$ 30,541,473
Total Net Debt Applicable to Limit	3,605,000	3,495,000	3,315,000	3,125,000	2,930,000	2,695,000	2,455,000	2,210,000	1,955,000	1,695,000
Legal Debt Margin	\$ 22,537,159	\$ 21,520,317	\$ 20,834,172	\$ 21,024,172	\$ 22,380,556	\$ 23,688,818	\$ 25,443,416	\$ 26,530,252	\$ 27,881,779	\$ 28,846,473
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	12.90%	13.79%	13.97%	14.95%	11.58%	10.21%	8.80%	7.69%	6.55%	5.55%

Legal Debt Margin Calculation for Fiscal Year 2020

Estimated Market Value	1,018,049,100
Debt Limit (3% of Estimated Market Value)	30,541,473
Debt Applicable to Limit	1,695,000
Legal Debt Margin	<u>\$ 28,846,473</u>

Source:
Bond Issue Official Statements and Crow Wing County.

Special Assessment Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
2011	\$ 2,840,064	\$ (3,114)	\$ 2,836,950	\$ 4,515,000	\$ 533,435	56.2
2012	2,412,525	(1,287)	2,411,238	5,980,000	364,857	38.0
2013	1,832,753	(12,084)	1,820,669	1,660,000	246,779	95.5
2014	1,659,415	(2,012)	1,657,403	1,455,000	225,063	98.7
2015	2,747,419	(1,450)	2,745,969	2,465,000	189,449	103.4
2016	3,050,954	(224,999)	2,825,955	2,995,000	226,892	87.7
2017	2,686,939	(11,950)	2,674,989	2,100,000	260,587	113.3
2018	1,739,412	(1,429)	1,737,983	2,440,000	235,465	65.0
2019	2,604,619	(1,433)	2,603,186	1,780,000	363,699	121.4
2020	3,126,488	2,357	3,128,845	1,665,000	475,004	146.2

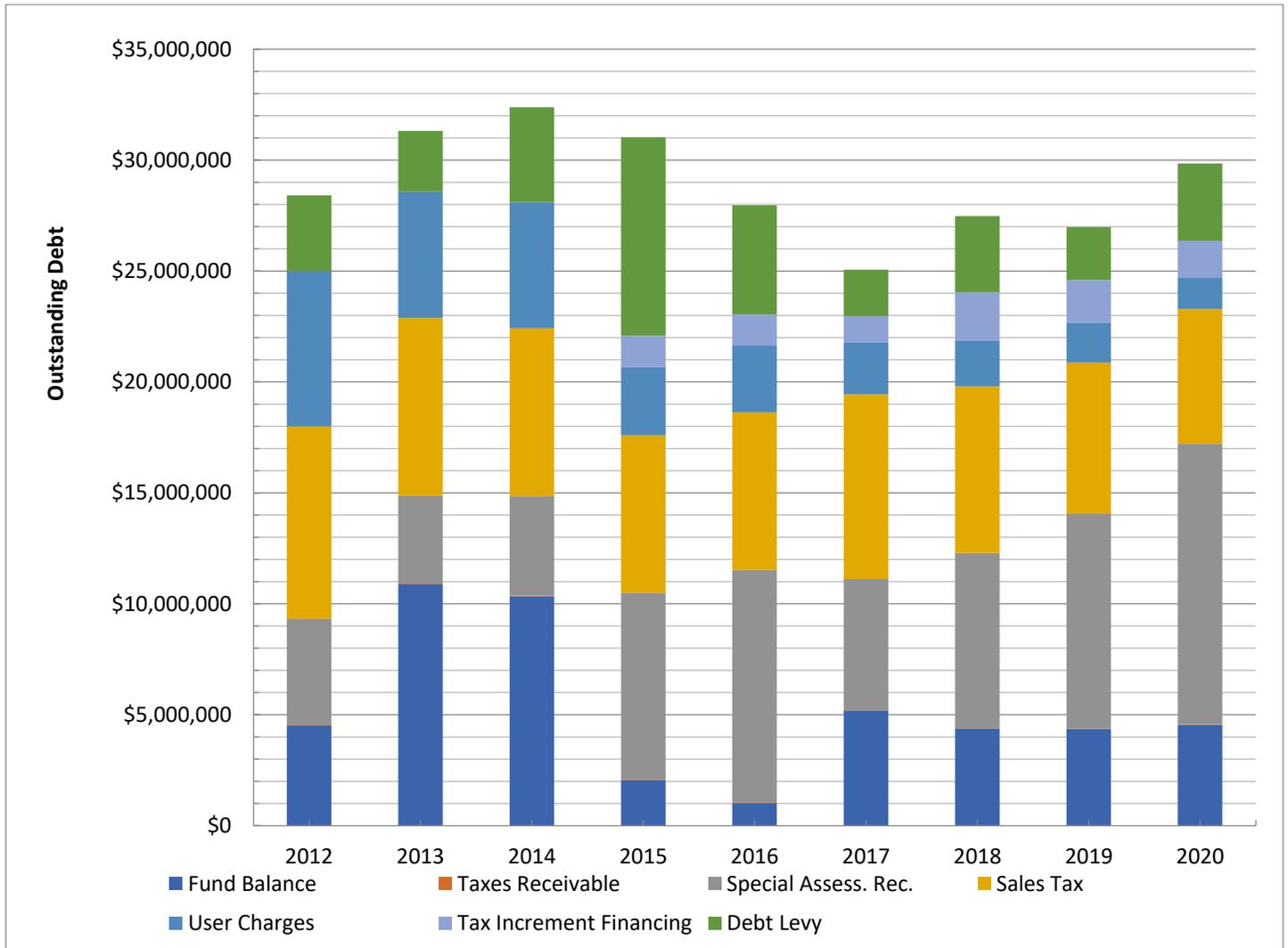
Water Utility Revenue Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
2011	\$ 577,736	\$ (425)	\$ 577,311	\$ 160,000	\$ 126,968	201.2
2012	622,795	(403)	622,392	165,000	120,874	217.7
2013	632,227	(49,690)	582,537	170,000	145,943	184.4
2014	622,923	(250)	622,673	2,725,000	106,503	22.0
2015	667,495	(250)	667,245	205,000	48,750	263.0
2016	662,566	(135)	662,431	215,000	44,550	255.2
2017	655,185	(135)	655,050	215,000	40,250	256.6
2018	690,930	(180)	690,750	220,000	35,900	269.9
2019	698,759	(185)	698,574	225,000	31,450	272.4
2020	736,353	185	736,538	230,000	26,900	286.7

