

A child wearing a helmet and a dark shirt is riding a bicycle away from the camera on a paved path. The path is flanked by dense green trees and bushes, creating a canopy effect. The lighting is bright and natural, suggesting a sunny day.

**CITY OF BAXTER, MINNESOTA**  
**ANNUAL COMPREHENSIVE**  
**FINANCIAL REPORT**  
**YEAR ENDED**  
**DECEMBER 31, 2021**

**PREPARED BY: DEPARTMENT OF FINANCE**

**Finance Director**  
**Jeremy S. Vacinek**

**Assistant Finance Director**  
**Brenda Brooks**



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## **INTRODUCTORY SECTION**



June 15, 2022

Honorable Mayor and Members of the City Council  
City of Baxter

We are pleased to submit the Annual Comprehensive Financial Report (Annual Report) of the City of Baxter (City) for the fiscal year ended December 31, 2021. *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, 2021. 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 8,612. 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 and September, who then hold work sessions and public hearings, and adopt the final budget prior to December 31<sup>st</sup>.

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 and 77; nonmajor special revenue fund budgetary comparisons begin on page 84.

## **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 occurred. Infrastructure investments, including pavement management to better preserve existing infrastructure, have once again been planned and completed. The City has closely monitored the Covid-19 pandemic, ready to adjust budgets, if necessary, to respond to the pandemic. Development activity has remained strong and there have not been significant impacts to the City's budget.

### **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 202 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 ages, 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 2022, rehabilitation improvements to lift station 16 near Lakes Forest Road and Edgewood Drive are being bid. Scheduled for completion in 2022, the City is rehabilitating lift station number 14 on Meredith Drive.
- Water Treatment Plant Improvements – Deficiencies with the water treatment plant’s filters were found in late 2020. To address the problem, a \$2.2 million filter rehabilitation project to remove the existing filter media and underdrain system and reconstruct the components was approved. The project commenced in 2021 and is anticipated to be completed in the first half of 2022. In addition, improvements to the City’s water interconnect building with the City of Brainerd were substantially completed in 2021 to ensure the City has an adequate water supply during the rehabilitation of the water treatment plant filters and any future plant improvements. 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 near completion with construction planned for the outlet later in 2022. The City continues efforts to secure the acquisition of land for the first phase of the Excelsior commercial storm pond project. The project is proposed to be funded with state grants and funding from the City’s stormwater enterprise fund and sales tax proceeds.
- Pavement Management Program (PMP) – In 2021, 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 (FDR) and mill and overlay (M&O) processes were substantially completed in 2021 on segments of College Road and Isle Drive.

The PMP is ongoing with additional residential and commercial streets slated for future improvements. In 2022, street FDR and reconstruction projects for Universal Road and portions of Glory Road, Clearwater Road, and Wolda Road have commenced.

- North Forestview Street and Utility Improvements – Construction of street and utility improvements to service the North Forestview area was substantially completed in 2020 was completed fully 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.





A 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 was constructed from the North Forestview neighborhood to the intersection of Highland Scenic Road and Berrywood Drive, where water service already exists.

- Foley, Forthun, Isle, and Inglewood Railroad Crossing Improvements – Reconstruction of Foley Road, a frontage road for Trunk Highway 210 from Knollwood Drive to east of Forthun Road, is underway in 2022. In addition to the street and pedestrian trail improvements, city water, sanitary sewer, and storm water utility improvements are being added to serve the neighborhood.

To provide for a parallel traffic corridor on the west side of Trunk Highway 371, a roundabout is being added at the intersection of Isle Drive and Forthun Road. The project also relocates the current signal light and railroad crossing from Highway 210 and Knollwood Drive further east to the Trunk Highway 210 and Inglewood intersection. Relocation of the signal and crossing provides for better signal spacing along Highway 210 and is expected to improve safety and access at the Inglewood Drive intersection.

The project is being financed with federal and state grants, special assessments to the benefited properties, funding from the City's municipal state aid (MSA), cash on hand contributions from the City's collector street fund and related enterprise funds, and bond proceeds. Revenues from the certified special assessments and the City's property tax debt service levy will be utilized to repay bonds planned to be sold in 2022.

#### **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 annual comprehensive financial report for the fiscal year ended December 31, 2020. This was the tenth 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 annual comprehensive 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

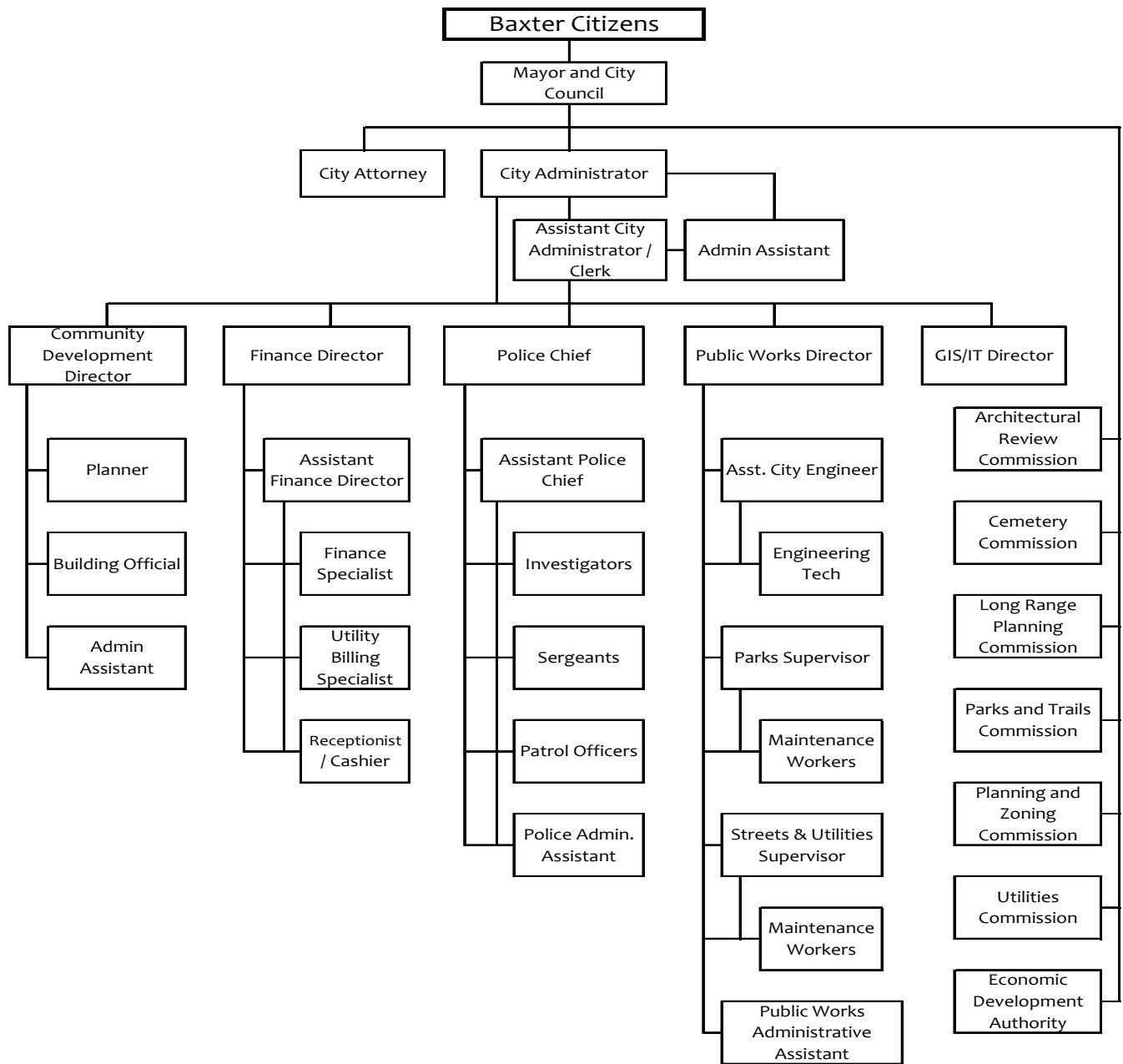
Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Baxter  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020



Office	Name	Elected Term Expires*
<b>Elected</b>		
Mayor	Darrel Olson	2025
City Council	Mark Cross**	2025
	Connie Lyscio	2023
	Zach Tabatt	2023
	John Ward	2025
<b>Appointed</b>		
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	
<b>Contractual</b>		
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 Audit of the Financial Statements**

#### **Opinions**

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements 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, 2021, 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 Tax Collection Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Baxter and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Baxter's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **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 Required Supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### **Supplementary 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 other major governmental funds – budget and actual and combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

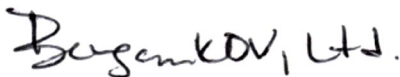
### **Other Information**

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2022, on our consideration of the City'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's internal control over financial reporting and compliance.



St Cloud, Minnesota  
June 15, 2022



**REQUIRED SUPPLEMENTARY INFORMATION**

This section of the City of Baxter's (City) annual comprehensive financial report presents a discussion and analysis of the City's financial performance during the fiscal year that ended on December 31, 2021. 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 2021 include the following:

- City-wide net position increased 1.9% over the prior year due to significant Covid-19 related intergovernmental revenue, along with higher property and sales taxes.
- Total revenues for the year decreased \$5,102,580 from 2020 primarily due to a reduction in capital grants and contributions in the form of special assessments, lower investment earnings, and the change in fair value of investments for the year. Total expenses increased \$667,228 from the prior year, led by higher water operational costs while the City's water treatment plant was being repaired.
- Governmental fund-level revenues totaled \$16,731,610 and were \$935,432 more than expenditures before other financing sources and uses.
- Governmental funds' fund balance increased \$922,661 from 2020.
- The Water Enterprise Fund net position increased \$2,976,191 from the prior year; the Sewer Enterprise Fund net position increased \$3,172,081 from the prior year; and the Storm Water Enterprise Fund net position increased \$606,825 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 City's business-type activities 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 29-67 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 68-76 of this report.

Combining and individual fund statements and schedules can be found on pages 78-98 of this report.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Position**

The City's overall net position was \$143,561,749 on December 31, 2021 (see Table A-1).

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 42,990,669	\$ 44,424,678	\$ 14,241,453	\$ 14,319,305	\$ 57,232,122	\$ 58,743,983
Capital Assets	54,048,665	61,310,403	67,165,399	60,101,174	121,214,064	121,411,577
Total Assets	97,039,334	105,735,081	81,406,852	74,420,479	178,446,186	180,155,560
Total Deferred Outflows of Resources	2,374,388	1,012,525	131,700	24,149	2,506,088	1,036,674
Current Liabilities	5,073,347	6,099,193	1,470,764	701,556	6,544,111	6,800,749
Long-Term Liabilities	24,947,626	28,689,496	2,223,125	2,802,288	27,170,751	31,491,784
Total Liabilities	30,020,973	34,788,689	3,693,889	3,503,844	33,714,862	38,292,533
Total Deferred Inflows of Resources	3,494,944	1,921,210	180,719	31,937	3,675,663	1,953,147
Net Position						
Net Investment in Capital Assets	32,357,076	37,231,790	64,513,926	57,009,113	93,044,668	89,934,236
Restricted	29,172,953	29,525,388	-	-	29,172,953	29,525,388
Unrestricted	4,367,776	3,280,529	13,150,018	13,899,734	21,344,128	21,486,930
Total Net Position	\$ 65,897,805	\$ 70,037,707	\$ 77,663,944	\$ 70,908,847	\$ 143,561,749	\$ 140,946,554

**Changes in Net Position**

The City-wide total revenues were \$20,372,874 for the year ended December 31, 2021. Property taxes and special assessments accounted for 48.9% of total revenue for the year and sales tax accounted for 15.7% of total revenue for the year. Governmental activities fees, charges, fines, and other revenues increased \$165,358 (see Table A-2).

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)**

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
<b>Program Revenues</b>						
Fees, Charges, Fines, and Other	\$ 1,314,248	\$ 1,148,890	\$ 3,779,068	\$ 3,454,726	\$ 5,093,316	\$ 4,603,616
Operating Grants and Contributions	990,694	802,905	23,116	17,896	1,013,810	820,801
Capital Grants and Contributions	2,130,040	7,392,397	563,578	525,079	2,693,618	7,917,476
<b>General Revenues</b>						
Property Taxes	7,269,236	6,890,883	-	-	7,269,236	6,890,883
Lodging Tax	392,406	248,466	-	-	392,406	248,466
Sales Tax	3,200,455	2,965,537	-	-	3,200,455	2,965,537
Tax Increment	667,703	608,822	-	-	667,703	608,822
Unrestricted State Aid	19,283	24,000	-	-	19,283	24,000
Investment Earnings	295,746	511,983	163,429	263,919	459,175	775,902
Change in Fair Value of Investments	(368,777)	329,532	(210,998)	185,183	(579,775)	514,715
Other	143,647	105,236	-	-	143,647	105,236
<b>Total Revenues</b>	<b>16,054,681</b>	<b>21,028,651</b>	<b>4,318,193</b>	<b>4,446,803</b>	<b>20,372,874</b>	<b>25,475,454</b>
<b>Expenses</b>						
General Government	1,765,241	1,593,230	-	-	1,765,241	1,593,230
Public Safety	2,586,629	2,882,168	-	-	2,586,629	2,882,168
Public Works	4,203,781	4,755,589	-	-	4,203,781	4,755,589
Sanitation	-	10,617	-	-	-	10,617
Water	-	-	2,773,906	1,861,277	2,773,906	1,861,277
Sewer	-	-	2,102,906	1,932,319	2,102,906	1,932,319
Storm Water	-	-	654,338	513,061	654,338	513,061
Culture and Recreation	1,476,241	1,339,968	-	-	1,476,241	1,339,968
Economic & Community Development	1,567,434	1,479,597	-	-	1,567,434	1,479,597
Interest and Fiscal Charges	627,203	722,625	-	-	627,203	722,625
<b>Total Expenses</b>	<b>12,226,529</b>	<b>12,783,794</b>	<b>5,531,150</b>	<b>4,306,657</b>	<b>17,757,679</b>	<b>17,090,451</b>
<b>Increase in Net Position Before Transfers</b>	<b>3,828,152</b>	<b>8,244,857</b>	<b>(1,212,957)</b>	<b>140,146</b>	<b>2,615,195</b>	<b>8,385,003</b>
<b>Transfers</b>	<b>(7,968,054)</b>	<b>(2,110,714)</b>	<b>7,968,054</b>	<b>2,110,714</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(4,139,902)</b>	<b>6,134,143</b>	<b>6,755,097</b>	<b>2,250,860</b>	<b>2,615,195</b>	<b>8,385,003</b>
Net Position - Beginning of Year	70,037,707	63,903,564	70,908,847	68,657,987	140,946,554	132,561,551
Net Position - End of Year	\$ 65,897,805	\$ 70,037,707	\$ 77,663,944	\$ 70,908,847	\$ 143,561,749	\$ 140,946,554

Total revenues surpassed expenses, increasing net position \$2,615,195 over last year.

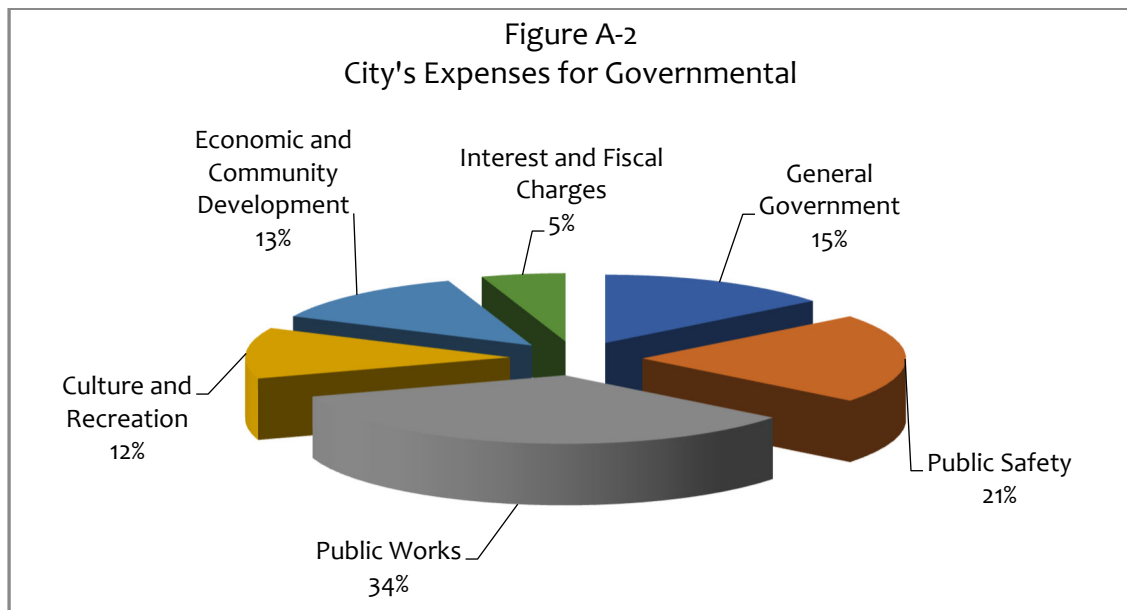
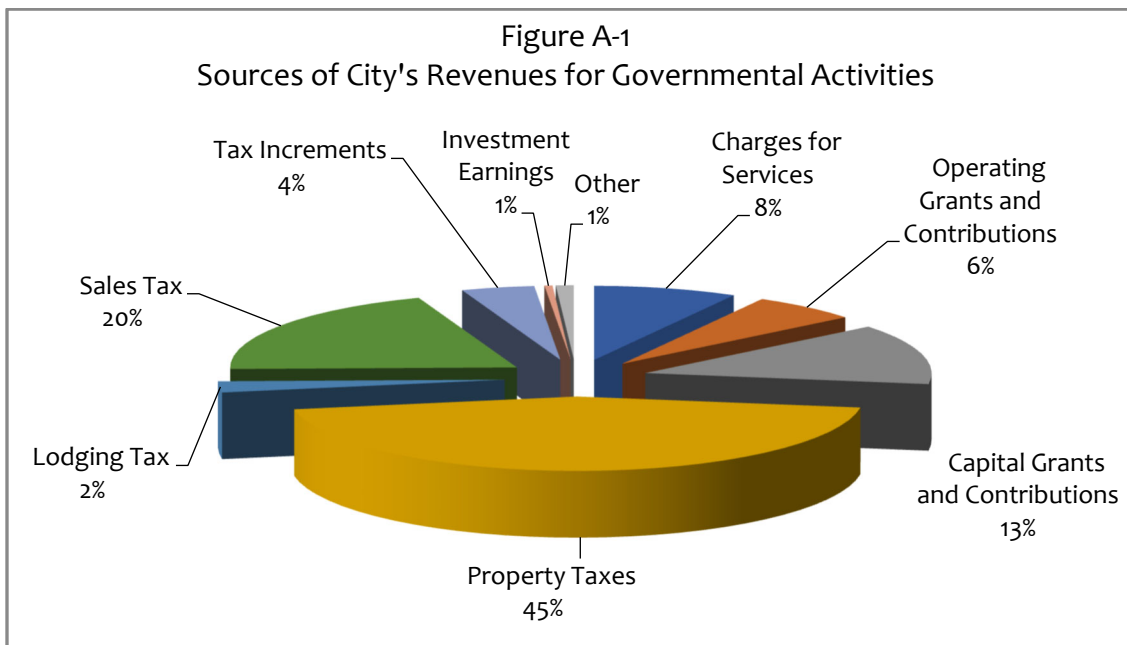
The City-wide cost of all activities this year was \$17,757,679, up \$667,228 from the prior year. Governmental activities and business-type activities comprised of \$12,226,529 and \$5,531,150, respectively.

- \$5,093,316 of the cost was paid by the users of the City's programs, comprising of: \$1,314,248 for governmental activities and \$3,779,068 for business-type activities.
- Certain programs in the governmental activities received federal, state, and local support with operating grants and contributions of \$990,694. State assistance for police services, federal American Rescue Plan Act (ARPA) funding, and an interest rebate for Build America Bonds comprised a majority of the revenue in this classification.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)**

**Changes in Net Position (Continued)**

- Capital grants (special assessments, federal and state grants, and capital contributed from developers) accounted for \$2,130,040 of the governmental activities revenues, \$5,262,357 lower than 2020. The decrease was attributable to a one-time grant in 2020 for acquisition of park land and significant 2020 special assessments related to the 2020 North Forestview improvement project. Current year special assessments and prepaid special assessments comprised over \$1,411,600 of the amount and state construction aid and grants consisted of approximately \$637,200.
- The City's governmental activities' program expenses exceeded program revenues by \$7,791,547 (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	
	2021	2020	2021	2020
<b>GOVERNMENTAL ACTIVITIES</b>				
General Government	\$ 1,765,241	\$ 1,593,230	\$ (857,060)	\$ (1,127,363)
Public Safety	2,586,629	2,882,168	(1,920,951)	(1,999,400)
Public Works	4,203,781	4,755,589	(1,719,190)	1,767,210
Sanitation	-	10,617	-	6,807
Culture and Recreation	1,476,241	1,339,968	(1,187,649)	42,594
Economic and Community Development	1,567,434	1,479,597	(1,525,448)	(1,457,970)
Interest	627,203	722,625	(581,249)	(671,480)
Total	<u>\$ 12,226,529</u>	<u>\$ 12,783,794</u>	<u>\$ (7,791,547)</u>	<u>\$ (3,439,602)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water	\$ 2,773,906	\$ 1,861,277	\$ (668,711)	\$ 27,702
Sewer	2,102,906	1,932,319	(406,484)	(350,558)
Storm Water	654,338	513,061	(90,193)	13,900
Total	<u>\$ 5,531,150</u>	<u>\$ 4,306,657</u>	<u>\$ (1,165,388)</u>	<u>\$ (308,956)</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 \$27,318,420.

Revenues for the City's governmental funds were \$16,731,610 while total expenditures were \$15,796,178. The excess of revenues over expenditures before other financing sources and uses is primarily due to sales tax receipts exceeding related expenditures prior to infrastructure project transfers in the Sales Tax Collection Fund and General Fund revenues exceeding expenditures prior to transfers.

