

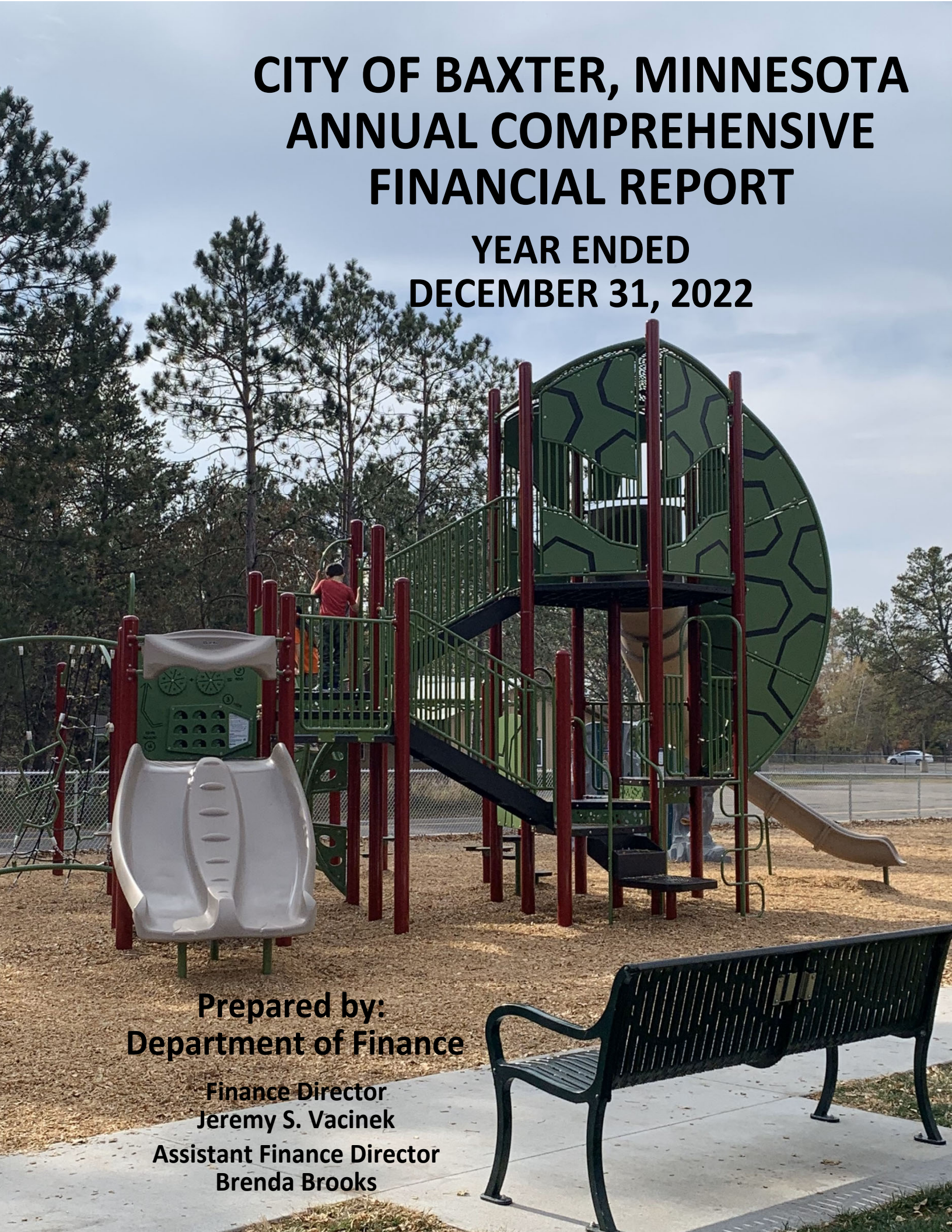
CITY OF BAXTER, MINNESOTA ANNUAL COMPREHENSIVE FINANCIAL REPORT

**YEAR ENDED
DECEMBER 31, 2022**

**Prepared by:
Department of Finance**

**Finance Director
Jeremy S. Vacinek**

**Assistant Finance Director
Brenda Brooks**



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INTRODUCTORY SECTION



June 13, 2023

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, 2022. *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, 2022. 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 9,030. 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.