Sewer Utility/Sales Tax Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
2011	\$ 686,992	\$ -	\$ 686,992	\$ 412,929	\$ 273,609	100.1
2012	693,633	-	693,633	425,334	267,983	100.0
2013	693,187	(94,472)	598,715	438,333	254,882	86.4
2014	693,372	(3,174)	690,198	452,000	241,372	99.5
2015	693,106	(2,050)	691,056	465,667	227,439	99.7
2016	692,495	-	692,495	480,334	213,075	99.9
2017	693,588	-	693,588	495,334	198,255	100.0
2018	659,633	-	659,633	436,667	182,966	106.5
2019	619,515	-	619,515	450,667	168,848	100.0
2020	619,612	-	619,612	465,333	154,279	100.0

Special Assessment/Water Revenue Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
2011	\$ 19,017	\$ (459)	\$ 18,558	\$ 220,000	\$ 22,585	7.7
2012	59,484	(460)	59,024	230,000	15,720	24.0
2013	555	(459)	96	240,000	8,255	0.0
2014	-	-	-	130,000	2,178	-

Water Utility/Local Option Sales Tax Revenue Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
2011	\$ 707,780	\$ (453)	\$ 707,327	\$ 275,000	\$ 199,400	149.1
2012	760,368	(431)	759,937	290,000	188,400	158.8
2013	758,330	(66,820)	691,510	305,000	241,620	126.5
2014	973,173	(250)	972,923	310,000	232,800	179.2
2015	1,144,964	(250)	1,144,714	3,805,000	220,400	28.4
2016	1,096,035	(134)	1,095,901	365,000	68,200	253.0
2017	1,091,398	-	1,091,398	375,000	60,900	250.4
2018	1,124,689	(180)	1,124,509	380,000	53,400	259.5
2019	698,759	(185)	698,574	260,000	45,800	228.4
2020	1,047,322	(185)	1,047,137	270,000	40,600	337.1

Economic Development Authority Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
2011	\$ 115,070	\$ (193,494)	\$ (78,424)	\$ 24,000	\$ -	(326.8)
2012	155,062	(55,233)	99,829	4,000	-	2,495.7