**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 \$114,385 over 2020 due to higher-than-expected revenues and lower than anticipated expenditures. Days Expenditures in Unassigned Fund Balance for the General Fund remained stable at 202 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, 2021	December 31, 2020	Increase (Decrease)	Percent
Taxes and Special Assessments	\$ 6,221,697	\$ 5,815,223	\$ 406,474	7.0 %
Franchise Fees	205,188	263,735	(58,547)	(22.2)
Licenses and Permits	46,201	42,214	3,987	9.4
Intergovernmental	936,695	479,663	457,032	95.3
Charges for Services	199,466	171,006	28,460	16.6
Fines and Forfeits	56,637	47,756	8,881	18.6
Investment Earnings	55,101	81,092	(25,991)	(32.1)
Net Increase (Decrease) in Fair Value of Investments	(34,009)	36,791	(70,800)	(192.4)
Miscellaneous and Other	130,633	106,411	24,222	22.8
<b>Total General Fund Revenue</b>	<b>\$ 7,817,609</b>	<b>\$ 7,043,891</b>	<b>\$ 773,718</b>	<b>11.0 %</b>

Total General Fund revenue increased \$773,718 from the previous year. Property taxes and special assessments continue to be the significant source of funding in the general fund, comprising 79.6% of the total general fund revenues for 2021. Property taxes increased due to an approved \$376,900 increase in the property tax levy for 2021 to fund the City's operations. Intergovernmental revenues were 95.3% higher from \$700,000 of American Rescue Plan Act federal grant dollars recognized during the year, \$420,619 more than the CARES Act covid-related funding in 2020.

The following schedule presents a summary of General Fund Expenditures:

**Table A-5  
General Fund Expenditures**

	Year Ended		Change	
	December 31, 2021	December 31, 2020	Increase (Decrease)	Percent
General Government	\$ 1,679,751	\$ 1,700,289	\$ (20,538)	(1.2) %
Public Safety	2,519,780	2,414,159	105,621	4.4
Public Works	950,004	820,825	129,179	15.7
Culture and Recreation	981,301	855,926	125,375	14.6
Capital Outlay	36,976	90,295	(53,319)	(59.0)
<b>Total Expenditures</b>	<b>\$ 6,167,812</b>	<b>\$ 5,881,494</b>	<b>\$ 286,318</b>	<b>4.9 %</b>

**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 before other financing sources were \$192,809 higher than expected due primarily to higher than anticipated public safety grants and charges for services, as well as increased collections on prior years' property taxes in 2021.
- Actual expenditures before other financing uses were \$291,530 less than budgeted primarily due to lower than anticipated insurance premiums, conservative budget practices, and vacant employee positions during the year. These savings offset expenditures that were higher than budgeted in the streets and public works administration departments and year-end transfers to other governmental funds 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 2021, the EDA's fund balance decreased \$11,355 due to the net decrease in fair value of investments for the year that was partially offset by higher investment earnings.

### **SALES TAX COLLECTIONS FUND**

The Sales Tax Collections fund year-end fund balance was \$6,094,061, a \$665,711 increase from the prior year. While an increase in fund balance for 2021 was budgeted to replenish the fund, higher than projected sales tax receipts offset the larger than anticipated transfer necessary to complete the North Forestview (South Sewer Interceptor) project. 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 that were called in February 2022 funded with property tax levy through 2022.

For efficiency purposes, the City initially has financed the 2021 street improvements internally and anticipates issuing general obligation bonds in 2022 to fund the 2021 improvements with the 2022 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 \$202,752 primarily due to the temporary internal financing of the 2021 Mill and Overlay project. Bond proceeds from a 2022 bond issue will provide financing for the project and replenish the fund.

### **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 \$2,976,191, Sewer Fund increased \$3,172,081, and Storm Water Fund increased \$606,825. The increases in net position for the three funds are primarily due to capital contributions for related infrastructure from the North Forestview (South Sewer Interceptor) project.

Operating revenues in the proprietary funds increased \$316,687 or 9.6% from 2020 due to increased utility rates and expanded service to new users. Water, sewer, and storm water rates increased beginning with February 2021 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 \$352,426 of water and sewer availability charge revenues for 2021. The availability charges increased \$109,572 or 45.1% from the prior year.

**PROPRIETARY FUNDS (CONTINUED)**

Water operating expenses increased 50.8%, sewer operating expenses increased 8.8%, and storm water expenses increased 27.9% from 2020. The increase in water operating expenses was due in part to higher personnel services and repairs, but primarily due to water purchased from Brainerd Public Utilities (BPU) while the City's water treatment plant filters were being repaired. The increase in sewer operating expenses was due to higher personnel services, higher BPU sewer treatment costs and other services and charges, as well as higher depreciation costs. The increase in Storm Water Fund operating expenses predominantly was a result of higher structure repairs, along with higher personnel services, supplies, and depreciation costs.

**CAPITAL ASSETS**

By the end of 2021, the City had invested approximately \$199,322,000 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 \$5,770,936 (including the enterprise funds).

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 8,145,967	\$ 8,145,967	\$ 1,912,753	\$ 1,852,414	\$ 10,058,720	\$ 9,998,381
Construction in Progress	1,558,888	10,368,604	1,648,234	266,256	3,207,122	10,634,860
Intangible	6,960	6,960	9,867,725	9,867,725	9,874,685	9,874,685
Buildings	1,988,564	1,988,564	9,972,957	9,972,957	11,961,521	11,961,521
Infrastructure and Distribution System	79,104,777	74,805,289	73,515,926	65,538,128	152,620,703	140,343,417
Land Improvements	5,484,677	5,118,391	559,134	559,134	6,043,811	5,677,525
Machinery, Vehicles, Furniture and Equipment	3,360,656	3,294,714	2,194,773	2,103,743	5,555,429	5,398,457
Less: Accumulated Depreciation	(45,601,824)	(42,418,086)	(32,506,103)	(30,059,183)	(78,107,927)	(72,477,269)
Total	<u>\$ 54,048,665</u>	<u>\$ 61,310,403</u>	<u>\$ 67,165,399</u>	<u>\$ 60,101,174</u>	<u>\$ 121,214,064</u>	<u>\$ 121,411,577</u>

In 2021, \$7,594,467 of capital assets was contributed to proprietary funds by the governmental activities of the City. Most of the contributed capital was from the 2020 North Forestview area utility project that was completed in 2021.

At year-end, the City had \$30,696,520 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 decreased \$3,519,845 for governmental activities due to bond and note repayments that occurred in 2021 and the change in the City's proportionate share of PERA's net pension liability. General obligation bonds were not issued in 2021 to finance improvements. Long-term debt for business-type activities decreased \$564,582 as a result of the continued payoff of existing debt and a lower PERA net pension liability.

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

	2021	2020
<b>GOVERNMENTAL ACTIVITIES</b>		
General Obligation Bonds	\$ 21,266,447	\$ 23,636,500
General Obligation Revenue Notes	3,826,334	4,306,667
Compensated Absences Payable	474,485	441,640
Other Postemployment Benefits	221,728	332,043
Net Pension Liability	1,808,118	2,747,578
Intergovernmental Long Term Debt	347,471	-
Total	<u>\$ 27,944,583</u>	<u>\$ 31,464,428</u>
<b>BUSINESS-TYPE ACTIVITIES</b>		
General Obligation Bonds	\$ 2,546,967	\$ 3,071,741
Compensated Absences Payable	28,828	26,039
Net Pension Liability	176,142	218,739
Total	<u>\$ 2,751,937</u>	<u>\$ 3,316,519</u>

**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 2022 include full depth reclamation and reconstruction projects for Universal Road and segments of Glory Road, Clearwater Road, and Woida Road. Foley Road also is reconstructed in 2022. As part of the existing street and trail reconstruction, city water, sanitary sewer, and storm water utility improvements are being added. The project includes a roundabout at the intersection of Isle Drive and Forthun Road and relocation of the current signal light and railroad crossing from Highway 210 and Knollwood Drive further east to the Trunk Highway 210 and Inglewood intersection. The projects will be funded through a combination of special assessments to benefiting properties, federal and state grants, municipal state aid (MSA), cash on hand contributions from the City's collector street fund, sales tax fund, and related enterprise funds, and an annual property tax levy for the City's portion of the debt service.

The 2021 water infrastructure system improvements are anticipated to be completed in 2022, including water pump upgrades at the water interconnect building and the rehabilitation of the water treatment plant filters and underdrains. Sewer infrastructure projects planned for 2022 include the rehabilitation of sanitary sewer lift station number 16. The City nearly is complete securing the land acquisition to start construction on 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 continue to be strong; receipts are up \$234,918, or 7.9%, from 2020. 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 traffic safety and utility improvements of the 2022 Foley, Isle, and Forthun project.

Private investment in the City remains stable. Commercial construction included an expansion of Avantech manufacturing in the City's industrial park as well as retail and restaurant buildouts and remodels at various locations. Building permits for 16 residential homes were issued in 2021. Interest in multi-family housing remains strong with another apartment building project being considered for 2022.

### **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, 2021

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Pooled Investments	\$ 26,443,078	\$ 13,494,228	\$ 39,937,306
Internal Balances	(258,515)	258,515	-
Accrued Interest Receivable	147,146	-	147,146
Accounts Receivable - Net	216,693	464,530	681,223
Due from Other Governments	923,680	1,774	925,454
Prepaid items	10,798	1,350	12,148
Delinquent Taxes Receivable	146,467	-	146,467
Special Assessments Receivable	13,212,190	21,056	13,233,246
Land Held For Resale	2,149,132	-	2,149,132
Non-Depreciable Capital Assets			
Land	8,145,967	1,912,753	10,058,720
Construction in Progress	1,558,888	1,648,234	3,207,122
Depreciable Capital Assets (Net)			
Intangible	-	7,277,414	7,277,414
Buildings	813,226	6,672,487	7,485,713
Distribution Systems	39,779,796	48,699,358	88,479,154
Land Improvements	3,079,579	243,083	3,322,662
Machinery, Vehicles, Furniture and Equipment	671,209	712,070	1,383,279
Total Assets	97,039,334	81,406,852	178,446,186
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Plan and OPEB Deferments	2,374,388	131,700	2,506,088
Total Assets and Deferred Outflows of Resources	\$ 99,413,722	\$ 81,538,552	\$ 180,952,274
<b>LIABILITIES</b>			
Accounts Payable	\$ 745,110	\$ 793,595	\$ 1,538,705
Due to Other Governments	458,551	25,850	484,401
Salaries Payable	67,188	6,060	73,248
Accrued Liabilities	87,411	8,346	95,757
Contracts Payable	77,671	87,572	165,243
Accrued Interest Payable	286,382	20,529	306,911
Unearned Revenue	14,379	-	14,379
Escrow Deposits	339,698	-	339,698
Long-term Liabilities:			
Due Within One Year			
Compensated Absences Payable	21,210	3,812	25,022
General Obligation Bonds Payable	2,445,000	525,000	2,970,000
General Obligation Revenue Notes Payable	496,000	-	496,000
Intergovernmental Long Term Debt	34,747	-	34,747
Due In More than One Year			
Compensated Absences Payable	453,275	25,016	478,291
Total Other Postemployment Benefits Payable	221,728	-	221,728
Net Pension Liability - PERA	1,808,118	176,142	1,984,260
Intergovernmental Long Term Debt	312,724	-	312,724
General Obligation Bonds Payable	18,821,447	2,021,967	20,843,414
General Obligation Revenue Notes Payable	3,330,334	-	3,330,334
Total Liabilities	30,020,973	3,693,889	33,714,862
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Advanced Appropriations - State Shared Taxes	488,268	-	488,268
Gain on Refunding Bonds	-	16,934	16,934
Pension Plan and OPEB Deferments	3,006,676	163,785	3,170,461
Total Deferred Inflows of Resources	3,494,944	180,719	3,675,663
<b>NET POSITION</b>			
Net Investment in Capital Assets	32,357,076	64,513,926	93,044,668
Restricted for			
Debt Service	18,848,960	-	18,848,960
Economic Development	3,665,909	-	3,665,909
Sales Tax Funded Infrastructure	6,122,007	-	6,122,007
Tax Increment Financing	479,261	-	479,261
Police Activity	56,816	-	56,816
Unrestricted	4,367,776	13,150,018	21,344,128
Total Net Position	65,897,805	77,663,944	143,561,749
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 99,413,722	\$ 81,538,552	\$ 180,952,274

See accompanying Notes to Financial Statements.

City of Baxter, Minnesota  
Statement of Activities

Comprehensive Annual Financial Report  
Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$ 1,765,241	\$ 203,568	\$ 704,613	\$ -	\$ (857,060)	\$ -	\$ (857,060)
Public Safety	2,586,629	444,643	221,035	-	(1,920,951)	-	(1,920,951)
Public Works	4,203,781	413,211	200	2,071,180	(1,719,190)	-	(1,719,190)
Culture and Recreation	1,476,241	213,989	18,586	56,017	(1,187,649)	-	(1,187,649)
Economic and Community Development	1,567,434	38,837	306	2,843	(1,525,448)	-	(1,525,448)
Interest and Fiscal Charges	627,203	-	45,954	-	(581,249)	-	(581,249)
Total Governmental Activities	12,226,529	1,314,248	990,694	2,130,040	(7,791,547)	-	(7,791,547)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Water	2,773,906	1,794,661	9,903	300,631	-	(668,711)	(668,711)
Sewer	2,102,906	1,420,689	12,786	262,947	-	(406,484)	(406,484)
Storm Water	654,338	563,718	427	-	-	(90,193)	(90,193)
Total Business-Type Activities	5,531,150	3,779,068	23,116	563,578	-	(1,165,388)	(1,165,388)
Total Government	\$ 17,757,679	\$ 5,093,316	\$ 1,013,810	\$ 2,693,618	(7,791,547)	(1,165,388)	(8,956,935)
<b>GENERAL REVENUES</b>							
Property Taxes					7,269,236	-	7,269,236
Lodging Tax					392,406	-	392,406
Sales Tax					3,200,455	-	3,200,455
Tax Increments					667,703	-	667,703
Grants and Contributions not Restricted for a Particular Purpose					19,283	-	19,283
Investment Earnings					295,746	163,429	459,175
Net Increase (Decrease) in Fair Value of Investments					(368,777)	(210,998)	(579,775)
Miscellaneous					130,302	-	130,302
Gain on Sale of Capital Asset					13,345	-	13,345
TRANSFERS					(7,968,054)	7,968,054	-
Total General Revenues and Transfers					3,651,645	7,920,485	11,572,130
Change in Net Position					(4,139,902)	6,755,097	2,615,195
Net Position - Beginning of Year					70,037,707	70,908,847	140,946,554
NET POSITION - END OF YEAR					\$ 65,897,805	\$ 77,663,944	\$ 143,561,749

See accompanying Notes to Basic Financial Statements.



## **FUND FINANCIAL STATEMENTS**

Balance Sheet – Governmental Funds

December 31, 2021

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	Economic Development	Sales Tax Collections	Debt Service Fund	Capital Project Fund		
<b>ASSETS</b>							
Cash and Pooled Investments	\$ 2,991,027	\$ 1,472,177	\$ 6,086,889	\$ 7,216,943	\$ 6,912,501	\$ 1,763,541	\$ 26,443,078
Due from Other Funds	150,568	-	-	-	-	-	150,568
Accrued Interest Receivable	147,146	-	-	-	-	-	147,146
Accounts Receivable	125,629	-	7,556	-	54,629	28,879	216,693
Due from Other Governments	390,336	-	468,815	29,207	-	35,322	923,680
Prepaid Expenses	10,363	-	-	-	-	435	10,798
Delinquent Taxes Receivable	126,017	-	-	20,450	-	-	146,467
Special Assessments Receivable	188	-	-	11,879,702	1,319,000	13,300	13,212,190
Advances to Other Funds	728,400	44,600	-	-	81,000	-	854,000
Land Held for Resale	-	2,149,132	-	-	-	-	2,149,132
<b>Total Assets</b>	<b>\$ 4,669,674</b>	<b>\$ 3,665,909</b>	<b>\$ 6,563,260</b>	<b>\$ 19,146,302</b>	<b>\$ 8,367,130</b>	<b>\$ 1,841,477</b>	<b>\$ 44,253,752</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$ 187,282	\$ -	\$ -	\$ 2,376	\$ 322,728	\$ 232,724	\$ 745,110
Due to Other Governments	8,663	-	441,253	8,584	-	51	458,551
Salaries Payable	60,752	-	-	-	-	6,436	67,188
Accrued Liabilities	87,411	-	-	-	-	-	87,411
Due to Other Funds	-	-	-	-	408,349	734	409,083
Contracts Payable	-	-	-	-	55,263	22,408	77,671
Unearned Revenue	10,874	-	-	-	-	3,505	14,379
Advances From Other Funds	-	-	-	-	-	854,000	854,000
Escrow Deposits	-	-	-	-	-	339,698	339,698
<b>Total Liabilities</b>	<b>354,982</b>	<b>-</b>	<b>441,253</b>	<b>10,960</b>	<b>786,340</b>	<b>1,459,556</b>	<b>3,053,091</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
<b>Unavailable Revenue</b>							
Taxes	126,017	-	-	20,450	-	-	146,467
Special Assessments	188	-	-	11,879,702	1,319,000	13,300	13,212,190
Advance Appropriations - State Shared Taxes	-	-	-	-	488,268	-	488,268
Other	7,370	-	27,946	-	-	-	35,316
<b>Total Deferred Inflows of Resources</b>	<b>133,575</b>	<b>-</b>	<b>27,946</b>	<b>11,900,152</b>	<b>1,807,268</b>	<b>13,300</b>	<b>13,882,241</b>
<b>FUND BALANCES</b>							
Nonspendable	738,763	-	-	-	-	435	739,198
Restricted	-	3,665,909	6,094,061	7,235,190	-	536,077	17,531,237
Committed	-	-	-	-	-	536,265	536,265
Assigned	22,200	-	-	-	5,773,522	26,638	5,822,360
Unassigned	3,420,154	-	-	-	-	(730,794)	2,689,360
<b>Total Fund Balances</b>	<b>4,181,117</b>	<b>3,665,909</b>	<b>6,094,061</b>	<b>7,235,190</b>	<b>5,773,522</b>	<b>368,621</b>	<b>27,318,420</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,669,674</b>	<b>\$ 3,665,909</b>	<b>\$ 6,563,260</b>	<b>\$ 19,146,302</b>	<b>\$ 8,367,130</b>	<b>\$ 1,841,477</b>	<b>\$ 44,253,752</b>

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

December 31, 2021

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 27,318,420
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.	54,048,665
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the governmental funds.	13,393,973
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	\$ (21,266,447)
General Obligation Revenue Notes Payable	(3,826,334)
Intergovernmental Long-Term Debt	(347,471)
Compensated Absences Payable	(474,485)
Other Postemployment Benefits (OPEB) Payable	(221,728)
Accrued Interest Payable	(286,382)
Net Pension Liability - PERA	(1,808,118)
OPEB and Pension Plan Deferments	(632,288)
	<u>(28,863,253)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 65,897,805</u>

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

Comprehensive Annual Financial Report  
 Year Ended December 31, 2021

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	Economic Development	Sales Tax Collections	Debt Service Fund	Capital Project Fund		
<b>REVENUES</b>							
Taxes	\$ 6,213,597	\$ -	\$ -	\$ 1,091,364	\$ 1,322	\$ -	\$ 7,306,283
Lodging Tax	-	-	-	-	-	392,406	392,406
Sales Tax	-	-	3,200,455	-	-	-	3,200,455
Tax Increments	-	-	-	-	-	667,703	667,703
Franchise Fees	205,188	-	-	-	373,184	-	578,372
Special Assessments	8,100	2,843	-	1,914,265	76,112	-	2,001,320
Licenses, Permits, and Fees	46,201	-	-	-	-	195,883	242,084
Intergovernmental	936,695	-	-	45,954	659,864	45,793	1,688,306
Charges for Services	199,466	-	-	-	-	134,537	334,003
Fines and Forfeits	56,637	-	-	-	-	7,944	64,581
Gifts and Contributions	3,700	-	-	-	-	13,000	16,700
Investment Earnings	55,101	19,266	67,420	63,828	102,797	19,664	328,076
Net Increase (Decrease) in Fair Value of Investments	(34,009)	(22,688)	(88,698)	(86,320)	(111,660)	(25,402)	(368,777)
Miscellaneous	126,933	-	-	-	674	152,491	280,098
<b>Total Revenues</b>	<b>7,817,609</b>	<b>(579)</b>	<b>3,179,177</b>	<b>3,029,091</b>	<b>1,102,293</b>	<b>1,604,019</b>	<b>16,731,610</b>
<b>EXPENDITURES</b>							
<b>CURRENT</b>							
General Government	1,679,751	-	55,948	-	-	11,196	1,746,895
Public Safety	2,519,780	-	-	-	-	197,410	2,717,190
Public Works	950,004	-	-	-	248,505	-	1,198,509
Culture and Recreation	981,301	-	-	-	59,459	8,120	1,048,880
Economic and Community Development	-	49,776	625,809	-	-	952,595	1,628,180
<b>CAPITAL OUTLAY</b>							
General Government	-	-	-	-	10,800	33,445	44,245
Public Safety	-	-	-	-	86,426	-	86,426
Public Works	11,005	-	-	-	3,406,077	-	3,417,082
Culture and Recreation	25,971	-	-	-	68,752	347,721	442,444
<b>DEBT SERVICE</b>							
Principal	-	-	-	2,755,333	-	-	2,755,333
Interest and Fiscal Charges	-	-	-	710,744	-	250	710,994
<b>Total Expenditures</b>	<b>6,167,812</b>	<b>49,776</b>	<b>681,757</b>	<b>3,466,077</b>	<b>3,880,019</b>	<b>1,550,737</b>	<b>15,796,178</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,649,797</b>	<b>(50,355)</b>	<b>2,497,420</b>	<b>(436,986)</b>	<b>(2,777,726)</b>	<b>53,282</b>	<b>935,432</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Sale of Capital Assets	735	-	-	-	12,610	-	13,345
Proceeds from intergovernmental long term debt	-	-	-	-	-	347,471	347,471
Transfers In	580,762	39,000	-	955,549	2,774,626	168,536	4,518,473
Transfers Out	(2,116,909)	-	(1,831,709)	-	(212,262)	(731,180)	(4,892,060)
Total other financing	(1,535,412)	39,000	(1,831,709)	955,549	2,574,974	(215,173)	(12,771)
<b>NET CHANGE IN FUND BALANCES</b>	<b>114,385</b>	<b>(11,355)</b>	<b>665,711</b>	<b>518,563</b>	<b>(202,752)</b>	<b>(161,891)</b>	<b>922,661</b>
Fund Balance - Beginning of Year	4,066,732	3,677,264	5,428,350	6,716,627	5,976,274	530,512	26,395,759
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 4,181,117</b>	<b>\$ 3,665,909</b>	<b>\$ 6,094,061</b>	<b>\$ 7,235,190</b>	<b>\$ 5,773,522</b>	<b>\$ 368,621</b>	<b>\$ 27,318,420</b>

See accompanying Notes to Basic 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

Year Ended December 31, 2021

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 922,661

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	3,642,474	
Capital Contributions to Enterprise Funds	(7,594,467)	
Current Year Depreciation	<u>(3,309,745)</u>	(7,261,738)

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. (618,305)

Proceeds from long-term debt 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: (347,471)

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	2,290,000	
Revenue Bonds	<u>465,333</u>	2,755,333

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.