PROFILE OF THE CITY (CONTINUED)

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 31st.

The annual budget is prepared by fund, function, and department. Transfers between funds are approved by the council. Budget-to-actual comparisons are provided in this report for the general fund, debt service fund and each individual special revenue fund for which an annual budget has been adopted. Major fund budget comparisons begin on page 22 and 76; nonmajor special revenue fund budgetary comparisons begin on page 83.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

Baxter is the regional retail and service center of the beautiful central lakes area of Minnesota with about 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.

Commercial and residential building activity continues. Infrastructure investments, including pavement management to better preserve existing infrastructure, have once again been planned and completed. The City closely monitored the Covid-19 pandemic, readily adjusting budgets as 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 201 to 247 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.



FACTORS AFFECTING FINANCIAL CONDITION (CONTINUED)

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 the City’s existing infrastructure ages, rehabilitations of the City’s sewer lift stations have been scheduled 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 2023, rehabilitation improvements to lift station 13 on Forest Drive are being bid. Lift stations 14 and 16 rehabs were completed in 2022.
- Water Treatment Plant Improvements – To address deficiency problems found with the City’s water treatment plant filters, a \$2.3 million filter rehabilitation project was completed in 2022. The existing filter media and underdrain system were removed and reconstructed. In 2022, \$164,000 of improvements to the Baxter water interconnect building with the City of Brainerd were completed to ensure the City had an adequate water supply during the rehabilitation of the water treatment plant filters and any future plant improvements. Proceeds from the water utility fund and American Rescue Plan Act (ARPA) federal funds financed the projects.
- Storm Water Management – As part of the City’s storm water management, construction of the next phase of the Section 6 storm water outlet project to mitigate local flooding occurred 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 2022, 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 reconstruction processes were substantially completed in 2022 on Universal Road, segments of Glory Road, and Trunk Highway 371 intersections with Woida Road, Clearwater Road, and Edgewater Drive.

The PMP is ongoing with additional residential and commercial streets slated for future improvements. In 2023, street FDR projects for portions of Knollwood Drive, Clearwater Road, Cedar Scenic Road, and Oakwood Drive have commenced. Improvements to the City’s railroad crossings to establish a “Quiet Zone” have been approved for 2023 as well.

- Cypress Drive Street and Utility Improvements – Street, pedestrian trail, and utility improvements to service the southern terminus of Cypress Drive at the intersection of Highland Scenic Road (CSAH 48) are underway in 2023. The project was partially developer-petitioned to provide utilities and street access to two future apartment buildings. Along with the extension of Cypress Drive to Highland Scenic Road, a roundabout will be constructed at the intersection. The Cypress Drive improvements will provide greater access to the City’s industrial park from the south and extend the Trunk Highway 371 parallel corridor.

The project is being financed with special assessments to the benefited properties, funding from Crow Wing County, sales tax proceeds, 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 2023.



FACTORS AFFECTING FINANCIAL CONDITION (CONTINUED)

Major Initiatives (Continued)

- 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, began in 2022. In addition to the street and pedestrian trail improvements, city water, sanitary sewer, and storm water utility improvements were constructed to serve the neighborhood. A roundabout was added at the intersection of Isle Drive and Forthun Road to provide for a parallel traffic corridor on the west side of Trunk Highway 371. 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 projects are anticipated to be completed in 2023.