Fiscal Year	Population (1)	Personal Income		Per Capita		Unemployment Rate (5)
		(thousands of dollars) (2)		Personal Income (3)	School Enrollment (4)	
2011	7,620	\$ 256,337	\$	33,640	6,631	8.4
2012	7,661	257,716		33,640	6,549	7.3
2013	7,747	285,516		36,855	6,663	7.6
2014	8,002	312,982		39,113	6,600	5.9
2015	8,065	326,633		40,500	6,648	6.1
2016	8,318	348,416		41,887	6,334	6.5
2017	8,360	357,557		42,770	6,747	5.8
2018	8,470	386,317		45,610	6,811	5.2
2019	8,555	390,835		45,685	6,785	5.7
2020	8,555 *	390,835 *		45,685 *	6,421	6.9

Notes:

(1) Minnesota State Demographic Center, U.S. Census Bureau, and Crow Wing County.

(2) Calculated as (1) x (3) / \$1,000

(3) 2009: Minnesota Department of Administration, Office of Geographic and Demographic Analysis; data provided is for Crow Wing County, in which the City is located.

2010-2011: U.S. Department of Commerce, Bureau of Economic Analysis

2013-8: Bureau of Economic Analysis (BEA), U.S. Dept of Commerce

(4) Brainerd Public School District #181, Preschool - Grade 12

(5) Minnesota Department of Employment and Economic Development; data provided is for Crow Wing County.

* Most recent available data.

Principal Employers

Current and Nine Years Ago

Taxpayer	2020			2011		
	Employees	Rank	Percentage of Total Population	Employees	Rank	Percentage of Total Population
Wal-Mart	325	1	3.8 %	533	1	6.7 %
Costco	200	2	2.3			
MN Department of Transportation	200	3	2.3	160	7	2.0
Brainerd Bus Lines	150	4	1.8			
Target	140	5	1.6	150	8	1.9
The Home Depot	130	6	1.5			
Reichert Enterprises, Inc.	130	7	1.5	145	9	1.8
Good Neighbor Home Health Care	120	8	1.4	145	10	1.8
Kohl's Department Store	110	9	1.3			
Lindar	101	10	1.2			
Ascensus (1)				500	2	6.3
Mills Fleet Farm				226	3	2.9
Menards				175	4	2.2
Nor-Son Inc				170	5	2.1
Kuepers Construction				160	6	2.0
Total	1,606		18.7 %	2,364		29.8 %

Sources:

Official Statements for city bonds

Notes:

(1) Ascensus was formally known as Bisys and consolidated in an adjacent city in 2010.

Full-Time Equivalent Employees by Function/Program

Last Ten Fiscal Years

	Full-Time Equivalent Employees as of December 31,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Administration	1.54	1.00	1.33	2.50	2.50	1.50	2.50	2.50	2.50	2.50
Finance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00
Information Systems	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Works Admin	3.46	3.00	3.00	2.50	2.50	2.50	2.50	2.50	3.50	3.50
Cemetery	0.24	0.18	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Public Safety										
Police	15.80	14.83	14.75	15.00	15.00	15.00	15.00	16.00	16.00	16.00
Building Inspections	1.52	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.50	1.50
Public Works										
Streets Maintenance	2.39	2.02	1.85	2.50	2.73	2.73	2.73	2.73	2.73	1.90
Culture and Recreation										
Park Maintenance/Recreation	6.98	6.53	6.74	6.82	7.05	6.99	7.01	7.01	7.01	8.11
Economic and Community Development										
Planning	2.00	2.00	1.42	2.00	3.00	3.00	2.50	2.50	2.50	2.50
Water, Sewer, and Storm Water										
Water	2.34	2.52	1.75	2.79	3.02	3.02	3.02	3.02	3.02	2.20
Sewer	2.34	2.52	1.75	2.79	3.02	3.02	3.02	3.02	3.02	2.20
Storm Water	0.26	0.31	0.41	0.61	0.61	0.64	0.61	0.61	0.61	0.57

Source:
City Finance Department.

Note:
Full-time equivalency for temporary and part-time employees is calculated as budgeted hours / 2080. FTE is adjusted for budgeted, but vacated/unfilled positions.