Change in Accrued Interest Payable	(11,262)	
Amortization of Discounts and Premiums	95,053	
Change in Compensated Absences	(32,845)	
Change in Other Postemployment Benefits	5,514	
Change in Pension Expense	<u>353,158</u>	409,618

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (4,139,902)

## Statement of Revenues and Expenditures and Changes

Year Ended December 31, 2021

## in Fund Balance – Budget and Actual – General Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
GENERAL PROPERTY TAXES	\$ 6,180,500	\$ 6,180,500	\$ 6,213,597	\$ 33,097
FRANCHISE FEES	200,000	200,000	205,188	5,188
SPECIAL ASSESSMENTS				
Principal	8,100	8,100	8,100	-
LICENSES, PERMITS, AND FEES				
Business Licenses and Permits	800	800	1,150	350
Other Licenses, Permits, and Fees	44,200	44,200	45,051	851
Total Licenses, Permits and Fees	45,000	45,000	46,201	1,201
INTERGOVERNMENTAL				
STATE AND LOCAL				
Market Value Credit	-	-	634	634
Public Safety Grants	137,889	137,889	137,889	-
Other	23,711	23,711	87,394	63,683
Total State and Local	161,600	161,600	225,917	64,317
FEDERAL				
American Rescue Plan Funds	-	700,000	700,000	-
Public Safety Grants	-	-	10,778	10,778
Total Federal	-	700,000	710,778	10,778
Total Intergovernmental	161,600	861,600	936,695	75,095
CHARGES FOR SERVICES	142,200	142,200	199,466	57,266
FINES AND FORFEITS	44,000	44,000	56,637	12,637
GIFTS AND CONTRIBUTIONS	-	-	3,700	3,700
INVESTMENT EARNINGS	44,900	44,900	55,101	10,201
NET INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENTS	-	-	(34,009)	(34,009)
MISCELLANEOUS				
Other Rents and Royalties	98,500	98,500	99,037	537
Other Miscellaneous Revenues	-	-	27,896	27,896
Total Miscellaneous	98,500	98,500	126,933	28,433
Total Revenues	6,924,800	7,624,800	7,817,609	192,809

See accompanying Notes to Basic Financial Statements.

## Statement of Revenues and Expenditures and Changes

Year Ended December 31, 2021

## in Fund Balance – Budget and Actual – General Fund (Continued)

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Other General Government	\$ 354,000	\$ 358,400	\$ 160,247	\$ (198,153)
Council	46,500	46,500	40,194	(6,306)
Administration	404,300	404,300	391,770	(12,530)
Finance	481,600	481,600	333,193	(148,407)
Public Works Administration	460,700	460,700	501,450	40,750
Information Systems	184,900	184,900	179,243	(5,657)
Legal	85,000	85,000	73,654	(11,346)
Total General Government	<u>2,017,000</u>	<u>2,021,400</u>	<u>1,679,751</u>	<u>(341,649)</u>
PUBLIC SAFETY				
Police	2,176,400	2,173,200	2,163,692	(9,508)
Fire Protection	356,100	356,100	356,088	(12)
Total Public Safety	<u>2,532,500</u>	<u>2,529,300</u>	<u>2,519,780</u>	<u>(9,520)</u>
PUBLIC WORKS				
Streets	<u>859,500</u>	<u>859,500</u>	<u>950,004</u>	<u>90,504</u>
CULTURE AND RECREATION				
Parks Maintenance	968,600	972,300	948,601	(23,699)
Recreation Program	32,700	32,700	32,700	-
Total Culture and Recreation	<u>1,001,300</u>	<u>1,005,000</u>	<u>981,301</u>	<u>(23,699)</u>
CAPITAL OUTLAY				
Public Works	11,500	11,500	11,005	(495)
Culture and Recreation	24,200	19,300	25,971	(6,671)
Total Capital Outlay	<u>35,700</u>	<u>30,800</u>	<u>36,976</u>	<u>(7,166)</u>
Total Expenditures	<u>6,446,000</u>	<u>6,446,000</u>	<u>6,167,812</u>	<u>(291,530)</u>
EXCESS OF REVENUES OVER EXPENDITURES	478,800	1,178,800	1,649,797	470,997
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	735	735
Transfers In	375,400	587,400	580,762	(6,638)
Transfers Out	(854,200)	(1,916,900)	(2,116,909)	(200,009)
Total Other Financing Sources (Uses)	<u>(478,800)</u>	<u>(1,329,500)</u>	<u>(1,535,412)</u>	<u>(205,912)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (150,700)</u>	<u>114,385</u>	<u>\$ 265,085</u>
Fund Balances - Beginning of Year			<u>4,066,732</u>	
FUND BALANCES - END OF YEAR			<u>\$ 4,181,117</u>	

See accompanying Notes to Basic Financial Statements.

Statement of Revenues and Expenditures and Changes

Year Ended December 31, 2021

in Fund Balance – Budget and Actual – Economic Development Authority Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Special Assessments	\$ -	\$ -	2,843	\$ 2,843
Investment Earnings	11,800	11,800	19,266	7,466
Net Increase (Decrease) in Fair Value of Investments	-	-	(22,688)	(22,688)
<b>Total Revenues</b>	<b>11,800</b>	<b>11,800</b>	<b>(579)</b>	<b>(12,379)</b>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
Economic and Community Development Economic Development	50,800	50,800	49,776	(1,024)
<b>EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES</b>	<b>(39,000)</b>	<b>(39,000)</b>	<b>(50,355)</b>	<b>(11,355)</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	39,000	39,000	39,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(11,355)</b>	<b>\$ (11,355)</b>
Fund Balance - Beginning of Year			3,677,264	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 3,665,909</b>	

See accompanying Notes to Basic Financial Statements.



## Statement of Revenues and Expenditures and Changes

Year Ended December 31, 2021

## in Fund Balance – Budget and Actual - Sales Tax Collections Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Sales Tax	\$ 2,870,000	\$ 2,870,000	\$ 3,200,455	\$ 330,455
Investment Earnings	35,000	35,000	67,420	32,420
Net Increase (Decrease) in Fair Value of Investments	-	-	(88,698)	(88,698)
Total Revenues	2,905,000	2,905,000	3,179,177	274,177
EXPENDITURES				
CURRENT				
General Government	56,600	56,600	55,948	(652)
Economic and Community Development				
Economic Development	562,700	562,700	625,809	63,109
Total Expenditures	619,300	619,300	681,757	62,457
EXCESS OF REVENUES OVER EXPENDITURES	2,285,700	2,285,700	2,497,420	211,720
OTHER FINANCING USES				
Transfers Out	(1,189,200)	(1,836,500)	(1,831,709)	4,791
NET CHANGE IN FUND BALANCE	\$ 1,096,500	\$ 449,200	665,711	\$ 216,511
Fund Balance - Beginning of Year			5,428,350	
FUND BALANCE - END OF YEAR			\$ 6,094,061	

See accompanying Notes to Basic Financial Statements.

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

Comprehensive Annual Financial Report  
December 31, 2021

	Water	Sewer	Storm Water	Total Enterprise Funds
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 6,751,626	\$ 6,007,384	\$ 735,218	\$ 13,494,228
Due From Other Funds	734	257,781	-	258,515
Accounts Receivable	189,759	193,019	81,752	464,530
Due from Other Governments	576	576	622	1,774
Special Assessments	1,079	19,438	539	21,056
Prepaid expenses	-	-	1,350	1,350
<b>Total Current Assets</b>	<b>6,943,774</b>	<b>6,478,198</b>	<b>819,481</b>	<b>14,241,453</b>
Noncurrent Assets:				
Non-Depreciable Capital Assets				
Land	352,932	85,166	1,474,655	1,912,753
Construction In Progress	1,347,631	227,322	73,281	1,648,234
Depreciable Capital Assets (Net)				
Intangible	-	7,277,414	-	7,277,414
Buildings	6,672,487	-	-	6,672,487
Distribution systems	18,668,144	19,717,264	10,313,950	48,699,358
Land Improvements	-	-	243,083	243,083
Machinery, Vehicles, Furniture and Equipment	466,442	196,627	49,001	712,070
<b>Total Noncurrent Assets</b>	<b>27,507,636</b>	<b>27,503,793</b>	<b>12,153,970</b>	<b>67,165,399</b>
<b>Total Assets</b>	<b>34,451,410</b>	<b>33,981,991</b>	<b>12,973,451</b>	<b>81,406,852</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Plan Deferments	62,797	60,473	8,430	131,700
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 34,514,207</b>	<b>\$ 34,042,464</b>	<b>\$ 12,981,881</b>	<b>\$ 81,538,552</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	603,917	122,127	67,551	793,595
Due To Other Governments	779	25,012	59	25,850
Salaries Payable	2,668	3,006	386	6,060
Accrued Liabilities	8,346	-	-	8,346
Contracts Payable	45,819	41,753	-	87,572
Accrued Interest Payable	20,529	-	-	20,529
Compensated Absences Payable	1,849	1,843	120	3,812
General Obligation Bonds Payable	525,000	-	-	525,000
<b>Total Current Liabilities</b>	<b>1,208,907</b>	<b>193,741</b>	<b>68,116</b>	<b>1,470,764</b>
Noncurrent Liabilities:				
Compensated Absences Payable	11,498	11,498	2,020	25,016
Net Pension Liability - PERA	83,988	80,879	11,275	176,142
General Obligation Bonds Payable	2,021,967	-	-	2,021,967
<b>Total Liabilities</b>	<b>3,326,360</b>	<b>286,118</b>	<b>81,411</b>	<b>3,693,889</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Gain on Refunding Bonds	16,934	-	-	16,934
Pension Plan Deferments	78,096	75,205	10,484	163,785
<b>Total Deferred Inflows of Resources</b>	<b>95,030</b>	<b>75,205</b>	<b>10,484</b>	<b>180,719</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	24,897,916	27,462,040	12,153,970	64,513,926
Unrestricted	6,194,901	6,219,101	736,016	13,150,018
<b>Total Net Position</b>	<b>31,092,817</b>	<b>33,681,141</b>	<b>12,889,986</b>	<b>77,663,944</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 34,514,207</b>	<b>\$ 34,042,464</b>	<b>\$ 12,981,881</b>	<b>\$ 81,538,552</b>

See accompanying Notes to Basic 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, 2021

	Water	Sewer	Storm Water	Total Enterprise Funds
<b>OPERATING REVENUES</b>				
Charges For Services				
User Charges	\$ 1,568,938	\$ 1,403,010	\$ 558,917	\$ 3,530,865
Meter Sales	35,675	-	-	35,675
Non-User Sales	1,861	2,297	-	4,158
Penalties	10,922	10,801	4,175	25,898
Permits and Hookup Charges	2,565	2,470	-	5,035
Miscellaneous	10,490	2,111	626	13,227
Total Operating Revenues	1,630,451	1,420,689	563,718	3,614,858
<b>OPERATING EXPENSES</b>				
Personnel Services	222,278	215,226	40,841	478,345
Supplies and Fees	123,371	38,334	18,285	179,990
Other Services and Charges	1,292,643	821,813	261,754	2,376,210
Depreciation	1,100,200	1,027,533	333,458	2,461,191
Total Operating Expenses	2,738,492	2,102,906	654,338	5,495,736
OPERATING INCOME (LOSS)	(1,108,041)	(682,217)	(90,620)	(1,880,878)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Special Assessments	127	1,401	399	1,927
Water Plant Fee	164,210	-	-	164,210
Availability Charges	169,263	183,163	-	352,426
Intergovernmental	8,148	776	28	8,952
Investment Earnings	81,119	74,252	8,058	163,429
Net Increase (Decrease) in Fair Value of Investments	(103,693)	(96,625)	(10,680)	(210,998)
Interest Expense and Fiscal Charges	(35,414)	-	-	(35,414)
Gain/(Loss) on Disposal of Capital Assets	-	7,500	-	7,500
Other Income	1,628	3,109	-	4,737
Total Nonoperating Revenues (Expenses)	285,388	173,576	(2,195)	456,769
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(822,653)	(508,641)	(92,815)	(1,424,109)
Capital Contributions from Developers	131,368	79,784	-	211,152
Capital Contributions from Governmental Activities	2,918,673	3,885,654	790,140	7,594,467
Transfers In	1,010,810	-	-	1,010,810
Transfers Out	(262,007)	(284,716)	(90,500)	(637,223)
CHANGE IN NET POSITION	2,976,191	3,172,081	606,825	6,755,097
Net Position - Beginning of Year	28,116,626	30,509,060	12,283,161	70,908,847
NET POSITION - END OF YEAR	\$ 31,092,817	\$ 33,681,141	\$ 12,889,986	\$ 77,663,944

Net changes in net position reported above:	\$ 6,755,097
Amounts reported for business-type activities in the statement of activities are different because:	
Transfer in of capital assets from governmental activities	7,594,467
Governmental activities contribution revenue reported above	(7,594,467)
Change in net position of business-type activities	\$ 6,755,097

See accompanying Notes to Basic Financial Statements.

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

Comprehensive Annual Financial Report  
Year Ended December 31, 2021

	Water	Sewer	Storm Water	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 1,617,521	\$ 1,417,403	\$ 553,591	\$ 3,588,515
Payments to Suppliers	(857,646)	(797,104)	(234,499)	(1,889,249)
Payments to Employees	(218,175)	(211,418)	(40,967)	(470,560)
Net Cash Flows - Operating Activities	541,700	408,881	278,125	1,228,706
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Change in Due from Other Funds	(487)	(132,033)	-	(132,520)
Transfers In	1,010,810	-	-	1,010,810
Transfers Out	(262,007)	(284,716)	(90,500)	(637,223)
Net Cash Flows - Noncapital Financing Activities	748,316	(416,749)	(90,500)	241,067
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Interest and Fiscal Charges Paid	(57,796)	-	-	(57,796)
Availability Charges	169,263	183,163	-	352,426
Grants Received	8,148	776	28	8,952
Water Plant Fee	164,210	-	-	164,210
Special Assessments	513	8,234	517	9,264
Payments on General Obligation Bonds	(510,000)	-	-	(510,000)
Purchases of Capital Assets	(1,289,361)	(299,556)	(43,308)	(1,632,225)
Proceeds from the Sale of Capital Assets	1,628	10,609	-	12,237
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,513,395)	(96,774)	(42,763)	(1,652,932)
<b>CASH FLOWS - INVESTING ACTIVITIES</b>				
Investment Earnings Received	(22,574)	(22,373)	(2,622)	(47,569)
Net Cash Provided (Used) by Investing Activities	(22,574)	(22,373)	(2,622)	(47,569)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	(245,953)	(127,015)	142,240	(230,728)
Cash and Cash Equivalents - Beginning of Year	6,997,579	6,134,399	592,978	13,724,956
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,751,626	\$ 6,007,384	\$ 735,218	\$ 13,494,228

See accompanying Notes to Basic Financial Statements.

Statement of Cash Flows – Proprietary Funds (Continued)

Year Ended December 31, 2021

RECONCILIATION OF OPERATING INCOME (LOSS)

TO NET CASH PROVIDED (USED) BY

OPERATING ACTIVITIES

Operating Income (Loss)	\$ (1,108,041)	\$ (682,217)	\$ (90,620)	\$ (1,880,878)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	1,100,200	1,027,533	333,458	2,461,191
Miscellaneous Revenue				
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	(12,354)	(18,093)	(9,505)	(39,952)
Due from Other Governments	(576)	14,807	(622)	13,609
Prepaid Items	-	-	(1,350)	(1,350)
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	558,106	38,307	46,876	643,289
Salaries and Wages Payable	1,887	997	92	2,976
Compensated Absences Payable	1,621	1,152	16	2,789
Due to Other Governments	262	24,736	14	25,012
Pension Plan Deferments	595	1,659	(234)	2,020
Total Adjustments	1,649,741	1,091,098	368,745	3,109,584
Net Cash Provided (Used) by Operating Activities	<u>\$ 541,700</u>	<u>\$ 408,881</u>	<u>\$ 278,125</u>	<u>\$ 1,228,706</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions from Developers	\$ 131,368	\$ 79,784	\$ -	\$ 211,152
Capital Contributions from Governmental Activities	2,918,673	3,885,654	790,140	7,594,467
Total Noncash Capital and Related Financing Activities	<u>\$ 3,050,041</u>	<u>\$ 3,965,438</u>	<u>\$ 790,140</u>	<u>\$ 7,805,619</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, with the exception of grant revenues, to be available if they are collected within 60 days after the end of the current period. Grant revenues collected with one year after the end of the current period are considered available. 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 2020 which was collected during the year ended December 31, 2021. 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 assets 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 assets 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, advanced appropriations – state shared taxes 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 advance appropriations – state shared taxes. 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 and government wide 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 \$3,826,334 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, grant revenue for which all eligibility requirements imposed by the provider have been met, 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, and lodging tax administration 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 20<sup>th</sup> or prior to, 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:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Sales Tax Collections Fund	\$ 681,757	\$ 619,300	\$ 62,457
Nonmajor Special Revenue Fund			
Lodging Tax Administration Fund	392,406	240,500	151,906
Combined Tax Increment Financing Funds	260,452	252,300	8,152

The Sales Tax Collections and Lodging Tax Administration Funds' excess were the result of unbudgeted expenditures and were funded with related excess revenues. The Combined Tax Increment Financing Funds excess was due to additional approved expenditures that were funded by tax increments.

Deficit Fund Balances of Nonmajor Funds

TIF District 7 Grand Oaks, TIF District 12 Isle/Falcon Drive, TIF District 13 Avantech, TIF District 14 Excelsior/Edgewood, and TIF District 15 White Oak Estates nonmajor special revenue funds had negative fund balances at December 31, 2021, of \$7,106, \$180,942, \$124,520, \$416,870, and \$1,356, 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	\$ 18,803	\$ 18,803	\$ -	\$ -
Negotiable CD's	12,542,360	7,228,791	5,313,569	-
US Government Securities	5,473,600	2,000,756	3,472,844	-
Municipal Bonds	17,583,647	1,864,292	12,183,574	3,535,781
Money Market	1,607,641	1,607,641	-	-
Total	\$ 37,226,051	\$ 12,720,283	\$ 20,969,987	\$ 3,535,781

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 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 AA- or better.

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;

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

1. Deposits and Investments (Continued)

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.

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.

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

1. Deposits and Investments (Continued)

As of December 31, 2021, the principal of all City deposits were covered by insurance or collateral.

	<u>Balance</u>
Deposits	\$ 2,711,255
Investments	<u>37,226,051</u>
Total Cash & Investments	<u>\$ 39,937,306</u>
	<u>Balance</u>
Cash & Investments	
Governmental Funds	\$ 26,443,078
Proprietary Funds	<u>13,494,228</u>
Total Cash & Investments	<u>\$ 39,937,306</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.

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.

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investments are measured as follows:

Investments at Fair Value	Total	Level I	Level II	Level III
US Gov't Securities	\$ 5,473,600	\$ -	\$ 5,473,600	\$ -
Local Gov't Bonds	17,583,646	-	17,583,646	-
CD's	12,542,361	-	12,542,361	-
MM MF	1,607,641	1,607,641	-	-
Total	\$ 37,207,248	\$ 1,607,641	\$ 35,599,607	\$ -

Investments at Amortized Cost

4M	\$ 18,803
Total	\$ 37,226,051

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, 2021, is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>					
Capital Assets not being Depreciated					
Land	\$ 8,145,967	\$ -	\$ -	\$ -	\$ 8,145,967
Construction in Progress	10,368,604	3,439,518	4,654,767	(7,594,467)	1,558,888
Total Capital Assets not being Depreciated	18,514,571	3,439,518	4,654,767	(7,594,467)	9,704,855
Capital Assets being Depreciated					
Intangible	6,960	-	-	-	6,960
Buildings	1,988,564	-	-	-	1,988,564
Infrastructure	74,805,289	4,299,488	-	-	79,104,777
Land Improvements	5,118,391	366,286	-	-	5,484,677
Machinery, Vehicles, Furniture and Equipment	3,294,714	191,949	126,007	-	3,360,656
Total Capital Assets being Depreciated	85,213,918	4,857,723	126,007	-	89,945,634
Less: Accumulated Depreciation for					
Intangible	6,960	-	-	-	6,960
Buildings	1,088,425	86,913	-	-	1,175,338
Infrastructure	36,705,990	2,618,991	-	-	39,324,981
Land Improvements	2,053,707	351,391	-	-	2,405,098
Machinery, Vehicles, Furniture and Equipment	2,563,004	252,450	126,007	-	2,689,447
Total Accumulated Depreciation	42,418,086	3,309,745	126,007	-	45,601,824
Total Capital Assets being Depreciated, Net	42,795,832	1,547,978	-	-	44,343,810
Governmental Activities Capital Assets, Net	\$ 61,310,403	\$ 4,987,496	\$ 4,654,767	\$ (7,594,467)	\$ 54,048,665

**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, 2021:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>					
Capital Assets not being Depreciated					
Land	\$ 1,852,414	\$ 22,568	\$ -	\$ 37,771	\$ 1,912,753
Construction in Progress	266,256	1,614,496	232,518	-	1,648,234
Total Capital Assets not being Depreciated	2,118,670	1,637,064	232,518	37,771	3,560,987
Capital Assets being Depreciated					
Intangible	9,867,725	-	-	-	9,867,725
Buildings	9,972,957	-	-	-	9,972,957
Distribution System	65,538,128	421,102	-	7,556,696	73,515,926
Land Improvements	559,134	-	-	-	559,134
Machinery, Vehicles, Furniture and Equipment	2,103,743	105,301	14,271	-	2,194,773
Total Capital Assets being Depreciated	88,041,687	526,403	14,271	7,556,696	96,110,515
Less: Accumulated Depreciation for					
Intangible	2,343,619	246,693	-	-	2,590,312
Buildings	3,050,750	249,720	-	-	3,300,470
Distribution System	23,074,477	1,742,088	-	-	24,816,565
Land Improvements	297,200	18,852	-	-	316,052
Machinery, Vehicles, Furniture and Equipment	1,293,137	203,838	14,271	-	1,482,704
Total Accumulated Depreciation	30,059,183	2,461,191	14,271	-	32,506,103
Total Capital Assets being Depreciated, Net	57,982,504	(1,934,788)	-	7,556,696	63,604,412
Business-Type Activities Capital Assets, Net	\$ 60,101,174	\$ (297,724)	\$ 232,518	\$ 7,594,467	\$ 67,165,399

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

Governmental Activities	
General Government	\$ 83,643
Public Safety	122,332
Public Works	2,652,194
Culture and Recreation	445,981
Economic and Community Development	5,595
Total Depreciation Expense - Governmental Activities	<u>\$ 3,309,745</u>
Business-Type Activities	
Water	\$ 1,100,200
Sewer	1,027,533
Storm Water	333,458
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,461,191</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	\$ 150,568	Cash Deficit
Sewer Fund	Capital Project Fund	257,781	Cash Deficit
Water Fund	Nonmajor Governmental Funds	734	Cash Deficit
Total		<u>\$ 409,083</u>	