The projects are 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 that were 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, 2021. This was the eleventh 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 annual comprehensive 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

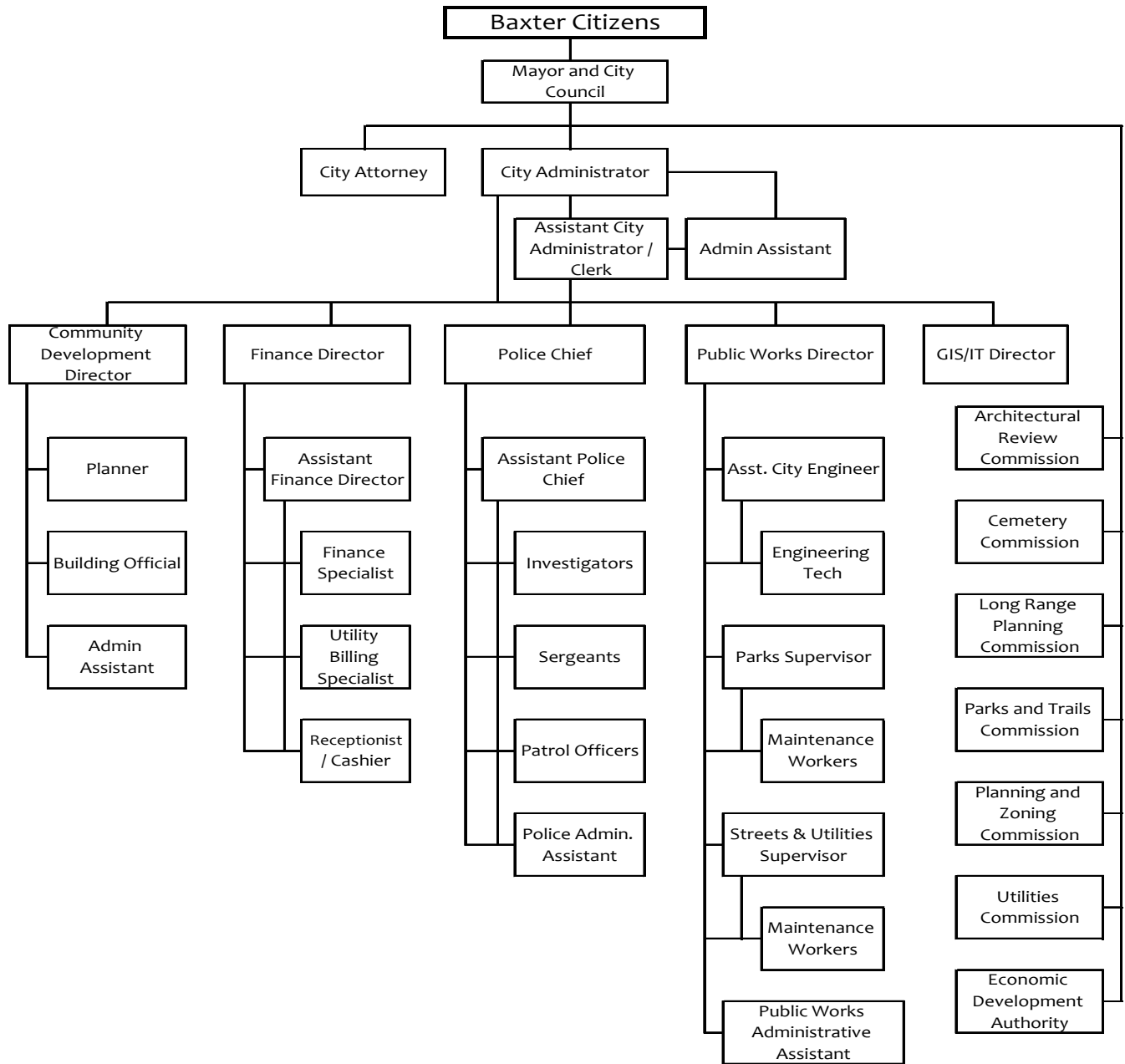
**City of Baxter
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO