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Elections										
Primary	-	1	-	1	-	1	-	1	-	1
General	-	1	-	1	-	1	-	1	-	1
Registered voters										
Primary	-	4,793	-	4,817	-	5,035	-	5,402	-	5,285
General	-	5,505	-	5,187	-	5,717	-	5,687	-	6,243
Number of votes cast										
Primary	-	540	-	584	-	201	-	1,577	-	1,057
General	-	4,511	-	3,568	-	4,879	-	4,274	-	5,394
Voter participation (registered)										
General	-	82%	-	69%	-	85%	-	75%	-	86%
Cemetery										
Burials	6	12	12	9	10	8	13	18	8	9
Police										
All Police Calls	6,424	7,026	7,016	7,268	7,175	8,194	8,010	8,421	7,907	7,071
Arrests	717	881	741	638	483	435	412	362	491	862
Arrest Charges										
Burglaries	4	8	13	13	-	20	6	4	5	25
Drug Arrests	47	57	69	147	95	100	123	117	129	94
DUI	56	40	44	31	38	46	39	60	105	49
Forgeries	3	5	8	8	1	11	-	2	-	-
Fraud	55	81	61	68	3	37	1	4	1	24
Larcenies/Thefts	380	496	389	379	269	420	161	195	196	323
Building Inspection										
Building permits	576	696	684	797	717	868	844	882	937	892
Planning										
Zoning applications	34	48	44	32	31	34	52	42	34	65
Building permits for new construction	11	17	18	26	21	27	29	29	31	18
Architectural review projects	15	12	8	8	6	7	4	3	2	4
Code enforcement cases	59	70	50	52	57	15	20	15	*	22
Public Works Streets Maintenance										
Road constructed (miles)	-	-	-	1	2	-	-	-	1	0
Parks										
Program participants	1,072	1,015	925	896	990	1,028	1,039	1,001	1,019	247
Water										
Number of accounts	2,562	2,606	2,619	2,680	2,740	2,766	2,487	2,871	2,864	2,968
Amount distributed (millions of gallons)	254	290	291	279	310	301	301	312	301	313
Sewer										
Number of accounts	2,292	2,322	2,363	2,411	2,464	2,515	2,549	2,568	2,591	2,627
Amount processed (millions of gallons)	186	194	194	194	203	205	192	217	209	201
Storm Water										
Residential accounts	2,543	2,555	2,552	2,545	2,566	2,601	2,614	2,636	2,652	2,666
Commercial accounts	343	346	350	358	356	382	393	394	396	402
Commercial square footage	22,950,822	23,984,568	24,264,116	24,264,116	24,607,447	25,085,567	25,712,170	26,367,214	26,678,336	26,789,097

Source:

City of Baxter, various departments. Police information obtained from MN Department of Public Safety website.

* Information is not available.

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	9	9	8	8	8	8	8	9	9	10
Public Works										
Buildings	1	1	1	1	1	1	1	1	1	1
Trucks	8	8	7	6	7	7	8	8	8	9
Other Vehicles	7	7	7	8	8	8	7	7	7	7
Miles of streets	82	82	82	83	85	85	85	85	85.3	86.1
Street Lights	406	488	503	505	561	568	568	568	568	597
Culture and Recreation										
Number of parks	5	6	7	7	8	8	8	8	8	8
Acres of developed parks	58.5	61.5	64	64	65	65	65	65	65	65
Park structures	5	5	5	7	8	8	8	8	8	8
Playgrounds	5	5	5	5	6	6	6	6	6	6
Baseball fields	6	6	6	6	6	6	6	6	6	6
Hockey fields	2	2	2	2	2	2	2	2	2	2
Tennis courts	4	4	4	4	4	4	4	4	4	4
Basketball courts	4	4	4	4	4	4	4	4	4	4
Soccer fields	2	2	2	2	2	2	2	2	2	2
Skating rinks	2	2	2	2	2	2	2	2	2	4
Fishing pier	1	1	1	1	1	1	1	1	1	1
Utilities										
Watermain (miles)	87	87	87	90	90	93.5	93.5	93.5	95.1	100.7
Fire hydrants	819	832	847	850	850	890	897	897	913	965
Water towers	2	3	3	3	3	3	3	3	3	3
Water treatment plants	1	1	1	1	1	1	1	1	1	1
Interconnect buildings	1	1	1	1	1	1	1	1	1	1
Sanitary sewer (miles)	72	72	72	74	74	77.5	77.5	77.5	79.3	86.3
Manholes	1,329	1,349	1,367	1,370	1,370	1,448	1,459	1,459	1,479	1,592
Lift stations	22	22	22	22	22	22	22	22	22	24

Source:

City of Baxter, various departments.