2. Advances from/to Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 728,400	TIF IFL's
Economic Development Fund	Nonmajor Governmental Funds	44,600	TIF 13 IFL
Capital Project Fund	Nonmajor Governmental Funds	81,000	TIF 13 IFL
Total		<u>\$ 854,000</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	\$ 212,262	Capital project administrative costs
Nonmajor Governmental	25,000	Administrative costs
Water	134,000	Administrative costs
Sewer	134,000	Administrative costs
Storm Water	75,500	Administrative costs
Transfer to Economic Development Fund from		
General	39,000	EDA Fund annual appropriation
Transfer to Debt Service Fund from		
Sales Tax Collections	573,613	Annual appropriation
Nonmajor Governmental	351,936	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	538,200	IT, vehicle and equipment annual appropriations
General	362,709	Project appropriations
Sales Tax Collections	947,286	Project appropriations
Nonmajor Governmental	275,708	IT, vehicle and equipment annual appropriations
Water	20,500	IT, vehicle and equipment annual appropriations
Water	92,507	Project appropriations
Sewer	17,600	IT, vehicle and equipment annual appropriations
Sewer	118,116	Project appropriations
Storm Water	15,000	IT, vehicle and equipment annual appropriations
Transfer to Nonmajor Governmental Funds from		
General	15,000	Cemetery appropriation
General	75,000	Community Development annual appropriation
Nonmajor Governmental	78,536	TIF District 10
Transfer to Water Fund from		
Sales Tax Collections	310,810	Contribution for debt service payment
General Fund	700,000	Project appropriations
Total Transfers	<u>\$ 5,529,283</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 2022	
				Principal	Interest
<b>GOVERNMENTAL ACTIVITIES</b>					
<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	\$ 2,620,000	\$ 1,425,000	\$ 270,000	\$ 25,800
General Obligation Improvement Bonds, Series 2014; 0.50 to 3.00%; Issued 12/22/2014; Final Maturity 02/01/2027	1,925,000	1,165,000	760,000	120,000	19,380
General Obligation Improvement Bonds, Series 2015; 2.00 to 2.75%; Issued 12/22/2015; Final Maturity 02/01/2028	7,130,000	3,240,000	3,890,000	520,000	82,762
General Obligation Tax Increment Bonds, Series 2015; 2.00 to 2.75%; Issued 12/22/2015; Final Maturity 02/01/2028	1,400,000	1,185,000	215,000	30,000	4,563
General Obligation Improvement Bonds, Series 2016; 2.00%; Issued 12/15/2016; Final Maturity 02/01/2024	2,225,000	1,495,000	730,000	405,000	10,550
General Obligation Improvement Bonds, Series 2018; 3.00 to 5.00%; Issued 11/27/2018; Final Maturity 02/01/2029	4,930,000	795,000	4,135,000	445,000	160,500
General Obligation Tax Increment Bonds, Series 2018; 3.00 to 5.00%; Issued 11/27/2018; Final Maturity 02/01/2036	1,210,000	55,000	1,155,000	65,000	41,948
General Obligation Improvement Bonds, Series 2019; 2.00 to 5.00%; Issued 12/18/19; Final Maturity 02/01/2030	2,470,000	265,000	2,205,000	250,000	88,900
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	340,000	110,385
Total General Obligation Bonds	31,095,000	10,820,000	20,275,000	2,445,000	544,788
Add: Unamortized Premium	-	-	991,447	-	-
Total General Obligation Bonds, Net	<u>\$ 31,095,000</u>	<u>\$ 10,820,000</u>	<u>\$ 21,266,447</u>	<u>\$ 2,445,000</u>	<u>\$ 544,788</u>
<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	\$ 4,829,262	\$ 3,826,334	\$ 496,000	\$ 123,705
Total General Obligation Revenue Notes	<u>8,655,596</u>	<u>4,829,262</u>	<u>3,826,334</u>	<u>496,000</u>	<u>123,705</u>
Intergovernmental Long-Term Debt (to Crow Wing County); 0.000% Issued 08/04/21; Final Maturity 07/15/31	347,471	-	347,471	34,747	-
Total Governmental Activities Long-Term Debt	<u>\$ 40,098,067</u>	<u>\$ 15,649,262</u>	<u>\$ 25,440,252</u>	<u>\$ 2,975,747</u>	<u>\$ 668,493</u>

**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 2022	
				Principal	Interest
<b>BUSINESS-TYPE ACTIVITIES</b>					
<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	\$ 3,470,000	\$ 2,480,000	\$ 525,000	\$ 47,200
Total General Obligation Bonds, Net	5,950,000	3,470,000	2,480,000	525,000	47,200
Add: Unamortized Premium	-	-	66,966	-	-
Total Business-Type Activities	5,950,000	3,470,000	2,546,966	525,000	47,200
Total Long-Term Debt	\$ 46,048,067	\$ 19,119,262	\$ 27,987,218	\$ 3,500,747	\$ 715,693

3. Changes in Long-Term Debt

	December 31, 2020	Additions	Retirements	December 31, 2021	Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General Obligation Bonds	\$ 22,550,000	\$ -	\$ 2,275,000	\$ 20,275,000	\$ 2,445,000
Issuance Premium (Discount)	1,086,500	-	95,053	991,447	-
Total General Obligation Bonds Payable	23,636,500	-	2,370,053	21,266,447	2,445,000
Notes from Direct Borrowing	4,306,667	-	480,333	3,826,334	496,000
Intergovernmental Long-Term Debt	-	347,471	-	347,471	34,747
Compensated Absences	441,640	383,836	350,991	474,485	21,210
Governmental Activity Long-Term Liabilities	\$ 28,384,807	\$ 731,307	\$ 3,201,377	\$ 25,914,737	\$ 2,996,957
<b>BUSINESS-TYPE ACTIVITIES</b>					
General Obligation Bonds	\$ 2,990,000	\$ -	\$ 510,000	\$ 2,480,000	\$ 525,000
Issuance Premium (Discount)	81,741	-	14,774	66,967	-
Total General Obligation Bonds Payable	3,071,741	-	524,774	2,546,967	525,000
Compensated Absences	26,039	33,746	30,957	28,828	3,812
Business Activity Long-Term Liabilities	\$ 3,097,780	\$ 33,746	\$ 555,731	\$ 2,575,795	\$ 528,812

**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					
	General Obligation Bonds			Notes from Direct Borrowing		
	Principal	Interest	Total	Principal	Interest	Total
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	2,285,000	258,001	2,543,001	563,000	56,394	619,394
2027-2031	6,405,000	459,795	6,864,795	1,181,334	57,591	1,238,925
2032-2036	2,355,000	100,044	2,455,044	-	-	-
Total	\$ 20,275,000	\$ 2,581,855	\$ 22,856,855	\$ 3,826,334	\$ 510,513	\$ 4,336,847

Year Ending December 31,	Governmental Activities			Business-Type Activities		
	Intergovernmental Long-Term Debt			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 34,747	\$ -	\$ 34,747	\$ 525,000	\$ 47,200	\$ 572,200
2023	34,747	-	34,747	530,000	36,650	566,650
2024	34,747	-	34,747	545,000	26,000	571,000
2025	34,747	-	34,747	565,000	15,000	580,000
2026	34,747	-	34,747	315,000	6,300	321,300
2027-2031	173,736	-	173,736			
Total	\$ 347,471	\$ -	\$ 347,471	\$ 2,480,000	\$ 131,150	\$ 2,611,150

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, 2021:

	General Fund	Economic Development	Sales Tax Collections	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>							
Prepaid Items	\$ 10,363	\$ -	\$ -	\$ -	\$ -	\$ 435	\$ 10,798
Advances to Other Funds	728,400	-	-	-	-	-	728,400
Total Nonspendable	738,763	-	-	-	-	435	739,198
<b>Restricted</b>							
Debt Service	-	-	-	7,235,190	-	-	7,235,190
Economic Development	-	3,665,909	-	-	-	-	3,665,909
Sales Tax	-	-	6,094,061	-	-	-	6,094,061
Tax Increment Financing	-	-	-	-	-	479,261	479,261
Police Activity	-	-	-	-	-	56,816	56,816
Total Restricted	-	3,665,909	6,094,061	7,235,190	-	536,077	17,531,237
<b>Committed</b>							
Cemetery Care	-	-	-	-	-	2,400	2,400
Culture and Recreation	-	-	-	-	-	190,518	190,518
Economic and Community Development	-	-	-	-	-	343,347	343,347
Total Committed	-	-	-	-	-	536,265	536,265
<b>Assigned</b>							
Employee Severance	22,200	-	-	-	-	-	22,200
Cemetery	-	-	-	-	-	26,638	26,638
Capital Projects	-	-	-	-	5,773,522	-	5,773,522
Total Assigned	22,200	-	-	-	5,773,522	26,638	5,822,360
<b>Unassigned</b>							
	3,420,154	-	-	-	-	(730,794)	2,689,360
Total Fund Balance	\$ 4,181,117	\$ 3,665,909	\$ 6,094,061	\$ 7,235,190	\$ 5,773,522	\$ 368,621	\$ 27,318,420

**NOTE 4    DEFINED BENEFIT PENSION PLANS**

The City participates in various pension plans. Total pension expense for the year ended December 31, 2021, was \$51,429. 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 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 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 Plan Benefits (Continued)**

Benefit increases are provided to benefit recipients each January. 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. 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. 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. The postretirement increase is 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. 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 Fund Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2021 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, 2021, were \$156,174. The City's contributions were equal to the required contributions as set by state statute.

**2. Police and Fire Fund Contributions**

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$227,308. 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, 2021, the City reported a liability of \$1,178,644 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 \$36,066.

The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0276% at the end of the measurement period and 0.0262% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 1,178,644
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>36,066</u>
Total	<u>\$ 1,214,710</u>

For the year ended December 31, 2021, the City recognized pension expense of \$71,611 for its proportionate share of the General Employees Retirement Plan's pension expense. Included in the amount, the City recognized \$2,910 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, 2021, 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	\$ 6,743	\$ 35,858
Changes in actuarial assumptions	719,655	24,600
Net collective difference between projected and actual investment earnings	-	1,025,787
Changes in proportion	76,774	9,708
Contributions paid to PERA subsequent to the measurement date	78,087	-
Total	<u>\$ 881,259</u>	<u>\$ 1,095,953</u>



**NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

1. General Employees Retirement Plan Pension Costs (Continued)

The \$78,087 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, 2022. 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
2022	\$ (32,698)
2023	8,555
2024	9,775
2025	(278,413)
Total	<u>\$ (292,781)</u>

2. Police and Fire Fund Pension Costs

At December 31, 2021, the City reported a liability of \$805,616 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1056% at the end of the measurement period and 0.1066% for the beginning of the period.

The State of Minnesota also contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2020. 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 supplemental 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.

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 (pension allocation schedules) for the \$9 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, 2021, the City recognized pension expense of (\$20,182) for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$6,671 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

**NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

D. Pension Costs (Continued)

2. Police and Fire Fund 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 supplemental state aid. The City also recognized \$9,504 for the year ended December 31, 2021, 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, 2021, 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	\$ 155,594	\$ -
Changes in actuarial assumptions	1,198,012	406,340
Net collective difference between projected and actual investment earnings	-	1,551,983
Changes in proportion	60,282	25,070
Contributions paid to PERA subsequent to the measurement date	113,654	-
Total	<u>\$ 1,527,542</u>	<u>\$ 1,983,393</u>

The \$113,654 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, 2022. 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
2022	\$ (497,644)
2023	(81,269)
2024	(87,219)
2025	(163,440)
2026	260,067
Total	<u>\$ (569,505)</u>

**NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

E. Long-Term Expected Return on Investment

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 Expected Real Rate of Return
Domestic Stocks	33.5%	5.10%
Private Markets	25.0%	5.90%
Fixed Income	25.0%	0.75%
International Equity	16.5%	5.30%
	100.0%	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees. The Police and Fire Plan benefit increase is fixed at 1% per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for 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 the Police and Fire Plan was completed in 2020 and was adopted by the Board and became effective with the July 1, 2021, actuarial valuation.

**NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

F. Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the previous valuation.

Police and Fire Fund

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.0%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes resulted in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes resulted in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.

**NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

F. Actuarial Methods and Assumptions (Continued)

Police and Fire Fund (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There have been no changes since the previous valuation.

G. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.5%. 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 and the Police and Fire 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.

H. 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%)	Current Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the GERF net pension liability:	\$ 2,403,831	\$ 1,178,644	\$ 173,302
City's proportionate share of the PEPFF net pension liability:	2,578,364	805,616	(647,598)

I. 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](http://www.mnpera.org).

**NOTE 5 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, 2021, the following were covered by the benefit terms:

Active employees electing coverage	42
Retirees receiving payments	1
	<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 2021, the City contributed \$36,540 to the plan.

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability	
Salary increases	Service graded tables
Inflation	2.00%
Healthcare cost trend increases	6.50% as of January 1, 2021, decreasing each year to an ultimate rate of 4.00% over 64 years
Mortality Assumption	Pub-2010 Public Retirement Plans Headcount - Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale

**NOTE 5 POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the January 1, 2021, valuation were based on results of an actuarial experience study for the period January 1, 2020 – December 31, 2020.

The discount rate used to measure the total OPEB liability was 2.00% based on the 20-year municipal bond yield.

F. Total OPEB Liability

The City's total OPEB liability of \$221,728 was measured as of January 1, 2021, and was determined by an actuarial analysis as of January 1, 2021.

	Total OPEB Liability
Balances at January 1, 2020	\$ 332,043
Changes for the year	
Service Cost	7,671
Interest Cost	9,326
Assumption Changes	5,617
Differences between Expected and Actual Experience	(96,389)
Benefit Payments	(36,540)
Net Changes	(110,315)
Balances at January 1, 2021	<u>\$ 221,728</u>

Assumption changes:

- The discount rate was changed from 2.90% to 2.00%.
- The inflation rate changes from 2.50% to 2.00%.
- The health care trend rates were changed to better anticipate short term and long term medial increases.
- The mortality tables were updated from the RP-2014 Mortality Tables with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount – Weighted Mortality Tables with MP-2020 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.

**NOTE 5 POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 2.00% as well as the liability measured using 1% lower and 1% higher than the current discount rate:

Net OPEB Liability (Asset)		
1% Decrease in Discount Rate (1.00%)	Current Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
\$ 233,280	\$ 221,728	\$ 210,717

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:

Net OPEB Liability (Asset)		
1% Decrease (5.50%) Decreasing to (3.00%)	Current (6.50%) Decreasing to (4.00%)	1% Increase (7.50%) Decreasing to (5.00%)
\$ 207,052	\$ 221,728	\$ 238,529

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$16,040. At December 31, 2021, 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/Gains	\$ 59,479	\$ 85,679
Subsequent contributions	21,554	-
Assumption changes	16,254	5,436
Total	\$ 97,287	\$ 91,115



**NOTE 5 POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

I. OPEB Liability Sensitivity

\$21,554 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, 2022. 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
2022	\$ (957)
2023	(957)
2024	(957)
2025	(957)
2026	(957)
Thereafter	<u>(10,597)</u>
Total	<u>\$ (15,382)</u>

**NOTE 6 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, 2021, the City generated \$262,161 in tax increment revenue on the seven TIF districts with TIF pay-as-you-go notes and incurred \$196,620 in developer payments. The following agreements each exceeded 15% of the total tax increment generated on the pay-as-you-go TIF districts throughout the year.

- TIF District No. 5 was established in 2001 for the purpose of site improvements and land acquisition costs for development of a housing development. Under the original agreement up to \$300,000 of development costs plus interest was reimbursed through tax increment. The original tax increment note was satisfied in 2018. In 2019, a supplemental tax increment note was issued for up to \$320,000 of prior eligible development costs to be reimbursed over a period not to exceed approximately ten and one-half years. During the year ended December 31, 2021, the City generated \$65,301 of tax increment revenue and made payments on the Note of \$39,181. The Note's balance at year end was \$209,570.
- TIF District No. 8 was established in 2007 for the purpose of site improvements for a housing development. Under the original agreement, up to \$500,000 of development costs was reimbursed through tax increment. The original tax increment note was satisfied in 2020. In 2020, a supplemental tax increment note was issued for up to \$360,796 of prior eligible development costs to be reimbursed over a period not to exceed approximately thirteen and one-half years. During the year ended December 31, 2021, the City generated \$68,210 of tax increment revenue and made payments on the Note of \$40,926. The Note's balance at year end was \$280,974.
- 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, 2021, the City generated \$65,819 of tax increment revenue and made payments on the Note of \$59,237. The Note's balance at year end was \$196,945.

**NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS**

**A. Construction Commitments**

At year-end, the City had approximately \$892,000 of outstanding construction commitments related to construction services for the WTP Filters and TH210 street light 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.

**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 2021, the City has paid \$3,573,957 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 April 2022, the City approved a contract for approximately \$970,000 for the 2022 FDR & Reconstruction project.

In April 2022, the City approved a contract for approximately \$3,500,000 for the 2022 Foley, Isle and Forthun Project.

On February 1, 2022, the City called the remaining entire \$3,395,000 of outstanding bonds from the General Obligation Refunding Bonds, Series 2013A. The bonds originally matured in the years 2022 through 2026.

**NOTE 8            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.

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

## Schedule of Changes in Total OPEB Liability and Related Ratios

December 31, 2021

	December 31, 2019	December 31, 2020	December 31, 2021
Total OPEB Liability			
Service Cost	\$ 7,746	\$ 9,324	\$ 7,671
Interest	8,437	12,273	9,326
Assumption Changes	(7,767)	14,078	5,617
Differences between Expected and Actual Experience	84,970	-	(96,389)
Benefit Payments	(21,192)	(34,250)	(36,540)
Net change in total OPEB liability	72,194	1,425	(110,315)
Beginning of year	258,424	330,618	332,043
End of Year	\$ 330,618	\$ 332,043	\$ 221,728
Covered-employee payroll	\$ 2,849,493	\$ 2,934,978	\$ 3,078,938
Total OPEB liability as a percentage of covered-employee payroll	11.6%	11.3%	7.2%

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

## Changes in Actuarial Assumptions

- The discount rate was changed from 2.90% to 2.00%.
- The inflation rate changes from 2.50% to 2.00%.
- The health care trend rates were changed to better anticipate short term and long term medial increases.
- The mortality tables were updated from the RP-2014 Mortality Tables with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount – Weighted Mortality Tables with MP-2020 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- No assets are accumulated in a trust.

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>					
12/31/2021	\$ 156,174	\$ 156,174	-	\$ 2,082,320	7.5%
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>					
12/31/2021	\$ 227,308	227,308	-	1,284,226	17.7%
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, 2021

Fiscal Year Ending (for the Measurement Period)	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionat e 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>							
6/30/2021	0.0276%	\$ 1,178,644	\$ 36,066	\$ 1,214,710	\$ 1,988,467	59.3%	87.0%
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>							
6/30/2021	0.1056%	\$ 2,578,364	\$ 36,630	2,614,994	\$ 1,247,808	206.6%	93.7%
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

### 2021 Changes

#### Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

#### Changes in Plan Provisions

- There have been no changes since the prior valuation.

### 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.

**GENERAL EMPLOYEES FUND (CONTINUED)**

**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.

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

### 2021 Changes

#### Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.0%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes resulted in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes resulted in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

#### Changes in Plan Provisions

- There have been no changes since the prior valuation.

### 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.

**POLICE AND FIRE FUND (CONTINUED)**

**2018 Changes (Continued)**

Changes in Plan Provisions (Continued)

- 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.
- 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.

**POLICE AND FIRE 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 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		
<b>REVENUES</b>				
General Property Taxes	\$ 1,219,900	\$ 1,219,900	\$ 1,091,364	\$ (128,536)
Special Assessments	1,375,800	1,375,800	1,914,265	538,465
Intergovernmental				
Federal	45,900	45,900	45,954	54
Investment Earnings	29,200	29,200	63,828	34,628
Net Increase (Decrease) in Fair Value of Investments	-	-	(86,320)	(86,320)
<b>Total Revenues</b>	<b>2,670,800</b>	<b>2,670,800</b>	<b>3,029,091</b>	<b>358,291</b>
<b>EXPENDITURES</b>				
<b>DEBT SERVICE</b>				
Principal	2,800,400	2,800,400	2,755,333	(45,067)
Interest and Fiscal Charges	680,000	680,000	710,744	30,744
<b>Total Expenditures</b>	<b>3,480,400</b>	<b>3,480,400</b>	<b>3,466,077</b>	<b>(14,323)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(809,600)</b>	<b>(809,600)</b>	<b>(436,986)</b>	<b>372,614</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	955,700	955,700	955,549	(151)
<b>Total Other Financing Sources</b>	<b>955,700</b>	<b>955,700</b>	<b>955,549</b>	<b>(151)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 146,100</b>	<b>\$ 146,100</b>	<b>518,563</b>	<b>\$ 372,463</b>
Fund Balance - Beginning of Year			6,716,627	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 7,235,190</b>	



## **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 East Fund - This fund is used to account for tax increment revenues restricted for expenditures related to the White Oak East 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.