Office	Name	Elected Term Expires*
Elected		
Mayor	Darrel Olson	2025
City Council	Mark Cross**	2025
	Connie Lyscio	2023
	Zach Tabatt	2023
	Vacant	n/a
Appointed		
City Administrator	Bradley Chapulis	
Assistant City Administrator/Clerk	Kelly Steele	
Community Development Director	Joshua Doty	
Finance Director	Jeremy S. Vacinek	
GIS/IT Director	Todd DeBoer	
Police Chief	James Exsted	
Public Works Director	Trevor Walter	
Contractual		
City Attorney	J. Brad Person	
Auditor	BerganKDV	

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

**Vice-Mayor

FINANCIAL SECTION

Independent Auditor's Report

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

Report on the 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, 2022, 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, 2022, 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.

Emphasis of Matter – Implementation of GASB 87

The City has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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.

Responsibilities of Management for the Financial Statements (Continued)

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 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 13, 2023, 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.

BergankDV, Ltd.

St Cloud, Minnesota
June 13, 2023

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, 2022. 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 2022 include the following:

- City-wide net position increased 2.7% over the prior year due to higher property and sales taxes, special assessments, development related fees, and transportation related intergovernmental revenue.
- Total revenues for the year increased \$3,229,779 from 2021 primarily due to an increase in capital grants and contributions in the form of special assessments, an increase in the fees and charges collected, and a higher property tax levy. These increases were offset partially by the change in fair value of investments for the year. Total expenses increased \$1,979,203 from the prior year, led by higher public works costs associated with improvement projects and public safety costs.
- Governmental fund-level revenues totaled \$18,386,693 and were \$4,160,543 less than expenditures before other financing sources and uses.
- Governmental funds' fund balance increased \$123,461 from 2021.
- The Water Enterprise Fund net position increased \$1,340,574 from the prior year; the Sewer Enterprise Fund net position decreased \$705,360 from the prior year; and the Storm Water Enterprise Fund net position increased \$64,485 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 16-17 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 18-25 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 26-29 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 30-66 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's other postemployment benefits and retirement obligations to its employees. Required supplementary information can be found on pages 67-75 of this report.

Combining and individual fund statements and schedules can be found on pages 76-97 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's overall net position was \$147,427,520 on December 31, 2022 (see Table A-1).

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 48,291,449	\$ 42,990,669	\$ 12,412,283	\$ 14,241,453	\$ 60,703,732	\$ 57,232,122
Capital Assets	58,063,383	54,048,665	66,582,387	67,165,399	124,645,770	121,214,064
Total Assets	106,354,832	97,039,334	78,994,670	81,406,852	185,349,502	178,446,186
Total Deferred Outflows of Resources	4,095,240	2,374,388	133,000	131,700	4,228,240	2,506,088
Current Liabilities	6,454,771	5,073,347	357,185	1,470,764	6,811,956	6,544,111
Long-Term Liabilities	31,136,559	24,947,626	401,899	2,223,125	31,538,458	27,170,751
Total Liabilities	37,591,330	30,020,973	759,084	3,693,889	38,350,414	33,714,862
Total Deferred Inflows of Resources	3,794,865	3,494,944	4,943	180,719	3,799,808	3,675,663
Net Position						
Net Investment in Capital Assets	35,075,487	32,357,076	66,572,420	64,513,926	98,214,793	93,044,668
Restricted	28,767,425	29,172,953	-	-	28,767,425	29,172,953
Unrestricted	5,220,965	4,367,776	11,791,223	13,150,018	20,445,302	21,344,128
Total Net Position	\$ 69,063,877	\$ 65,897,805	\$ 78,363,643	\$ 77,663,944	\$ 147,427,520	\$ 143,561,749