City of Baxter, Minnesota  
 Combining Balance Sheet  
 Other Governmental Funds

Comprehensive Annual Financial Report  
 December 31, 2021

	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
<b>ASSETS</b>								
Cash and Pooled Investments	\$ 51,608	\$ 336,213	\$ 216,353	\$ 310,721	\$ 22,768	\$ 267,273	\$ 101,476	\$ 6,906
Accounts Receivable	-	-	-	-	28,879	-	-	-
Due From Other Governments	-	-	35,322	-	-	-	-	-
Prepaid Items	-	435	-	-	-	-	-	-
Special Assessments Receivable	-	13,300	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 51,608</b>	<b>\$ 349,948</b>	<b>\$ 251,675</b>	<b>\$ 310,721</b>	<b>\$ 51,647</b>	<b>\$ 267,273</b>	<b>\$ 101,476</b>	<b>\$ 6,906</b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts Payable	\$ 162	\$ 5,290	\$ 6,244	\$ 14,259	\$ 51,647	\$ 19,590	\$ -	\$ 7,112
Due to Other Governments	-	51	-	-	-	-	-	-
Salaries Payable	-	6,436	-	-	-	-	-	-
Due to Other Funds	-	734	-	-	-	-	-	-
Contracts Payable	22,408	-	-	-	-	-	-	-
Unearned Revenue	-	-	3,505	-	-	-	-	-
Advances to Other Funds	-	-	-	-	-	-	-	6,900
Escrow Deposits	-	133,184	-	195,041	-	-	-	-
<b>Total Liabilities</b>	<b>22,570</b>	<b>145,695</b>	<b>9,749</b>	<b>209,300</b>	<b>51,647</b>	<b>19,590</b>	<b>-</b>	<b>14,012</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
<b>Unavailable Revenue</b>								
Special Assessments	-	13,300	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>13,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>								
Nonspendable	-	435	-	-	-	-	-	-
Restricted	-	-	-	-	-	247,683	101,476	-
Committed	2,400	190,518	241,926	101,421	-	-	-	-
Assigned	26,638	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(7,106)
<b>Total Fund Balances</b>	<b>29,038</b>	<b>190,953</b>	<b>241,926</b>	<b>101,421</b>	<b>-</b>	<b>247,683</b>	<b>101,476</b>	<b>(7,106)</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balances</b>	<b>\$ 51,608</b>	<b>\$ 349,948</b>	<b>\$ 251,675</b>	<b>\$ 310,721</b>	<b>\$ 51,647</b>	<b>\$ 267,273</b>	<b>\$ 101,476</b>	<b>\$ 6,906</b>

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

Comprehensive Annual Financial Report  
 December 31, 2021

	TIF District 8 Arbor Glenn 2	TIF District 9 Grand Oaks Court	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 East
<b>ASSETS</b>							
Cash and Pooled Investments	\$ 154,566	\$ 12,675	\$ 25,030	\$ 27,482	\$ 63,317	\$ 97,130	\$ 1,311
Accounts Receivable	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 154,566</b>	<b>\$ 12,675</b>	<b>\$ 25,030</b>	<b>\$ 27,482</b>	<b>\$ 63,317</b>	<b>\$ 97,130</b>	<b>\$ 1,311</b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$ 40,926	\$ 7,889	\$ 13,354	\$ 24	\$ 62,237	\$ 3,000	\$ 567
Due to Other Governments	-	-	-	-	-	-	-
Salaries Payable	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Contracts Payable	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
Advances to Other Funds	-	-	-	208,400	125,600	511,000	2,100
Escrow Deposits	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>40,926</b>	<b>7,889</b>	<b>13,354</b>	<b>208,424</b>	<b>187,837</b>	<b>514,000</b>	<b>2,667</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	113,640	4,786	11,676	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	(180,942)	(124,520)	(416,870)	(1,356)
<b>Total Fund Balances</b>	<b>113,640</b>	<b>4,786</b>	<b>11,676</b>	<b>(180,942)</b>	<b>(124,520)</b>	<b>(416,870)</b>	<b>(1,356)</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balances</b>	<b>\$ 154,566</b>	<b>\$ 12,675</b>	<b>\$ 25,030</b>	<b>\$ 27,482</b>	<b>\$ 63,317</b>	<b>\$ 97,130</b>	<b>\$ 1,311</b>

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

Comprehensive Annual Financial Report  
 December 31, 2021

	Alcohol Seizure	Drug Seizure	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>			
Cash and Pooled Investments	\$ 36,684	\$ 32,028	\$ 1,763,541
Accounts Receivable	-	-	28,879
Due From Other Governments	-	-	35,322
Prepaid Items	-	-	435
Special Assessments Receivable	-	-	13,300
<b>Total Assets</b>	<b>\$ 36,684</b>	<b>\$ 32,028</b>	<b>\$ 1,841,477</b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 15	\$ 408	\$ 232,724
Due to Other Governments	-	-	51
Salaries Payable	-	-	6,436
Due to Other Funds	-	-	734
Contracts Payable	-	-	22,408
Unearned Revenue	-	-	3,505
Advances to Other Funds	-	-	854,000
Escrow Deposits	-	11,473	339,698
<b>Total Liabilities</b>	<b>15</b>	<b>11,881</b>	<b>1,459,556</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
<b>Unavailable Revenue</b>			
Special Assessments	-	-	13,300
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>13,300</b>
<b>FUND BALANCES</b>			
Nonspendable	-	-	435
Restricted	36,669	20,147	536,077
Committed	-	-	536,265
Assigned	-	-	26,638
Unassigned	-	-	(730,794)
<b>Total Fund Balances</b>	<b>36,669</b>	<b>20,147</b>	<b>368,621</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balances</b>	<b>\$ 36,684</b>	<b>\$ 32,028</b>	<b>\$ 1,841,477</b>

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

Year Ended December 31, 2021

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
<b>REVENUES</b>								
Lodging Tax	\$ -	\$ -	\$ -	\$ -	\$ 392,406	\$ -	\$ -	\$ -
Tax Increments	-	-	-	-	-	65,301	-	14,972
Licenses, Permits, and Fees	-	195,883	-	-	-	-	-	-
Intergovernmental	-	471	45,322	-	-	-	-	-
Charges for Services	-	124,526	-	3,006	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Gifts and Contributions	-	-	13,000	-	-	-	-	-
Investment Earnings	664	6,023	1,327	3,301	-	2,736	1,203	22
Net Increase (Decrease) in Fair Value of Investments	(865)	(7,408)	(1,852)	(4,424)	-	(3,601)	(1,559)	(32)
Miscellaneous	4,800	2	147,689	-	-	-	-	-
<b>Total Revenues</b>	<b>4,599</b>	<b>319,497</b>	<b>205,486</b>	<b>1,883</b>	<b>392,406</b>	<b>64,436</b>	<b>(356)</b>	<b>14,962</b>
<b>EXPENDITURES</b>								
<b>CURRENT</b>								
General Government	11,196	-	-	-	-	-	-	-
Public Safety	-	178,558	-	-	-	-	-	-
Culture and Recreation	-	-	8,120	-	-	-	-	-
Economic and Community Development	-	299,987	-	-	392,406	44,375	788	15,605
<b>CAPITAL OUTLAY</b>								
General Government	33,445	-	-	-	-	-	-	-
Culture and Recreation	-	-	347,721	-	-	-	-	-
<b>DEBT SERVICE</b>								
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>44,641</b>	<b>478,545</b>	<b>355,841</b>	<b>-</b>	<b>392,406</b>	<b>44,375</b>	<b>788</b>	<b>15,605</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(40,042)</b>	<b>(159,048)</b>	<b>(150,355)</b>	<b>1,883</b>	<b>-</b>	<b>20,061</b>	<b>(1,144)</b>	<b>(643)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from intergovernmental long term debt	-	-	347,471	-	-	-	-	-
Transfers In	15,000	75,000	-	-	-	-	-	-
Transfers Out	-	(37,000)	(52,862)	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>15,000</b>	<b>38,000</b>	<b>294,609</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(25,042)</b>	<b>(121,048)</b>	<b>144,254</b>	<b>1,883</b>	<b>-</b>	<b>20,061</b>	<b>(1,144)</b>	<b>(643)</b>
Fund Balance - Beginning of Year	54,080	312,001	97,672	99,538	-	227,622	102,620	(6,463)
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 29,038</b>	<b>\$ 190,953</b>	<b>\$ 241,926</b>	<b>\$ 101,421</b>	<b>\$ -</b>	<b>\$ 247,683</b>	<b>\$ 101,476</b>	<b>\$ (7,106)</b>

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

Year Ended December 31, 2021

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
<b>REVENUES</b>								
Lodging Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Increments	68,210	17,531	238,354	29,676	38,388	65,819	128,800	652
Licenses, Permits, and Fees	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Gifts and Contributions	-	-	-	-	-	-	-	-
Investment Earnings	1,262	71	390	154	110	1,221	266	2
Net Increase (Decrease) in Fair Value of Investments	(1,725)	(98)	(372)	(210)	(184)	(1,425)	(482)	(4)
Miscellaneous	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>67,747</b>	<b>17,504</b>	<b>238,372</b>	<b>29,620</b>	<b>38,314</b>	<b>65,615</b>	<b>128,584</b>	<b>650</b>
<b>EXPENDITURES</b>								
<b>CURRENT</b>								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-
Economic and Community Development	46,230	16,936	11,149	27,799	8,898	69,270	17,366	1,786
<b>CAPITAL OUTLAY</b>								
General Government	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-
<b>DEBT SERVICE</b>								
Interest and Fiscal Charges	-	-	-	-	24	-	214	12
<b>Total Expenditures</b>	<b>46,230</b>	<b>16,936</b>	<b>11,149</b>	<b>27,799</b>	<b>8,922</b>	<b>69,270</b>	<b>17,580</b>	<b>1,798</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>21,517</b>	<b>568</b>	<b>227,223</b>	<b>1,821</b>	<b>29,392</b>	<b>(3,655)</b>	<b>111,004</b>	<b>(1,148)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from intergovernmental long-term debt	-	-	-	-	-	-	-	-
Transfers In	-	-	78,536	-	-	-	-	-
Transfers Out	-	-	(217,150)	-	(35,163)	(78,536)	(310,469)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(138,614)</b>	<b>-</b>	<b>(35,163)</b>	<b>(78,536)</b>	<b>(310,469)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>21,517</b>	<b>568</b>	<b>88,609</b>	<b>1,821</b>	<b>(5,771)</b>	<b>(82,191)</b>	<b>(199,465)</b>	<b>(1,148)</b>
Fund Balance - Beginning of Year	92,123	4,218	(88,609)	9,855	(175,171)	(42,329)	(217,405)	(208)
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 113,640</b>	<b>\$ 4,786</b>	<b>\$ -</b>	<b>\$ 11,676</b>	<b>\$ (180,942)</b>	<b>\$ (124,520)</b>	<b>\$ (416,870)</b>	<b>\$ (1,356)</b>

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

Year Ended December 31, 2021

## Other Governmental Funds (continued)

	Alcohol Seizure	Drug Seizure	Total Other Governmental Funds
<b>REVENUES</b>			
Lodging Tax	\$ -	\$ -	\$ 392,406
Tax Increments	-	-	667,703
Licenses, Permits, and Fees	-	-	195,883
Intergovernmental	-	-	45,793
Charges for Services	-	7,005	134,537
Fines and Forfeits	973	6,971	7,944
Gifts and Contributions	-	-	13,000
Investment Earnings	484	428	19,664
Net Increase (Decrease) in Fair Value of Investments	(625)	(536)	(25,402)
Miscellaneous	-	-	152,491
<b>Total Revenues</b>	<b>832</b>	<b>13,868</b>	<b>1,604,019</b>
<b>EXPENDITURES</b>			
<b>CURRENT</b>			
General Government	-	-	11,196
Public Safety	5,624	13,228	197,410
Culture and Recreation	-	-	8,120
Economic and Community Development	-	-	952,595
<b>CAPITAL OUTLAY</b>			
General Government	-	-	33,445
Culture and Recreation	-	-	347,721
<b>DEBT SERVICE</b>			
Interest and Fiscal Charges	-	-	250
<b>Total Expenditures</b>	<b>5,624</b>	<b>13,228</b>	<b>1,550,737</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(4,792)</b>	<b>640</b>	<b>53,282</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from intergovernmental long-term debt	-	-	347,471
Transfers In	-	-	168,536
Transfers Out	-	-	(731,180)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(215,173)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(4,792)</b>	<b>640</b>	<b>(161,891)</b>
Fund Balance - Beginning of Year	41,461	19,507	530,512
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 36,669</b>	<b>\$ 20,147</b>	<b>\$ 368,621</b>



Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2021

Budget and Actual – Cemetery Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Investment Earnings	\$ 200	\$ 200	\$ 664	\$ 464
Net Increase (Decrease) in Fair Value of Investments	-	-	(865)	(865)
Miscellaneous Other Miscellaneous Revenues	5,400	5,400	4,800	(600)
<b>Total Revenues</b>	<b>5,600</b>	<b>5,600</b>	<b>4,599</b>	<b>(1,001)</b>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
General Government Cemetery	13,800	13,800	11,196	(2,604)
<b>CAPITAL OUTLAY</b>				
General Government	49,500	49,500	33,445	(16,055)
<b>Total Expenditures</b>	<b>63,300</b>	<b>63,300</b>	<b>44,641</b>	<b>(18,659)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(57,700)</b>	<b>(57,700)</b>	<b>(40,042)</b>	<b>17,658</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	15,000	15,000	15,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (42,700)</b>	<b>\$ (42,700)</b>	<b>(25,042)</b>	<b>\$ 17,658</b>
Fund Balance - Beginning of Year			54,080	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 29,038</b>	

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2021

Budget and Actual – Community Development Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Licenses, Permits, and Fees	\$ 195,800	\$ 195,800	\$ 195,883	\$ 83
Intergovernmental				
State and Local	-	-	471	471
Charges for Services	79,400	79,400	124,526	45,126
Investment Earnings	3,000	3,000	6,023	3,023
Net Increase (Decrease) in Fair Value of Investments	-	-	(7,408)	(7,408)
Miscellaneous				
Other Miscellaneous Revenues	-	-	2	2
<b>Total Revenues</b>	<b>278,200</b>	<b>278,200</b>	<b>319,497</b>	<b>41,297</b>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
Public Safety				
Building Inspection	192,000	192,000	178,558	(13,442)
Economic and Community Development Planning	319,400	319,400	299,987	(19,413)
<b>Total Expenditures</b>	<b>511,400</b>	<b>511,400</b>	<b>478,545</b>	<b>(32,855)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(233,200)</b>	<b>(233,200)</b>	<b>(159,048)</b>	<b>74,152</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	75,000	75,000	75,000	-
Transfers Out	(37,000)	(37,000)	(37,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>38,000</b>	<b>38,000</b>	<b>38,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (195,200)</b>	<b>\$ (195,200)</b>	<b>(121,048)</b>	<b>\$ 74,152</b>
Fund Balance - Beginning of Year			312,001	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 190,953</b>	

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2021

Budget and Actual – Capital Park Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 45,322	\$ 45,322
Gifts and Contributions	-	-	13,000	\$ 13,000
Investment Earnings	500	500	1,327	827
Net Increase (Decrease) in Fair Value of Investments	-	-	(1,852)	(1,852)
Miscellaneous Park Dedication	-	-	147,689	147,689
<b>Total Revenues</b>	<b>500</b>	<b>500</b>	<b>205,486</b>	<b>204,986</b>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
Culture and Recreation Capital Park	25,000	25,000	8,120	(16,880)
<b>CAPITAL OUTLAY</b>				
Culture and Recreation	-	347,800	347,721	(79)
<b>Total Expenditures</b>	<b>25,000</b>	<b>372,800</b>	<b>355,841</b>	<b>(16,959)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(24,500)</b>	<b>(372,300)</b>	<b>(150,355)</b>	<b>221,945</b>
<b>OTHER FINANCING USES</b>				
Proceeds from intergovernmental long-term debt	-	-	347,471	347,471
Transfers Out	-	-	(52,862)	(52,862)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>294,609</b>	<b>294,609</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (24,500)</b>	<b>\$ (372,300)</b>	<b>144,254</b>	<b>\$ 516,554</b>
Fund Balance - Beginning of Year			97,672	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 241,926</b>	

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2021

Budget and Actual – Lodging Tax Administration Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Lodging Tax	\$ 240,500	\$ 240,500	\$ 392,406	\$ 151,906
Investment Earnings	-	-	-	-
Total Revenues	<u>240,500</u>	<u>240,500</u>	<u>392,406</u>	<u>151,906</u>
EXPENDITURES				
CURRENT				
Economic and Community Development	<u>240,500</u>	<u>240,500</u>	<u>392,406</u>	<u>151,906</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>	<u>-</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2021

Budget and Actual – Combined Tax Increment Financing Special Revenue Funds

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Tax Increments	\$ 666,900	\$ 666,900	\$ 667,703	\$ 803
Investment Earnings	2,600	2,600	7,437	4,837
Net Increase (Decrease) in Fair Value of Investments	-	-	(9,692)	(9,692)
<b>Total Revenues</b>	<b>669,500</b>	<b>669,500</b>	<b>665,448</b>	<b>(4,052)</b>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
Economic and Community Development	252,200	252,200	260,202	8,002
<b>DEBT SERVICE</b>				
Interest and Fiscal Charges	100	100	250	150
<b>Total Expenditures</b>	<b>252,300</b>	<b>252,300</b>	<b>260,452</b>	<b>8,152</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>417,200</b>	<b>417,200</b>	<b>404,996</b>	<b>(12,204)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	78,500	78,536	36
Transfers Out	(352,100)	(641,400)	(641,318)	82
<b>Total Other Financing Sources (Uses)</b>	<b>(352,100)</b>	<b>(562,900)</b>	<b>(562,782)</b>	<b>82</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 65,100</b>	<b>\$ (145,700)</b>	<b>(157,786)</b>	<b>\$ (12,122)</b>
Fund Balance - Beginning of Year			(93,747)	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ (251,533)</b>	

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

Comprehensive Annual Financial Report  
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	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
<b>ASSETS</b>								
Cash and Pooled Investments	\$ 1,241,307	\$ 962,878	\$ 1,866,406	\$ 430,222	\$ 1,584,102	\$ 485,034	\$ 646,994	\$ 7,216,943
Due From Other Governments	4,389	1,835	5,573	352	8,261	4,140	4,657	29,207
Delinquent Taxes Receivable	3,913	7,817	4,953	2,388	781	598	-	20,450
Special Assessments Receivable	536,726	1,466,108	1,815,983	809,192	2,186,740	1,328,255	3,736,698	11,879,702
<b>Total assets</b>	<b>\$ 1,786,335</b>	<b>\$ 2,438,638</b>	<b>\$ 3,692,915</b>	<b>\$ 1,242,154</b>	<b>\$ 3,779,884</b>	<b>\$ 1,818,027</b>	<b>\$ 4,388,349</b>	<b>\$ 19,146,302</b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts Payable	\$ -	\$ 500	\$ 426	\$ 450	\$ -	\$ 500	\$ 500	\$ 2,376
Due to Other Governments	4,706	3,878	-	-	-	-	-	8,584
<b>Total Liabilities</b>	<b>4,706</b>	<b>4,378</b>	<b>426</b>	<b>450</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>10,960</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
<b>Unavailable Revenue</b>								
Taxes	3,913	7,817	4,953	2,388	781	598	-	20,450
Special Assessments	536,726	1,466,108	1,815,983	809,192	2,186,740	1,328,255	3,736,698	11,879,702
<b>Total Deferred Inflows of Resources</b>	<b>540,639</b>	<b>1,473,925</b>	<b>1,820,936</b>	<b>811,580</b>	<b>2,187,521</b>	<b>1,328,853</b>	<b>3,736,698</b>	<b>11,900,152</b>
<b>FUND BALANCES</b>								
Restricted	1,240,990	960,335	1,871,553	430,124	1,592,363	488,674	651,151	7,235,190
<b>Total Fund Balances</b>	<b>1,240,990</b>	<b>960,335</b>	<b>1,871,553</b>	<b>430,124</b>	<b>1,592,363</b>	<b>488,674</b>	<b>651,151</b>	<b>7,235,190</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balances</b>	<b>\$ 1,786,335</b>	<b>\$ 2,438,638</b>	<b>\$ 3,692,915</b>	<b>\$ 1,242,154</b>	<b>\$ 3,779,884</b>	<b>\$ 1,818,027</b>	<b>\$ 4,388,349</b>	<b>\$ 19,146,302</b>

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

Year Ended December 31, 2021

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
<b>REVENUES</b>									
Taxes	\$ -	\$ 173,756	\$ 2,044	\$ 206,824	\$ 982	\$ 239,580	\$ 225,616	\$ 242,562	\$ 1,091,364
Special Assessments	-	16,073	192,269	396,516	235,684	451,639	219,465	402,619	1,914,265
Intergovernmental	45,954	-	-	-	-	-	-	-	45,954
Investment Earnings	-	13,441	9,853	17,760	3,435	14,061	2,609	2,669	63,828
Net Increase (Decrease) in Fair Value of Investments	-	(17,589)	(13,015)	(23,729)	(4,684)	(18,974)	(3,915)	(4,414)	(86,320)
<b>Total Revenues</b>	<b>45,954</b>	<b>185,681</b>	<b>191,151</b>	<b>597,371</b>	<b>235,417</b>	<b>686,306</b>	<b>443,775</b>	<b>643,436</b>	<b>3,029,091</b>
<b>EXPENDITURES</b>									
<b>DEBT SERVICE</b>									
Principal	480,333	270,000	115,000	755,000	395,000	475,000	265,000	-	2,755,333
Interest and Fiscal Charges	139,234	31,403	22,146	100,802	19,000	224,810	102,275	71,074	710,744
<b>Total Expenditures</b>	<b>619,567</b>	<b>301,403</b>	<b>137,146</b>	<b>855,802</b>	<b>414,000</b>	<b>699,810</b>	<b>367,275</b>	<b>71,074</b>	<b>3,466,077</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(573,613)</b>	<b>(115,722)</b>	<b>54,005</b>	<b>(258,431)</b>	<b>(178,583)</b>	<b>(13,504)</b>	<b>76,500</b>	<b>572,362</b>	<b>(436,986)</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers In	573,613	30,000	-	252,313	-	99,623	-	-	955,549
<b>Total Other Financing Sources (Uses)</b>	<b>573,613</b>	<b>30,000</b>	<b>-</b>	<b>252,313</b>	<b>-</b>	<b>99,623</b>	<b>-</b>	<b>-</b>	<b>955,549</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>(85,722)</b>	<b>54,005</b>	<b>(6,118)</b>	<b>(178,583)</b>	<b>86,119</b>	<b>76,500</b>	<b>572,362</b>	<b>518,563</b>
Fund Balance - Beginning of Year	-	1,326,712	906,330	1,877,671	608,707	1,506,244	412,174	78,789	6,716,627
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ -</b>	<b>\$ 1,240,990</b>	<b>\$ 960,335</b>	<b>\$ 1,871,553</b>	<b>\$ 430,124</b>	<b>\$ 1,592,363</b>	<b>\$ 488,674</b>	<b>\$ 651,151</b>	<b>\$ 7,235,190</b>

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

Comprehensive Annual Financial Report  
 December 31, 2021

	Collector Street	Street Replacement	Capital Equipment	Trails Construction	City Center Building	Cypress Town Center	Eagle Drive
<b>ASSETS</b>							
Cash and Pooled Investments	\$ 1,815,249	\$ 2,124,121	\$ 1,885,224	\$ 388,687	\$ 468,193	\$ 52,141	\$ -
Due from Other Funds	1,652,408	-	-	-	-	-	-
Accounts Receivable	-	54,629	-	-	-	-	-
Special Assessments Receivable	313,548	6,291	-	33,317	-	-	-
Advances to Other Funds	81,000	-	-	-	-	-	-
Total Assets	\$ 3,862,205	\$ 2,185,041	\$ 1,885,224	\$ 422,004	\$ 468,193	\$ 52,141	\$ -
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$ 3,917	\$ -	\$ 125,513	\$ 480	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	8,259
Contracts Payable	15,181	-	27,493	-	-	-	-
Total Liabilities	19,098	-	153,006	480	-	-	8,259
<b>DEFERRED INFLOWS OF RESOURCES</b>							
<b>Unavailable Revenue</b>							
Special Assessments	313,548	6,291	-	33,317	-	-	-
Advanced Appropriations - State Shared Taxes	488,268	-	-	-	-	-	-
Total Deferred Inflows of Resources	801,816	6,291	-	33,317	-	-	-
<b>FUND BALANCES</b>							
Assigned	3,041,291	2,178,750	1,732,218	388,207	468,193	52,141	-
Unassigned	-	-	-	-	-	-	(8,259)
Total Fund Balances	3,041,291	2,178,750	1,732,218	388,207	468,193	52,141	(8,259)
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 3,862,205	\$ 2,185,041	\$ 1,885,224	\$ 422,004	\$ 468,193	\$ 52,141	\$ -



Capital Project Fund – by Project (continued)

	Cypress Dr- Hastings to 48	Fairview Extension 371 NW	Inglewood/ Fairview/ Foley	North Perch Lake Utilities	Inglewood - 77 Utilities	Inglewood Railroad Crossing
<b>ASSETS</b>						
Cash and Pooled Investments	\$ -	\$ -	\$ 80,719	\$ -	\$ -	\$ -
Due from Other Funds	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-
Advances to Other Funds	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,719</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 2,800	\$ -	\$ -	\$ 35,484	\$ -	\$ 29,258
Due to Other Funds	58,087	134,382	-	8,014	11,932	540,756
Contracts Payable	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>60,887</b>	<b>134,382</b>	<b>-</b>	<b>43,498</b>	<b>11,932</b>	<b>570,014</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
<b>Unavailable Revenue</b>						
Special Assessments	-	-	-	-	-	-
Advanced Appropriations - State Shared Tax:	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Assigned	-	-	80,719	-	-	-
Unassigned	(60,887)	(134,382)	-	(43,498)	(11,932)	(570,014)
<b>Total Fund Balances</b>	<b>(60,887)</b>	<b>(134,382)</b>	<b>80,719</b>	<b>(43,498)</b>	<b>(11,932)</b>	<b>(570,014)</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,719</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Capital Project Fund – by Project (continued)

	Cypress- Woida	Mapleton Realign	TH 210 Lighting	Knollwood FDR
<b>ASSETS</b>				
Cash and Pooled Investments	\$ -	\$ -	\$ -	\$ -
Due from Other Funds	-	-	-	-
Accounts Receivable	-	-	-	-
Special Assessments Receivable	-	-	-	-
Advances to Other Funds	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ 25,997	\$ 6,496
Due to Other Funds	16,186	3,473	111,759	14,003
Contracts Payable	-	-	5,839	-
<b>Total Liabilities</b>	<b>16,186</b>	<b>3,473</b>	<b>143,595</b>	<b>20,499</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
<b>Unavailable Revenue</b>				
Special Assessments	-	-	-	-
Advanced Appropriations - State Shared Taxes	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Assigned	-	-	-	-
Unassigned	(16,186)	(3,473)	(143,595)	(20,499)
<b>Total Fund Balances</b>	<b>(16,186)</b>	<b>(3,473)</b>	<b>(143,595)</b>	<b>(20,499)</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Capital Project Fund – by Project (continued)

	Fairview-W Conservation	Design-Dellwood	2021 Mill & Overlay	2022 FDR- Reconstruction	Internal Eliminations	Combined Totals
<b>ASSETS</b>						
Cash and Pooled Investments	\$ -	\$ -	\$ 95,727	\$ 2,440	\$ -	\$ 6,912,501
Due from Other Funds	-	-	-	-	(1,652,408)	-
Accounts Receivable	-	-	-	-	-	54,629
Special Assessments Receivable	-	-	965,844	-	-	1,319,000
Advances to Other Funds	-	-	-	-	-	81,000
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,061,571</b>	<b>\$ 2,440</b>	<b>\$ (1,652,408)</b>	<b>\$ 8,367,130</b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 18,200	\$ -	\$ 12,905	\$ 61,678	\$ -	\$ 322,728
Due to Other Funds	-	42,254	1,111,652	-	(1,652,408)	408,349
Contracts Payable	-	-	6,750	-	-	55,263
<b>Total Liabilities</b>	<b>18,200</b>	<b>42,254</b>	<b>1,131,307</b>	<b>61,678</b>	<b>(1,652,408)</b>	<b>786,340</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
<b>Unavailable Revenue</b>						
Special Assessments	-	-	965,844	-	-	1,319,000
Advanced Appropriations - State Shared Taxes	-	-	-	-	-	488,268
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>965,844</b>	<b>-</b>	<b>-</b>	<b>1,807,268</b>
<b>FUND BALANCES</b>						
Assigned	-	-	95,727	-	-	8,037,246
Unassigned	(18,200)	(42,254)	(1,131,307)	(59,238)	-	(2,263,724)
<b>Total Fund Balances</b>	<b>(18,200)</b>	<b>(42,254)</b>	<b>(1,035,580)</b>	<b>(59,238)</b>	<b>-</b>	<b>5,773,522</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,061,571</b>	<b>\$ 2,440</b>	<b>\$ (1,652,408)</b>	<b>\$ 8,367,130</b>

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

December 31, 2021

## Capital Project Fund – by Project

	Collector Street	Street Replacement	Capital Equipment	Trails Construction	City Center Building	Cypress Town Center	Eagle Drive
<b>REVENUES</b>							
Taxes	\$ 1,322	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise Fees	-	314,084	-	59,100	-	-	-
Special Assessments	-	-	-	7,695	-	-	-
Intergovernmental	479,232	180,632	-	-	-	-	-
Investment earnings	47,978	24,897	18,415	4,425	5,517	614	-
Net Increase (Decrease) in Fair Value of Investments	(60,308)	(32,720)	(24,579)	(5,687)	(7,153)	(796)	126
Miscellaneous	-	-	674	-	-	-	-
<b>Total Revenues</b>	<b>468,224</b>	<b>486,893</b>	<b>(5,490)</b>	<b>65,533</b>	<b>(1,636)</b>	<b>(182)</b>	<b>126</b>
<b>EXPENDITURES</b>							
<b>CURRENT</b>							
Public Works	5,305	190,069	-	-	-	-	97
Culture and Recreation	-	-	-	59,459	-	-	-
<b>CAPITAL OUTLAY</b>							
General Government	-	-	10,800	-	-	-	-
Public Safety	-	-	86,426	-	-	-	-
Public Works	-	-	158,109	-	-	-	-
Culture and Recreation	-	-	68,752	-	-	-	-
<b>Total Expenditures</b>	<b>5,305</b>	<b>190,069</b>	<b>324,087</b>	<b>59,459</b>	<b>-</b>	<b>-</b>	<b>97</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>462,919</b>	<b>296,824</b>	<b>(329,577)</b>	<b>6,074</b>	<b>(1,636)</b>	<b>(182)</b>	<b>29</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Sale of Capital Assets	-	-	12,610	-	-	-	-
Transfers In	387,000	-	603,300	-	-	-	-
Transfers Out	(155,497)	(66,773)	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>231,503</b>	<b>(66,773)</b>	<b>615,910</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>694,422</b>	<b>230,051</b>	<b>286,333</b>	<b>6,074</b>	<b>(1,636)</b>	<b>(182)</b>	<b>29</b>
Fund Balance - Beginning of Year	2,346,869	1,948,699	1,445,885	382,133	469,829	52,323	(8,288)
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 3,041,291</b>	<b>\$ 2,178,750</b>	<b>\$ 1,732,218</b>	<b>\$ 388,207</b>	<b>\$ 468,193</b>	<b>\$ 52,141</b>	<b>\$ (8,259)</b>

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

December 31, 2021

Capital Project Fund – by Project (continued)

	Cypress Dr- Hastings to 48	Fairview Extension 371 NW	Inglewood/ Fairview/ Foley	South Sewer Interceptor	North Perch Lake Utilities	Inglewood - 77 Utilities	Inglewood Railroad Crossing
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise Fees	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Investment earnings	-	-	951	-	-	-	-
Net Increase (Decrease) in Fair Value of Investments	887	5,274	(1,233)	-	13	182	4,637
Miscellaneous	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>887</b>	<b>5,274</b>	<b>(282)</b>	<b>-</b>	<b>13</b>	<b>182</b>	<b>4,637</b>
<b>EXPENDITURES</b>							
<b>CURRENT</b>							
Public Works	684	4,067	-	-	6	140	10,817
Culture and Recreation	-	-	-	-	-	-	-
<b>CAPITAL OUTLAY</b>							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	2,800	-	-	541,553	43,363	-	383,120
Culture and Recreation	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>3,484</b>	<b>4,067</b>	<b>-</b>	<b>541,553</b>	<b>43,369</b>	<b>140</b>	<b>393,937</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,597)</b>	<b>1,207</b>	<b>(282)</b>	<b>(541,553)</b>	<b>(43,356)</b>	<b>42</b>	<b>(389,300)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Sale of Capital Assets	-	-	-	-	-	-	-
Transfers In	-	210,846	-	742,816	-	-	-
Transfers Out	-	-	-	(176,715)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>210,846</b>	<b>-</b>	<b>566,101</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,597)</b>	<b>212,053</b>	<b>(282)</b>	<b>24,548</b>	<b>(43,356)</b>	<b>42</b>	<b>(389,300)</b>
Fund Balance - Beginning of Year	(58,290)	(346,435)	81,001	(24,548)	(142)	(11,974)	(180,714)
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ (60,887)</b>	<b>\$ (134,382)</b>	<b>\$ 80,719</b>	<b>\$ -</b>	<b>\$ (43,498)</b>	<b>\$ (11,932)</b>	<b>\$ (570,014)</b>

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

December 31, 2021

## Capital Project Fund – by Project (continued)

	2020				
	Fairview Road & Trail	Cypress- Woida	Mapleton Realign	TH 210 Lighting	Knollwood FDR
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise Fees	-	-	-	-	-
Special Assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Investment earnings	-	-	-	-	-
Net Increase (Decrease) in Fair Value of Investments	-	247	53	525	195
Miscellaneous	-	-	-	-	-
Total Revenues	-	247	53	525	195
EXPENDITURES					
CURRENT					
Public Works	24,677	191	40	(10,496)	145
Culture and Recreation	-	-	-	-	-
CAPITAL OUTLAY					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	143,514	9,261
Culture and Recreation	-	-	-	-	-
Total Expenditures	24,677	191	40	133,018	9,406
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(24,677)	56	13	(132,493)	(9,211)
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	-	-	-	-	-
Transfers In	6,971	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	6,971	-	-	-	-
NET CHANGE IN FUND BALANCES	(17,706)	56	13	(132,493)	(9,211)
Fund Balance - Beginning of Year	17,706	(16,242)	(3,486)	(11,102)	(11,288)
FUND BALANCE - END OF YEAR	\$ -	\$ (16,186)	\$ (3,473)	\$ (143,595)	\$ (20,499)

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

December 31, 2021

Capital Project Fund – by Project (continued)

	Woida-Inglwd to Garrett	2021 Mill & Overlay	Fairview-W Conservation	Design-Dellwood	2022 FDR- Reconstruction	Internal Eliminations	Combined Totals
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,322
Franchise Fees	-	-	-	-	-	-	373,184
Special Assessments	-	68,417	-	-	-	-	76,112
Intergovernmental	-	-	-	-	-	-	659,864
Investment earnings	-	-	-	-	-	-	102,797
Net Increase (Decrease) in Fair Value of Investments	100	8,512	-	54	11	-	(111,660)
Miscellaneous	-	-	-	-	-	-	674
<b>Total Revenues</b>	<b>100</b>	<b>76,929</b>	<b>-</b>	<b>54</b>	<b>11</b>	<b>-</b>	<b>1,102,293</b>
<b>EXPENDITURES</b>							
<b>CURRENT</b>							
Public Works	76	4,458	18,200	24	5	-	248,505
Culture and Recreation	-	-	-	-	-	-	59,459
<b>CAPITAL OUTLAY</b>							
General Government	-	-	-	-	-	-	10,800
Public Safety	-	-	-	-	-	-	86,426
Public Works	60,924	1,961,905	-	42,284	59,244	-	3,406,077
Culture and Recreation	-	-	-	-	-	-	68,752
<b>Total Expenditures</b>	<b>61,000</b>	<b>1,966,363</b>	<b>18,200</b>	<b>42,308</b>	<b>59,249</b>	<b>-</b>	<b>3,880,019</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(60,900)</b>	<b>(1,889,434)</b>	<b>(18,200)</b>	<b>(42,254)</b>	<b>(59,238)</b>	<b>-</b>	<b>(2,777,726)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Sale of Capital Assets	-	-	-	-	-	-	12,610
Transfers In	66,773	979,190	-	-	-	(222,270)	2,774,626
Transfers Out	-	(35,547)	-	-	-	222,270	(212,262)
<b>Total Other Financing Sources (Uses)</b>	<b>66,773</b>	<b>943,643</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,574,974</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>5,873</b>	<b>(945,791)</b>	<b>(18,200)</b>	<b>(42,254)</b>	<b>(59,238)</b>	<b>-</b>	<b>(202,752)</b>
Fund Balance - Beginning of Year	(5,873)	(89,789)	-	-	-	-	5,976,274
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ -</b>	<b>\$ (1,035,580)</b>	<b>\$ (18,200)</b>	<b>\$ (42,254)</b>	<b>\$ (59,238)</b>	<b>\$ -</b>	<b>\$ 5,773,522</b>

**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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 32,357,076
Restricted for:										
General Government	-	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	-	-
Debt Service	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	18,848,960
Economic Development	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	3,665,909
Sales Tax Funded Infrastructure	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	6,122,007
Revolving Loans	419,549	420,061	425,702	430,601	434,670	-	-	-	-	-
Tax Increment Financing	462,417	616,906	801,698	552,442	441,859	337,937	245,004	450,552	436,438	479,261
Police Activity	25,082	32,669	43,951	52,358	51,351	45,520	56,879	75,526	60,968	56,816
Unrestricted	(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	4,367,776
<b>Total Governmental Activities Net Position</b>	<b>38,566,641</b>	<b>40,692,015</b>	<b>40,692,015</b>	<b>45,155,912</b>	<b>49,135,419</b>	<b>51,282,428</b>	<b>58,494,067</b>	<b>63,903,564</b>	<b>70,037,707</b>	<b>65,897,805</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	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	64,513,926
Unrestricted	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	13,150,018
<b>Total Business-Type Activities Net Position</b>	<b>54,806,298</b>	<b>55,000,775</b>	<b>55,000,775</b>	<b>55,076,350</b>	<b>61,596,639</b>	<b>63,635,237</b>	<b>64,594,947</b>	<b>68,657,987</b>	<b>70,908,847</b>	<b>77,663,944</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	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	93,044,668
Restricted for:										
General Government	-	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	-	-
Debt Service	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	18,848,960
Economic Development	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	3,665,909
Sales Tax Funded Infrastructure	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	6,122,007
Revolving Loans	419,549	420,061	425,702	434,670	-	-	-	-	-	-
Tax Increment Financing	462,417	616,906	801,698	441,859	337,937	337,937	245,004	450,552	436,438	479,261
Police Activity	25,082	32,669	43,951	51,351	45,520	45,520	56,879	75,526	60,968	56,816
Unrestricted	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	21,344,128
<b>Total Primary Government Net Position</b>	<b>\$ 93,372,939</b>	<b>\$ 95,692,790</b>	<b>\$ 95,692,790</b>	<b>\$ 100,232,262</b>	<b>\$ 110,413,997</b>	<b>\$ 114,917,665</b>	<b>\$ 123,089,014</b>	<b>\$ 132,561,551</b>	<b>\$ 140,946,554</b>	<b>\$ 143,561,749</b>

Change in Net Position  
(Accrual Basis of Accounting)

Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental Activities										
General Government	\$ 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	\$ 1,765,241
Public Safety	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	2,586,629
Public Works	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	4,203,781
Sanitation	35,476	34,944	37,970	35,114	31,520	32,105	31,174	32,983	10,617	-
Culture and Recreation	670,426	723,667	777,891	847,953	943,075	910,191	1,065,834	1,223,138	1,339,968	1,476,241
Economic and Community Development	818,460	827,988	781,557	1,376,093	1,468,261	1,857,100	1,647,234	1,624,825	1,479,597	1,567,434
Interest	822,443	879,723	696,429	505,783	530,054	460,144	498,992	641,116	722,625	627,203
<b>Total Governmental Activities Expenses</b>	<b>7,701,120</b>	<b>8,086,087</b>	<b>8,354,985</b>	<b>9,733,748</b>	<b>9,974,751</b>	<b>9,595,609</b>	<b>11,490,489</b>	<b>14,226,950</b>	<b>12,783,794</b>	<b>12,226,529</b>
Business-Type Activities										
Water	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	2,773,906
Sewer	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	2,102,906
Storm Water	282,810	322,326	302,180	302,516	394,181	455,475	421,596	548,619	513,061	654,338
<b>Total Business-Type Activities Expenses</b>	<b>3,580,956</b>	<b>4,022,390</b>	<b>3,834,455</b>	<b>3,736,596</b>	<b>3,808,520</b>	<b>4,142,521</b>	<b>4,018,050</b>	<b>4,213,431</b>	<b>4,306,657</b>	<b>5,531,150</b>
<b>Total Primary Government Expenses</b>	<b>\$ 11,282,076</b>	<b>\$ 12,108,477</b>	<b>\$ 12,189,440</b>	<b>\$ 13,470,344</b>	<b>\$ 13,783,271</b>	<b>\$ 13,738,130</b>	<b>\$ 15,508,539</b>	<b>\$ 18,440,381</b>	<b>\$ 17,090,451</b>	<b>\$ 17,757,679</b>
<b>Program Revenues</b>										
Governmental Activities										
Charges for Services										
General Government	\$ 518,048	\$ 477,130	\$ 462,537	\$ 475,694	\$ 474,708	\$ 481,839	\$ 178,140	\$ 182,313	\$ 240,650	\$ 203,568
Public Safety	555,768	416,024	426,505	368,760	351,049	484,646	454,912	628,295	419,356	444,643
Public Works	23,434	7,875	525	600	153,974	399,278	429,435	419,156	414,244	413,211
Sanitation	391	244	162	276	242	365	283	290	373	-
Culture and Recreation	211,123	269,462	301,626	69,638	111,931	31,718	36,595	109,441	55,850	213,989
Economic and Community Development	43,782	33,005	26,717	400,285	31,801	42,686	169,676	22,391	18,417	38,837
Operating Grants and Contributions	276,068	235,669	231,786	289,696	260,933	266,915	259,945	279,642	802,905	990,694
Capital Grants and Contributions	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	2,130,040
<b>Total Governmental Activities Program Revenues</b>	<b>2,585,283</b>	<b>1,949,355</b>	<b>3,817,428</b>	<b>9,120,623</b>	<b>4,621,835</b>	<b>3,749,153</b>	<b>9,393,457</b>	<b>11,907,727</b>	<b>9,344,192</b>	<b>4,434,982</b>
Business-Type Activities										
Charges for Services										
Water	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	1,794,661
Sewer	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	1,420,689
Storm Water	311,327	316,202	318,857	321,866	345,328	368,286	421,401	466,640	524,961	563,718
Operating Grants and Contributions	20,690	84,294	37,344	18,527	18,185	15,155	4,537	11,207	17,896	23,116
Capital Grants and Contributions	755,526	95,020	329,375	35,135	73,725	443,718	796,372	1,011,863	525,079	563,578
<b>Total Business-Type Activities Program Revenues</b>	<b>4,480,503</b>	<b>4,027,208</b>	<b>3,956,756</b>	<b>3,570,240</b>	<b>3,721,808</b>	<b>4,276,215</b>	<b>4,064,210</b>	<b>4,333,365</b>	<b>3,997,701</b>	<b>4,365,762</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 7,065,786</b>	<b>\$ 5,976,563</b>	<b>\$ 7,774,184</b>	<b>\$ 12,690,863</b>	<b>\$ 8,343,643</b>	<b>\$ 8,025,368</b>	<b>\$ 13,457,667</b>	<b>\$ 16,241,092</b>	<b>\$ 13,341,893</b>	<b>\$ 8,800,744</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (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)	\$ (7,791,547)
Business-Type Activities	899,547	4,818	122,301	(166,356)	(86,712)	133,694	46,160	119,934	(308,956)	(1,165,388)
<b>Total Primary Government Net (Expense)/Revenue</b>	<b>\$ (4,216,290)</b>	<b>\$ (6,131,914)</b>	<b>\$ (4,415,256)</b>	<b>\$ (779,481)</b>	<b>\$ (5,439,628)</b>	<b>\$ (5,712,762)</b>	<b>\$ (2,050,872)</b>	<b>\$ (2,199,289)</b>	<b>\$ (3,748,558)</b>	<b>\$ (8,956,935)</b>

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

Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities										
Property Taxes	\$ 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	\$ 7,269,236
Lodging Tax	297,361	291,331	321,994	362,561	378,336	399,024	401,802	397,118	248,466	392,406
Sales Tax	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	3,200,455
Tax Increments	228,037	354,610	358,473	395,884	487,459	496,504	542,661	668,465	608,822	667,703
Grants and Contributions not Restricted for a										
Particular Purpose	2,493	2,556	2,423	32,819	4,924	2,631	3,188	2,685	24,000	19,283
Investment Earnings	256,429	136,094	288,085	270,251	165,800	345,168	453,927	641,260	511,983	295,746
Net Increase (Decrease) in Fair Value of Investments	-	(153,737)	35,901	16,151	59,444	(87,504)	(59)	154,521	329,532	(368,777)
Miscellaneous	79,518	99,345	89,538	106,833	94,124	93,740	108,019	158,049	105,236	130,302
Gain on Sale of Capital Assets	18,202	27,663	8,529	3,300	7,066	36,070	11,683	-	-	13,345
Transfers	(2,809,624)	(191,031)	208,050	(997,865)	(5,725,812)	(1,774,142)	(690,893)	(3,544,390)	(2,110,714)	(7,968,054)
Total Governmental Activities	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	3,651,645
Business-Type Activities										
Investment Earnings	116,834	73,895	143,879	134,613	82,894	178,121	222,657	318,170	263,919	163,429
Net Increase (Decrease) in Fair Value of Investments	-	(75,267)	17,445	8,126	29,987	(47,359)	-	80,546	185,183	(210,998)
Transfers	2,809,624	191,031	(208,050)	997,865	5,725,812	1,774,142	690,893	3,544,390	2,110,714	7,968,054
Total Business-Type Activities Program Revenues	2,926,458	189,659	(46,726)	1,140,604	5,838,693	1,904,904	913,550	3,943,106	2,559,816	7,920,485
Total Primary Government Program Revenues	\$ 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	\$ 11,572,130
<b>Change in Net Position</b>										
Governmental Activities										
Change in Net Position	\$ 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	\$ (4,139,902)
Net Position -- Beginning of Year, as Restated	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	70,037,707
Net Position -- End of Year	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	65,897,805
Business-Type Activities										
Change in Net Position	3,826,005	194,477	75,575	974,248	5,751,981	2,038,598	959,710	4,063,040	2,250,860	6,755,097
Net Position -- Beginning of Year, as Restated	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	70,908,847
Net Position -- End of Year	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	77,663,944
Total Primary Government										
Change in Net Position	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	2,615,195
Net Position -- Beginning of Year, as Restated	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	140,946,554
Net Position -- End of Year	\$ 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	\$ 143,561,749