Changes in Net Position

The City-wide total revenues were \$23,602,653 for the year ended December 31, 2022. Property taxes and capital grants and contributions accounted for 56.5% of total revenue for the year and sales tax accounted for 15.6% of total revenue for the year. Governmental activities fees, charges, fines, and other revenues increased \$758,825 because of increased development that occurred during the year (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	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Fees, Charges, Fines, and Other	\$ 2,073,073	\$ 1,314,248	\$ 3,886,838	\$ 3,779,068	\$ 5,959,911	\$ 5,093,316
Operating Grants and Contributions	450,799	990,694	114,888	23,116	565,687	1,013,810
Capital Grants and Contributions	4,102,720	2,130,040	1,478,281	563,578	5,581,001	2,693,618
General Revenues						
Property Taxes	7,755,327	7,269,236	-	-	7,755,327	7,269,236
Lodging Tax	476,986	392,406	-	-	476,986	392,406
Sales Tax	3,693,566	3,200,455	-	-	3,693,566	3,200,455
Tax Increment	538,854	667,703	-	-	538,854	667,703
Unrestricted State Aid	59,288	19,283	-	-	59,288	19,283
Investment Earnings	392,781	295,746	196,577	163,429	589,358	459,175
Change in Fair Value of Investments	(1,250,526)	(368,777)	(673,706)	(210,998)	(1,924,232)	(579,775)
Other	296,715	143,647	10,192	-	306,907	143,647
Total Revenues	18,589,583	16,054,681	5,013,070	4,318,193	23,602,653	20,372,874
Expenses						
General Government	2,075,434	1,765,241	-	-	2,075,434	1,765,241
Public Safety	3,206,075	2,586,629	-	-	3,206,075	2,586,629
Public Works	5,082,115	4,203,781	-	-	5,082,115	4,203,781
Sanitation	-	-	-	-	-	-
Water	-	-	2,344,577	2,773,906	2,344,577	2,773,906
Sewer	-	-	2,336,664	2,102,906	2,336,664	2,102,906
Storm Water	-	-	612,382	654,338	612,382	654,338
Culture and Recreation	1,716,508	1,476,241	-	-	1,716,508	1,476,241
Economic & Community Development	1,784,850	1,567,434	-	-	1,784,850	1,567,434
Interest and Fiscal Charges	578,277	627,203	-	-	578,277	627,203
Total Expenses	14,443,259	12,226,529	5,293,623	5,531,150	19,736,882	17,757,679
Increase in Net Position Before Transfers	4,146,324	3,828,152	(280,553)	(1,212,957)	3,865,771	2,615,195
Transfers	(980,252)	(7,968,054)	980,252	7,968,054	-	-
Change in Net Position	3,166,072	(4,139,902)	699,699	6,755,097	3,865,771	2,615,195
Net Position - Beginning of Year	65,897,805	70,037,707	77,663,944	70,908,847	143,561,749	140,946,554
Net Position - End of Year	\$ 69,063,877	\$ 65,897,805	\$ 78,363,643	\$ 77,663,944	\$ 147,427,520	\$ 143,561,749

Total revenues surpassed expenses, increasing net position \$3,865,771 over last year.

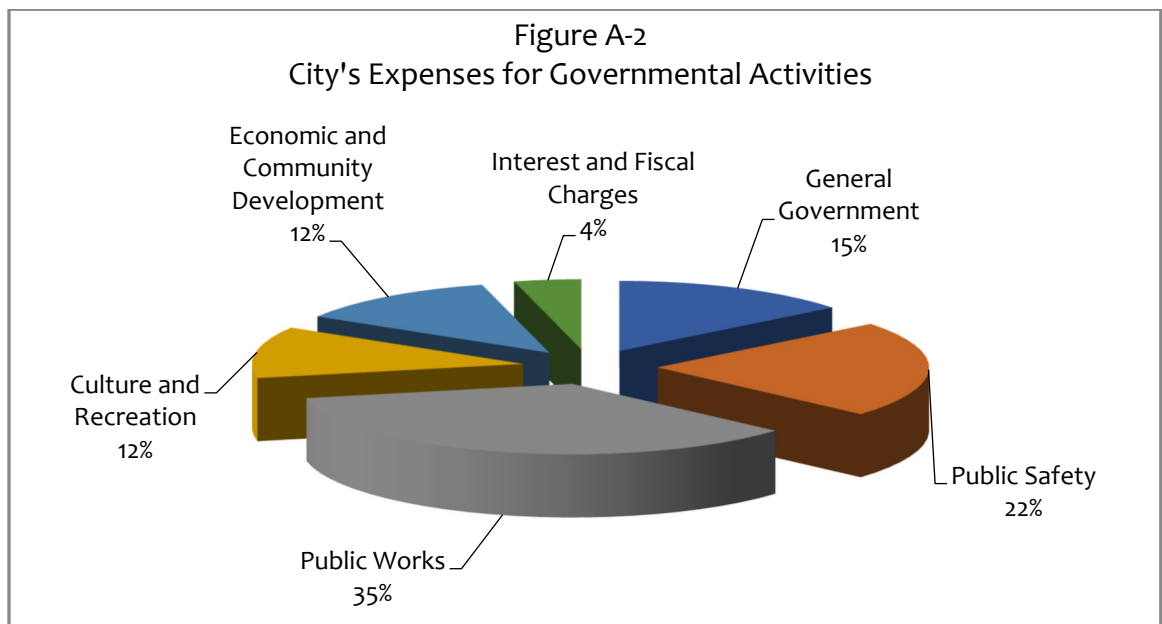
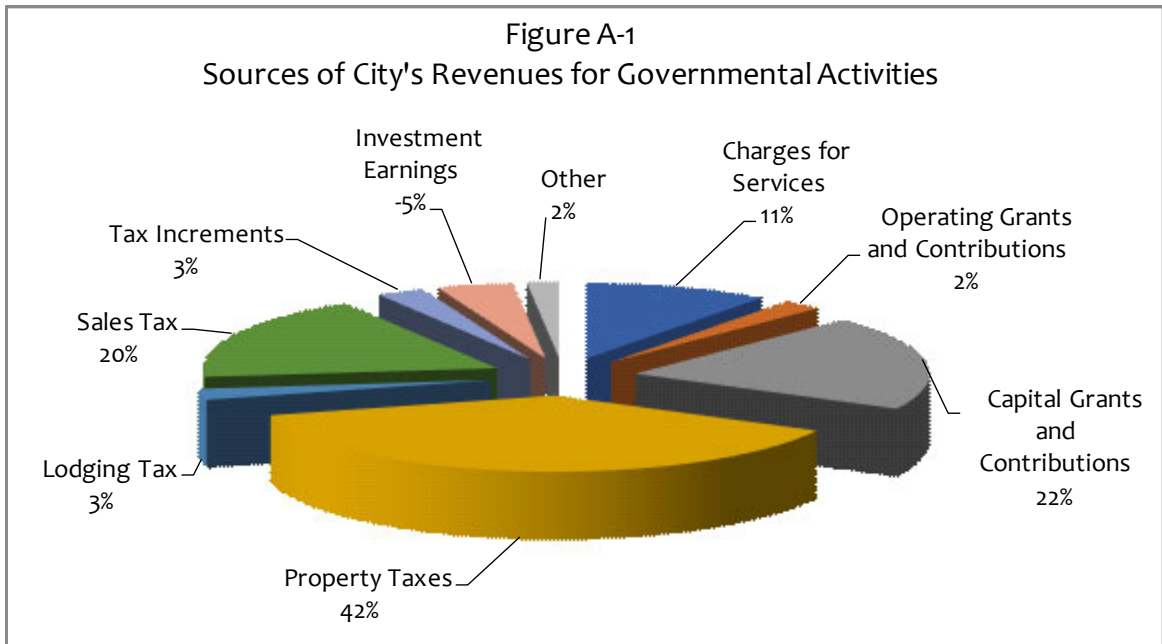
The City-wide cost of all activities this year was \$19,736,882, up \$1,979,203 from the prior year. Governmental activities and business-type activities comprised of \$14,443,259 and \$5,293,623, respectively.