## 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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 2,115	\$ 21,485	\$ 110,880	\$ 150,890	\$ 331,765	\$ 408,698	\$ 691,951	\$ 782,105	\$ 793,384	\$ 738,763
Assigned	813,100	766,300	601,800	509,300	404,200	360,000	56,000	-	-	22,200
Unassigned	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	3,420,154
<b>Total General Fund</b>	<b>\$ 3,495,436</b>	<b>\$ 3,507,464</b>	<b>\$ 3,491,375</b>	<b>\$ 3,526,624</b>	<b>\$ 3,664,710</b>	<b>\$ 3,768,476</b>	<b>\$ 3,795,913</b>	<b>\$ 3,898,483</b>	<b>\$ 4,066,732</b>	<b>\$ 4,181,117</b>
All Other Governmental Funds										
Nonspendable										
Special Revenue Funds	\$ -	\$ 1,324	\$ 1,065	\$ 54,200	\$ 350	\$ 540	\$ -	\$ -	\$ 530	\$ 435
Restricted										
Special Revenue Funds	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	10,296,047
Debt Service Fund	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	7,235,190
Committed										
Special Revenue Funds	1,218,392	1,475,553	1,366,512	1,188,972	911,908	936,258	924,809	772,883	561,344	536,265
Assigned										
Special Revenue Funds	16,059	16,491	14,928	17,830	8,144	8,759	3,192	2,017	1,417	26,638
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Capital Project Fund	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	5,773,522
Unassigned										
Special Revenue Funds	(11,990)	(924)	(100,506)	(197,627)	(209,077)	(280,725)	(523,560)	(511,698)	(530,185)	(730,794)
<b>Total All Other Governmental Funds</b>	<b>\$ 19,704,460</b>	<b>\$ 26,354,771</b>	<b>\$ 27,473,185</b>	<b>\$ 24,777,697</b>	<b>\$ 23,731,914</b>	<b>\$ 23,712,908</b>	<b>\$ 23,482,871</b>	<b>\$ 24,688,127</b>	<b>\$ 22,329,027</b>	<b>\$ 23,137,303</b>

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

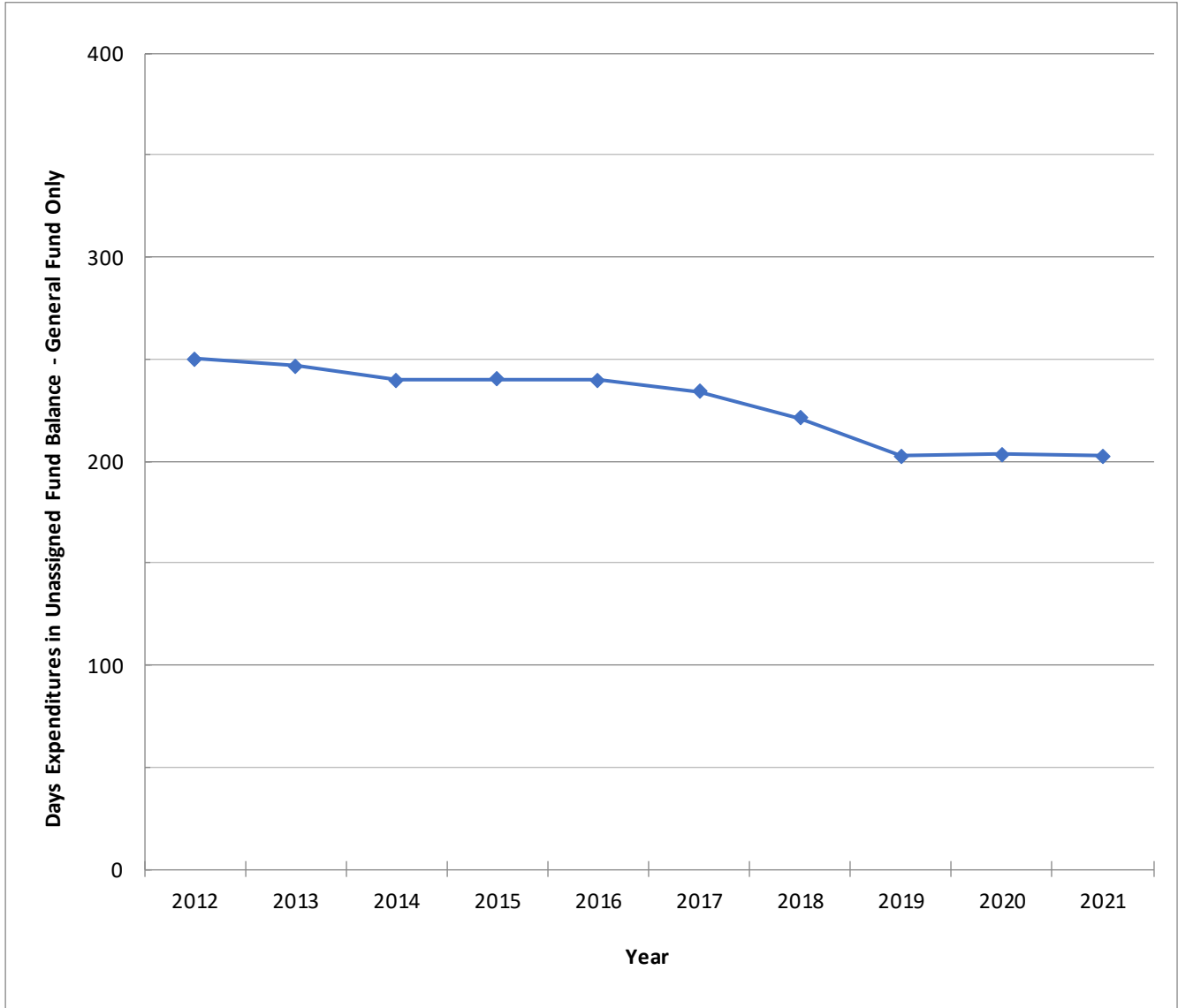
Last Ten Fiscal Years

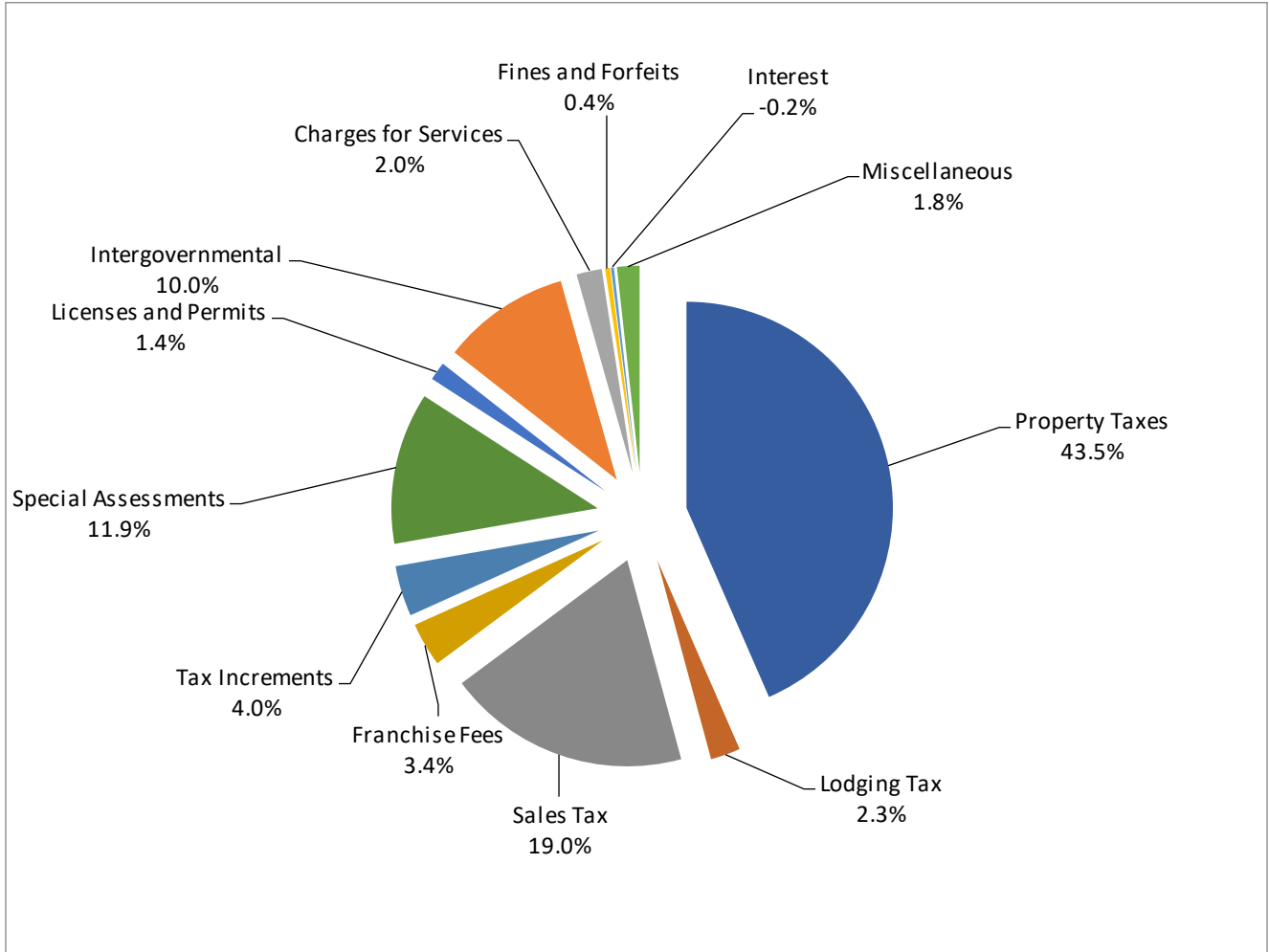
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Taxes	\$ 5,497,267	\$ 5,486,196	\$ 5,430,652	\$ 5,570,060	\$ 5,816,118	\$ 5,782,886	\$ 5,989,767	\$ 6,401,210	\$ 6,897,284	\$ 7,306,283
Lodging Tax	297,361	291,331	321,994	362,561	378,336	399,024	401,802	397,118	248,466	392,406
Sales Tax	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	3,200,455
Tax Increments	228,037	354,610	358,473	395,884	487,459	496,504	542,661	668,465	608,822	667,703
Franchise Fees**					253,065	487,723	557,163	555,107	634,232	578,372
Special Assessments	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	2,001,320
Licenses, Permits, and Fees	405,148	344,444	354,722	313,521	218,478	320,984	275,776	358,964	259,890	242,084
Intergovernmental	316,829	356,311	879,871	1,548,012	510,109	2,228,882	4,533,545	4,988,420	2,310,032	1,688,306
Charges for Services	660,110	563,774	661,019	809,615	1,066,261	877,973	449,018	3,550,772	249,776	334,003
Fines and Forfeits	108,610	78,299	86,308	88,196	79,602	80,800	84,277	84,170	53,588	64,581
Gifts and Contributions	1,910	2,792	9,352	7,500	3,800	5,350	5,345	14,492	993,100	16,700
Investment Earnings	256,421	136,102	288,085	275,415	177,926	361,593	475,474	674,391	545,660	328,076
Net Increase (Decrease) in Fair Value of Investments***	-	(153,737)	35,901	16,151	59,444	(87,504)	(59)	154,521	329,532	(368,777)
Miscellaneous	2,109,805	385,043	396,240	557,872	213,711	106,176	253,822	234,841	107,333	280,098
Revolving Loans	36,642	36,642	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>13,906,767</b>	<b>11,391,153</b>	<b>12,139,327</b>	<b>13,429,126</b>	<b>13,899,910</b>	<b>15,032,801</b>	<b>17,666,244</b>	<b>22,317,364</b>	<b>18,487,536</b>	<b>16,731,610</b>
<b>Expenditures</b>										
<b>Current</b>										
General Government	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	1,746,895
Public Safety	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	2,717,190
Public Works	520,445	655,100	935,517	1,811,667	1,293,372	332,524	2,337,013	3,486,320	2,095,507	1,198,509
Sanitation	35,476	34,944	37,970	35,114	31,520	32,105	31,173	32,983	20,811	-
Culture and Recreation	502,857	553,710	593,214	628,965	642,157	672,448	747,899	861,822	931,719	1,048,880
Economic and Community Development	839,686	853,244	807,155	1,400,119	1,281,831	1,920,127	1,681,437	1,678,861	1,525,473	1,628,180
Capital Outlay	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	3,990,197
Debt Service										
Principal	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	2,755,333
Interest and Fiscal Charges	795,870	673,454	660,081	540,235	504,059	516,785	467,727	575,776	755,864	710,994
Bond Issue Costs	-	46,965	47,734	85,850	44,382	-	84,414	54,950	-	-
<b>Total Expenditures</b>	<b>10,073,534</b>	<b>8,746,079</b>	<b>13,194,569</b>	<b>21,793,613</b>	<b>15,770,996</b>	<b>14,636,798</b>	<b>24,876,281</b>	<b>24,794,066</b>	<b>27,533,899</b>	<b>15,796,178</b>
Excess (Deficiency) of Revenues Over Expenditures	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)	935,432
<b>Other Financing Sources (Uses)</b>										
Sale of Capital Assets	8,008	27,663	8,529	3,300	7,066	36,070	37,113	655,650	-	13,345
Proceeds from intergovernmental long term debt										347,471
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	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	4,518,473
Transfers Out	(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)	(4,892,060)
<b>Total Other Financing Sources (Uses)</b>	<b>(4,384,848)</b>	<b>4,017,265</b>	<b>2,157,567</b>	<b>5,704,249</b>	<b>963,388</b>	<b>(311,243)</b>	<b>7,007,437</b>	<b>3,737,428</b>	<b>6,855,512</b>	<b>(12,771)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (551,615)</b>	<b>\$ 6,662,339</b>	<b>\$ 1,102,325</b>	<b>\$ (2,660,238)</b>	<b>\$ (907,698)</b>	<b>\$ 84,760</b>	<b>\$ (202,600)</b>	<b>\$ 1,260,726</b>	<b>\$ (2,190,851)</b>	<b>\$ 922,661</b>
Debt Service as a Percentage of Noncapital Expenditures*	40.0%	37.6%	33.1%	25.8%	38.3%	33.4%	29.1%	22.8%	25.5%	28.5%

\*Revised for fiscal years 2008-2010.  
For all years, calculated as follows:

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

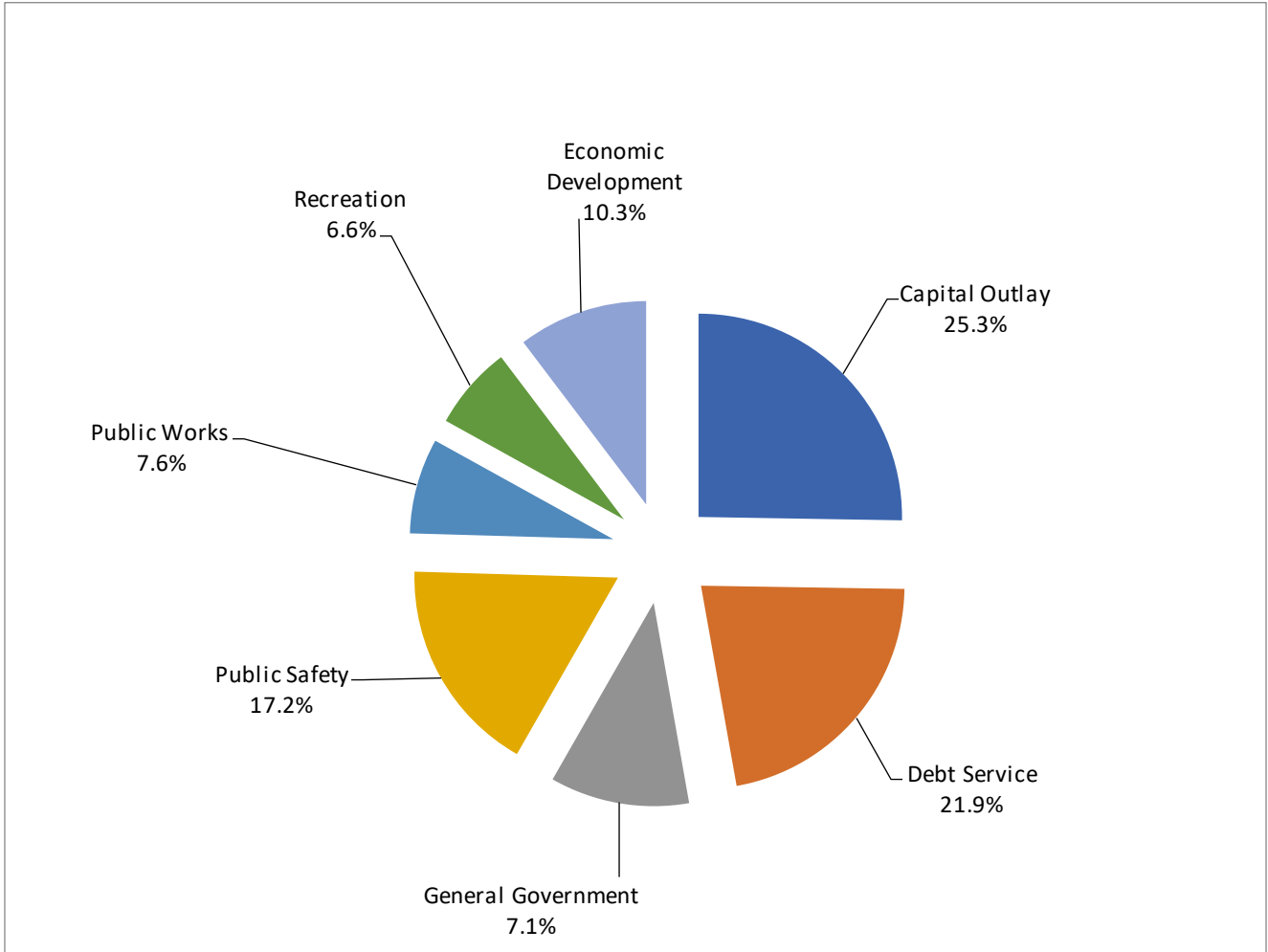
\*\* Franchise fees separated from Licenses, Permits, and Fees in 2016 as the balance became significant; prior years are not restated.  
\*\*\* Aggregated with Investment Earnings prior to 2013.



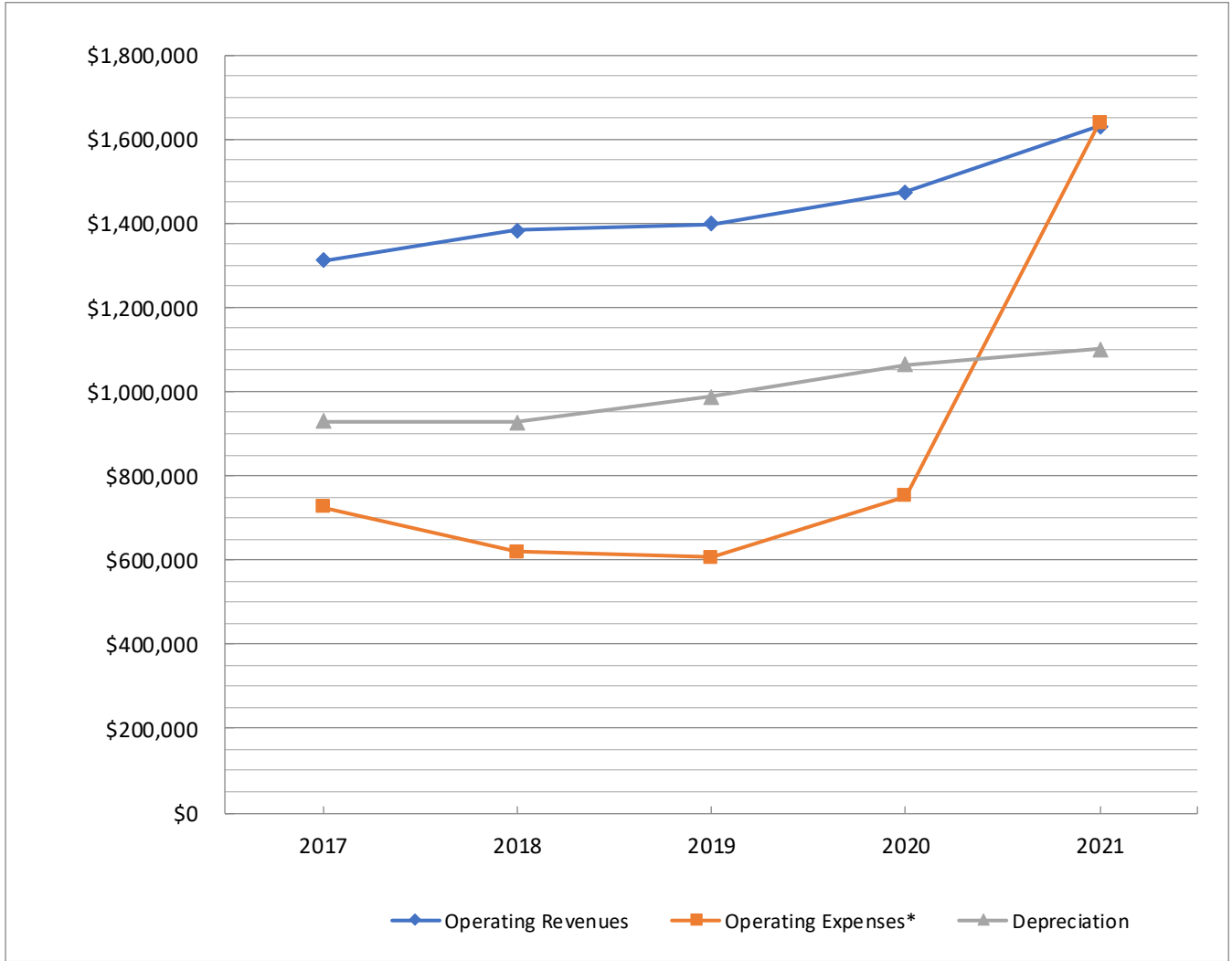


Percentages may not foot to 100% due to rounding.