- \$5,959,911 of the cost was paid by the users of the City's programs, comprising of: \$2,073,073 for governmental activities and \$3,886,838 for business-type activities.
- Certain programs in the governmental activities received federal, state, and local support with operating grants and contributions of \$450,799. State assistance for police services, federal American Rescue Plan Act (ARPA) funding, and an interest rebate for Build America Bonds comprised most 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) in the governmental activities accounted for \$4,102,720 of the revenues, \$1,972,680 higher than 2021. The increase was attributable federal and state grants and special assessment prepayments related to the 2022 improvement projects. Current year special assessments and prepaid special assessments comprised over \$2,410,000 of the amount. State construction aid and grants consisted of approximately \$542,200 and federal and state grants associated with the Inglewood Railroad crossing amounted to about \$759,900.
- The City's governmental activities' program expenses exceeded program revenues by \$7,816,667 for the year (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	
	2022	2021	2022	2021
GOVERNMENTAL ACTIVITIES				
General Government	\$ 2,075,434	\$ 1,765,241	\$ (1,745,185)	\$ (857,060)
Public Safety	3,206,075	2,586,629	(2,256,001)	(1,920,951)
Public Works	5,082,115	4,203,781	(575,508)	(1,719,190)
Culture and Recreation	1,716,508	1,476,241	(949,015)	(1,187,649)
Economic and Community Development	1,784,850	1,567,434	(1,753,510)	(1,525,448)
Interest	578,277	627,203	(537,448)	(581,249)
Total	\$ 14,443,259	\$ 12,226,529	\$ (7,816,667)	\$ (7,791,547)
BUSINESS-TYPE ACTIVITIES				
Water	\$ 2,344,577	\$ 2,773,906	\$ 244,522	\$ (668,711)
Sewer	2,336,664	2,102,906	(131,472)	(406,484)
Storm Water	612,382	654,338	73,334	(90,193)
Total	\$ 5,293,623	\$ 5,531,150	\$ 186,384	\$ (1,165,388)

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 \$27,441,881.

Revenues for the City's governmental funds were \$18,386,693 while total expenditures were \$22,547,236. The deficiency of revenues over expenditures before other financing sources and uses is primarily due to significant capital outlay on infrastructure projects that was financed with bonds and transfers from sales tax and other sources.

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 \$337,164 over 2021 due to higher-than-expected revenues and lower than anticipated expenditures. Days Expenditures in Unassigned Fund Balance for the General Fund remained stable at 201 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, 2022	December 31, 2021	Increase (Decrease)	Percent
Taxes and Special Assessments	\$ 6,704,688	\$ 6,221,697	\$ 482,991	7.8 %
Franchise Fees	209,811	205,188	4,623	2.3
Licenses and Permits	43,574	46,201	(2,627)	(5.7)
Intergovernmental	372,214	936,695	(564,481)	(60.3)
Charges for Services	133,073	199,466	(66,393)	(33.3)
Fines and Forfeits	42,808	56,637	(13,829)	(24.4)
Investment Earnings	69,723	55,101	14,622	26.5
Net Increase (Decrease) in Fair Value of Investments	(120,707)	(34,009)	(86,698)	254.9
Miscellaneous and Other	199,760	130,633	69,127	52.9
Total General Fund Revenue	\$ 7,654,944	\$ 7,817,609	\$ (162,665)	(2.1) %

Total General Fund revenue decreased \$162,665 from the previous year. Property taxes and special assessments continue to be the significant source of funding in the general fund, comprising 87.6% of the total general fund revenues for 2022. Property taxes increased due to an approved \$482,500 increase in the property tax levy for 2022 to fund the City's operations. Intergovernmental revenues were 60.3% lower in 2022 due to the prior year's recognition of \$700,000 of American Rescue Plan Act federal grant dollars compared to \$108,700 in 2022.