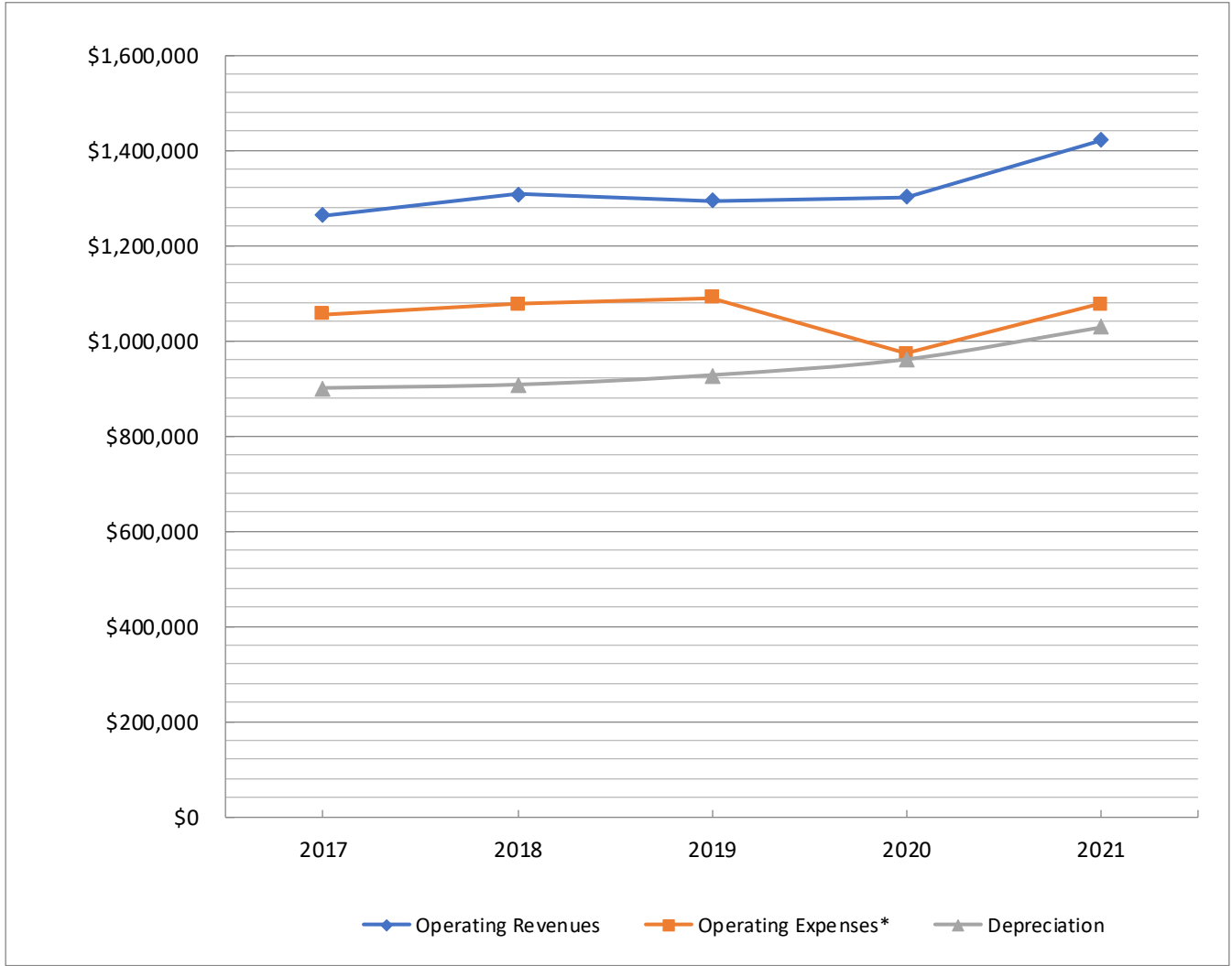




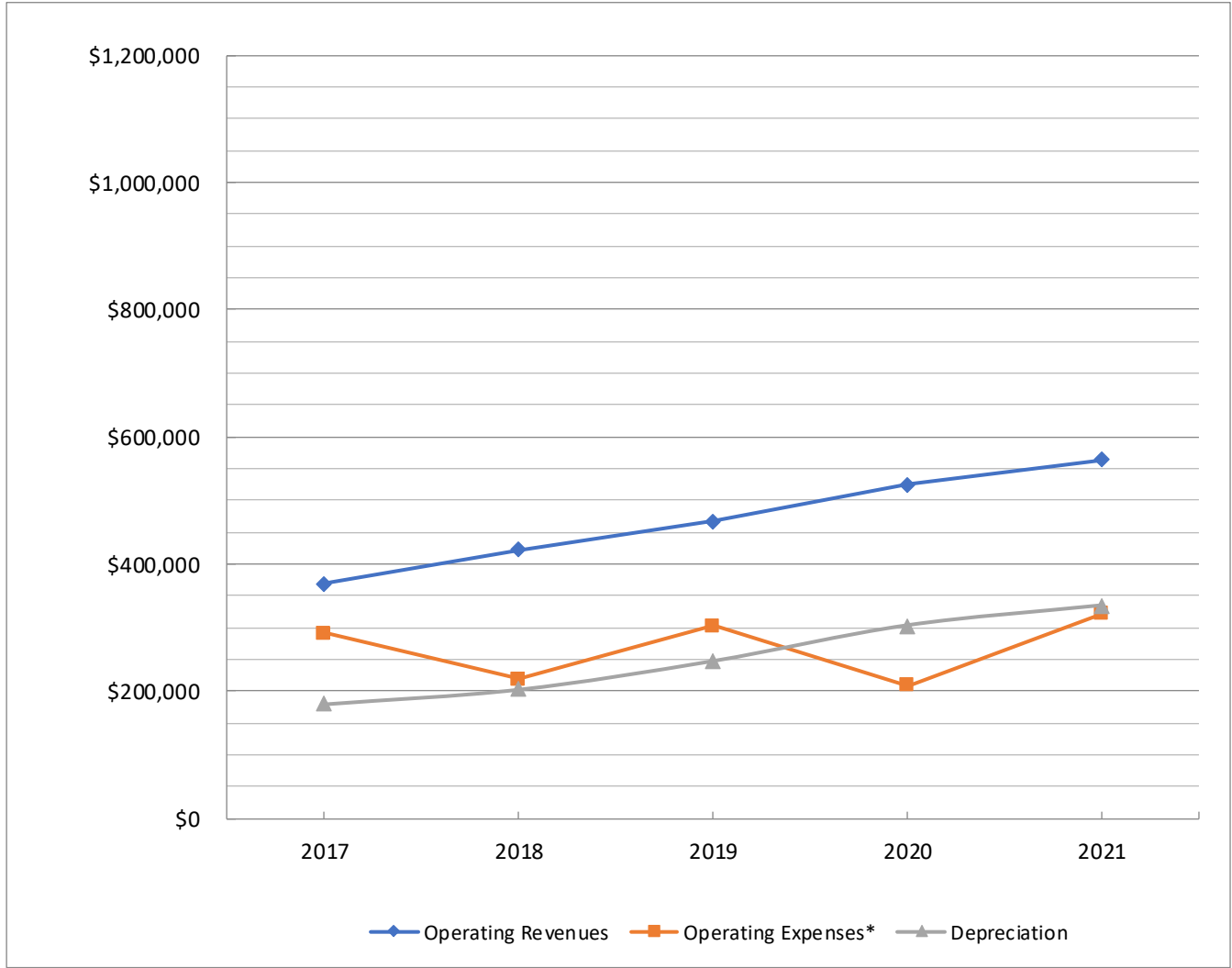
Percentages may not foot to 100% due to rounding.



\* 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
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	6,324,145	6,242,810	211,247	127,450	573,799	12,314,471	55.8	1,019,004,500	1.21
2021	6,659,007	6,430,751	190,744	134,133	628,721	12,785,914	56.8	1,058,059,400	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		Total Overlapping
2012	40.9	10.6	51.5	23.6	32.4	0.2	56.2	107.7
2013	42.6	11.0	53.6	24.4	34.3	0.2	58.9	112.5
2014	43.4	11.1	54.6	25.0	35.2	0.2	60.4	114.9
2015	42.6	10.7	53.3	25.5	34.6	0.2	60.3	113.6
2016	43.0	10.5	53.4	25.4	33.6	0.2	59.2	112.6
2017	41.0	9.3	50.3	24.7	32.3	0.2	57.3	107.6
2018	42.2	9.2	51.4	24.8	31.7	0.2	56.8	108.2
2019	44.1	8.9	52.9	30.0	32.7	0.2	62.9	115.9
2020	47.1	8.7	55.8	29.1	33.2	0.8	63.0	118.8
2021	48.3	8.4	56.8	29.1	33.1	0.8	63.0	119.7

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		
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	21,428	5,654,066	98.6	79,694	1.4
2017	4,731,000	1,076,000	(2,353)	5,804,647	5,689,042	98.0	57,820	5,746,861	99.0	57,786	1.0
2018	4,927,400	1,076,000	(453)	6,002,947	5,941,086	99.0	33,887	5,974,973	99.5	27,974	0.5
2019	5,326,800	1,076,000	(397)	6,402,403	6,301,337	98.4	6,324	6,307,661	98.5	94,742	1.5
2020	5,803,600	1,076,000	(4,582)	6,875,018	6,789,500	98.8	41,264	6,830,764	99.4	44,254	0.6
2021	6,211,344	1,075,969	(31,280)	7,256,032	7,213,794	99.4	-	7,213,794	99.4	42,238	0.6

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	2021			2012		
	Net Tax Capacity	Rank	Percentage of Total City Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total City Net Tax Capacity
Brainerd Lakes Integrated Health	\$ 427,282	1	3.34 %			
Mills Property Investments LLC (1)	373,225	2	2.92	\$ 756,958	1	7.15 %
Baxter Real Estate LLC	175,290	3	1.37			
TM Excelsior Inc.	165,907	4	1.30			
Wal-Mart Stores, Inc.	159,398	5	1.25	205,795	3	1.94
Juno Investment Corp.	156,874	6	1.23			
T&E Properties LLC (2)	156,788	7	1.23	218,124	2	2.06
Baxter PS 2016 LLC	136,392	8	1.07			
Costco Wholesale Corp.	135,900	9	1.06			
Menard, Inc.	124,784	10	0.98	190,122	4	1.80
Crow Wing Coop Power & Light				124,588	5	1.18
Home Depot USA, Inc.				119,950	6	1.13
JC Penney Properties, Inc.				118,408	7	1.12
Dayton Hudson Corporation (Target)				108,180	8	1.02
Brainerd Lakes Lodge LLC				99,250	9	0.94
Individual				99,000	10	0.94
<b>Total</b>	<b>\$ 2,011,840</b>		<b>15.73 %</b>	<b>\$ 2,040,375</b>		<b>19.28 %</b>

Source:  
Crow Wing County.

Notes:  
(1) Formerly known as Mills Properties, Inc.  
(2) Part of Lindar Corp.



Fiscal Year	Governmental Activities				Business-Type	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Intergovernmental Long-Term Debt	Capital Leases	General Obligation Bonds			
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	-	-	3,071,743	31,014,910	7.3	3,601
2021	21,266,447	3,826,334	347,471	-	2,546,966	27,987,218	6.6 *	3,250

\*Most recent available data

## Ratio of Net General Obligation Bonded Debt to Assessed Value and

Last Ten Fiscal Years

## Net General Obligation Debt per Capita

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
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	26,708,243	19,875,369	6,832,874	0.7	793
2021	23,813,413	18,848,960	4,964,453	0.5	576

## Note:

The City began to report accrual information when it implemented GASB 34 in fiscal year 2004.

(1) Amount does not include debt to be paid from special assessments, tax increments, water utility revenues, sales tax, or other revenues.

	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Overlapping			
Crow Wing County	\$ 92,500	10.24 %	\$ 9,472
Brainerd I.S.D. No. 181	218,110,000	23.77	<u>51,844,747</u>
Total Overlapping			<u>51,854,219</u>
City of Baxter Direct Debt	25,440,252	100.00	<u>25,440,252</u>
Total Direct and Overlapping Debt			\$ 77,294,471

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 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	\$ 31,741,782
Total Net Debt Applicable to Limit	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	1,425,000
Legal Debt Margin	\$ 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	\$ 30,316,782
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	13.79%	13.97%	14.95%	11.58%	10.21%	8.80%	7.69%	6.55%	5.55%	4.49%

**Legal Debt Margin Calculation for Fiscal Year 2021**

Estimated Market Value	\$ 1,058,059,400
Debt Limit (3% of Estimated Market Value)	31,741,782
Debt Applicable to Limit	1,425,000
Legal Debt Margin	<u>\$ 30,316,782</u>

Source:  
Bond Issue Official Statements and Crow Wing County.

City of Baxter, Minnesota  
Pledged Revenue Coverage

Comprehensive Annual Financial Report  
Last Ten Fiscal Years

Special Assessment Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		
		Operating Expense	Available Revenue	Principal	Interest	Coverage
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
2021	2,925,348	2,662	2,928,010	2,005,000	537,443	115.2

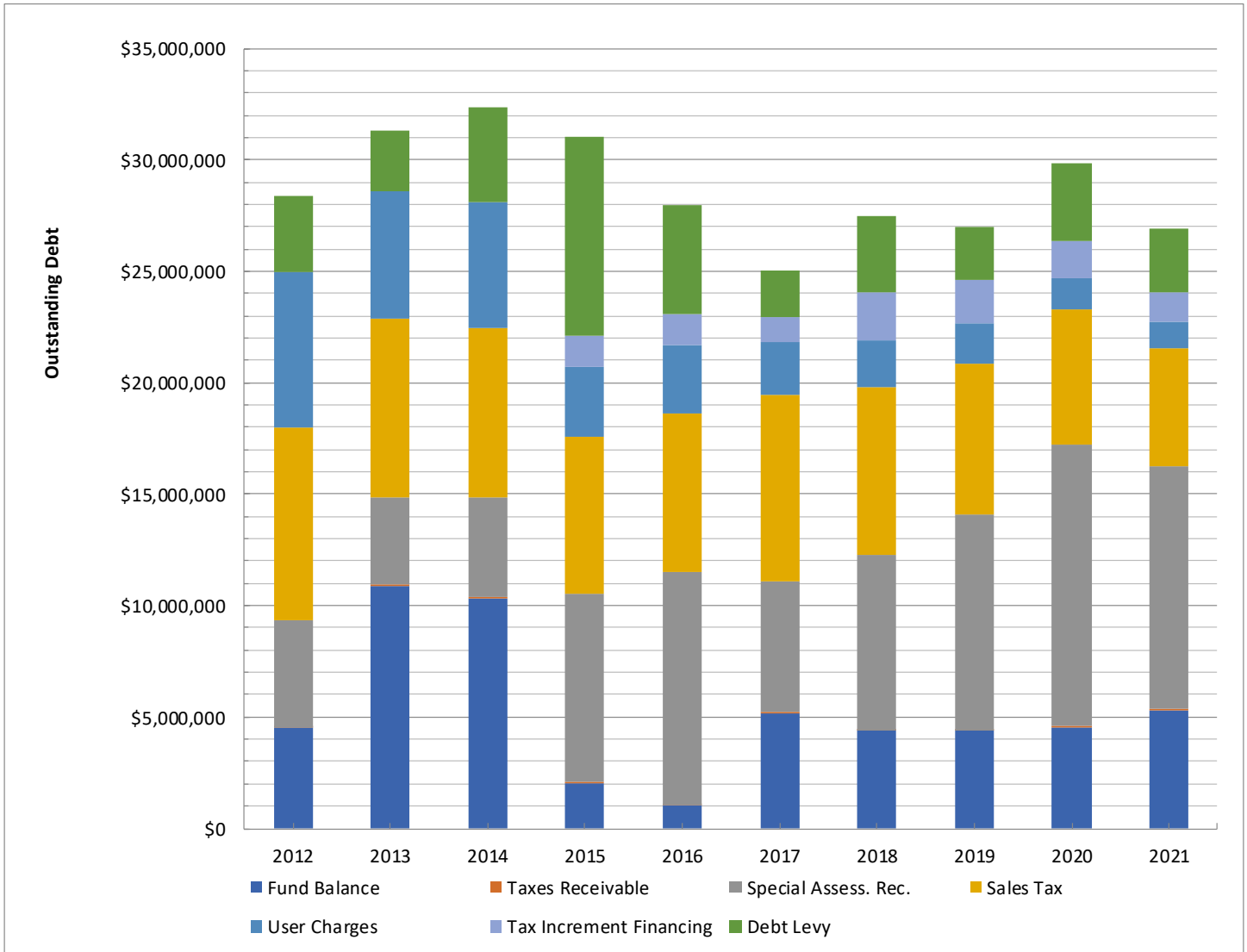
Water Utility Revenue Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		
		Operating Expense	Available Revenue	Principal	Interest	Coverage
2012	\$ 622,795	\$ (403)	\$ 622,392	\$ 165,000	\$ 120,874	217.7
2013	632,227	(49,690)	582,537	170,000	145,943	184.4
2014	622,923	(250)	622,673	2,725,000	106,503	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
2021	815,226	174	815,399	235,000	22,250	317.0

Sewer Utility/Sales Tax Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		
		Operating Expense	Available Revenue	Principal	Interest	Coverage
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
2021	619,568	-	619,568	480,333	139,235	100.0

Special Assessment/Water Revenue Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		
		Operating Expense	Available Revenue	Principal	Interest	Coverage
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		
		Operating Expense	Available Revenue	Principal	Interest	Coverage
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
2021	1,126,036	(174)	1,125,862	275,000	35,200	362.9

Economic Development Authority Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		
		Operating Expense	Available Revenue	Principal	Interest	Coverage
2012	\$ 155,062	\$ (55,233)	\$ 99,829	\$ 4,000	\$ -	2,495.7



Fiscal Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (3)	School Enrollment (4)	Unemployment Rate (5)
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	8,612	422,780 *	49,092	6,421	6.9
2021	8,612 *	422,780 *	49,092 *	6,306	3.8

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	2021			2012		
	Employees	Rank	Percentage of Total Population	Employees	Rank	Percentage of Total Population
Wal-Mart	500	1	5.8 %	500	1	6.5 %
Costco	200	2	2.3	200	2	2.6
Arrowwood Lodge Hotel, Grill & Bar	200	2	2.3			
MN Department of Transportation	200	2	2.3	200	2	2.6
Brainerd Bus Lines (1)	150	5	1.7	130	5	1.7
Target	140	6	1.6	140	4	1.8
The Home Depot	130	7	1.5	130	5	1.7
Kohl's Department Store	110	8	1.3			
Just for Kix	101	9	1.2			
Lindar Corporation	101	9	1.2			
Good Neighbor Home Health Care				120	7	1.6
Mills Fleet Farm				120	7	1.6
Olive Garden				120	7	1.6
Minnesota Home Care				120	7	1.6
<b>Total</b>	<b>1,832</b>		<b>21.2 %</b>	<b>1,780</b>		<b>22.5 %</b>

Sources:

Official Statements for city bonds

Notes:

(1) Brainerd Bus Lines was formally known as Reichert Enterprises, Inc.



Full-Time Equivalent Employees by Function/Program

Last Ten Fiscal Years

	Full-Time Equivalent Employees as of December 31,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Government</b>										
Administration	1.00	1.33	2.50	2.50	1.50	2.50	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	3.00	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	3.00	3.00	2.50	2.50	2.50	2.50	2.50	3.50	3.50	3.50
Cemetery	0.18	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
<b>Public Safety</b>										
Police	14.83	14.75	15.00	15.00	15.00	15.00	16.00	16.00	16.00	16.00
Building Inspections	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.50	1.50	1.50
<b>Public Works</b>										
Streets Maintenance	2.02	1.85	2.50	2.73	2.73	2.73	2.73	2.73	1.90	2.24
<b>Culture and Recreation</b>										
Park Maintenance/Recreation	6.53	6.74	6.82	7.05	6.99	7.01	7.01	7.01	8.11	8.10
<b>Economic and Community Development</b>										
Planning	2.00	1.42	2.00	3.00	3.00	2.50	2.50	2.50	2.50	2.50
<b>Water, Sewer, and Storm Water</b>										
Water	2.52	1.75	2.79	3.02	3.02	3.02	3.02	3.02	2.20	2.53
Sewer	2.52	1.75	2.79	3.02	3.02	3.02	3.02	3.02	2.20	2.53
Storm Water	0.31	0.41	0.61	0.61	0.64	0.61	0.61	0.61	0.57	0.61

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Government</b>										
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	12	12	9	10	8	13	18	8	9	15
<b>Police</b>										
All Police Calls	7,026	7,016	7,268	7,175	8,194	8,010	8,421	7,907	7,071	7,655
Arrests	881	741	638	483	435	412	362	491	862	442
Arrest Charges										
Burglaries	8	13	13	-	20	6	4	5	25	7
Drug Arrests	57	69	147	95	100	123	117	129	94	96
DUI	40	44	31	38	46	39	60	105	49	72
Forgeries	5	8	8	1	11	-	2	-	-	-
Fraud	81	61	68	3	37	1	4	1	24	13
Larcenies/Thefts	496	389	379	269	420	161	195	196	323	163
<b>Building Inspection</b>										
Building permits	696	684	797	717	868	844	882	937	892	342
<b>Planning</b>										
Zoning applications	48	44	32	31	34	52	42	34	65	70
Building permits for new construction	17	18	26	21	27	29	29	31	18	19
Architectural review projects	12	8	8	6	7	4	3	2	4	9
Code enforcement cases	70	50	52	57	15	20	15	*	22	6
<b>Public Works Streets Maintenance</b>										
Road constructed (miles)	-	-	1	2	-	-	-	1	0	-
<b>Parks</b>										
Program participants	1,015	925	896	990	1,028	1,039	1,001	1,019	247	1,420
<b>Water</b>										
Number of accounts	2,606	2,619	2,680	2,740	2,766	2,487	2,871	2,864	2,968	2,694
Amount distributed (millions of gallons)	290	291	279	310	301	301	312	301	313	342
<b>Sewer</b>										
Number of accounts	2,322	2,363	2,411	2,464	2,515	2,549	2,568	2,591	2,627	2,678
Amount processed (millions of gallons)	194	194	194	203	205	192	217	209	201	220
<b>Storm Water</b>										
Residential accounts	2,555	2,552	2,545	2,566	2,601	2,614	2,636	2,652	2,666	2,684
Commercial accounts	346	350	358	356	382	393	394	396	402	390
Commercial square footage	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	26,949,059

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	9	8	8	8	8	8	9	9	10	12
<b>Public Works</b>										
Buildings	1	1	1	1	1	1	1	1	1	1
Trucks	8	7	6	7	7	8	8	8	9	9
Other Vehicles	7	7	8	8	8	7	7	7	7	7
Miles of streets	82	82	83	85	85	85	85	85.3	86.1	86.1
Street Lights	488	503	505	561	568	568	568	568	597	647
<b>Culture and Recreation</b>										
Number of parks	6	7	7	8	8	8	8	8	8	8
Acres of developed parks	61.5	64	64	65	65	65	65	65	65	69
Park structures	5	5	7	8	8	8	8	8	8	14
Playgrounds	5	5	5	6	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	2
Basketball courts	4	4	4	4	4	4	4	4	4	2
Soccer fields	2	2	2	2	2	2	2	2	2	2
Skating rinks	2	2	2	2	2	2	2	2	4	2
Fishing pier	1	1	1	1	1	1	1	1	1	1
<b>Utilities</b>										
Watermain (miles)	87	87	90	90	93.5	93.5	93.5	95.1	100.7	101.1
Fire hydrants	832	847	850	850	890	897	897	913	965	969
Water towers	3	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	74	74	77.5	77.5	77.5	79.3	86.3	86.5
Manholes	1,349	1,367	1,370	1,370	1,448	1,459	1,459	1,479	1,592	1,600
Lift stations	22	22	22	22	22	22	22	22	24	24

Source:

City of Baxter, various departments.