The following schedule presents a summary of General Fund Expenditures:

**Table A-5
 General Fund Expenditures**

	Year Ended		Change	
	December 31, 2022	December 31, 2021	Increase (Decrease)	Percent
General Government	\$ 1,814,346	\$ 1,679,751	\$ 134,595	8.0 %
Public Safety	2,635,541	2,519,780	115,761	4.6
Public Works	1,014,529	950,004	64,525	6.8
Culture and Recreation	1,034,492	981,301	53,191	5.4
Capital Outlay	24,019	36,976	(12,957)	(35.0)
Total Expenditures	\$ 6,522,927	\$ 6,167,812	\$ 355,115	5.8 %

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 \$198,444 higher than expected due primarily to higher than anticipated public safety and other grants, tower rentals, and increased collections on prior years' property taxes in 2022.
- Actual expenditures before other financing uses were \$271,873 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 department 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 2022, the EDA's fund balance decreased \$62,330 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 \$5,746,749, a \$347,312 decrease from the prior year. While an approximately \$1.1 million decrease in fund balance for the year was budgeted to fund one-time capital projects and the early call of the 2013A Refunding Bonds (originally 2007A Bonds), higher than projected sales tax receipts offset most of the planned deficit. Approximately \$1.5 million of sales tax proceeds was utilized during the year for utility improvements on the Inglewood/Forthun/Foley project. Sales tax funded a portion of the final debt service payments for the 2013A Refunding Bonds and the payments of 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.

In 2022, \$4,750,000 of General Obligation Improvement Bonds were issued to finance the 2021 street improvements and 2022 street and utility improvements. The 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 increased \$544,872 primarily due to the bond proceeds from the 2022 bond issue that financed the 2022 improvements and replenished the fund for the 2021 improvements that had been temporarily financed internally within the Capital Project 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 \$1,340,574, Sewer Fund decreased \$705,360, and Storm Water Fund increased \$64,485. The increase in net position for the Water Fund is primarily due to transfers in from the Sales Tax Fund to finance a portion of the water treatment plant debt service. The Sewer Fund decrease in net position is the result of depreciation on the fund's operations, including the sales tax financed wastewater treatment plant capacity, not being fully funded. The slight increase in net position for the Storm Water Fund was the result of higher user charges implemented during the year to finance future storm water related projects.

PROPRIETARY FUNDS (CONTINUED)

Operating revenues in the proprietary funds increased \$110,696 or 3.1% from 2021 due to increased utility rates and expanded service to new users. Water, sewer, and storm water rates increased beginning with February 2022 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 \$1,425,601 of water and sewer availability charge revenues for 2022. The availability charges increased \$1,073,175 or 304.5% from the prior year, due primarily to several residential apartment developments that started construction during the year.

Water operating expenses decreased 11.5%, sewer operating expenses increased 11.1%, and storm water expenses decreased 6.4% from 2021. The decrease in water operating expenses was due primarily to the reduction in water purchased from Brainerd Public Utilities (BPU) during the year. The City had purchased significantly more water from BPU in 2021 while the City's water treatment plant filters were being repaired. The decrease was offset in part by higher personnel services, supplies, repairs, and depreciation. The increase in sewer operating expenses was due to higher BPU sewer treatment costs, higher other services and charges, and increased depreciation costs. These increases were offset partially by lower personnel costs for the year due to restructuring of staff among the three proprietary funds. The decrease in Storm Water Fund operating expenses predominantly was a result of lower structure repairs offset partially by higher personnel services, supplies, and depreciation costs.

CAPITAL ASSETS

By the end of 2022, the City had invested approximately \$208,396,000 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.3 to the financial statements.) Total depreciation expense for the year was \$6,018,932 (including the enterprise funds).

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 8,145,967	\$ 8,145,967	\$ 1,912,753	\$ 1,912,753	\$ 10,058,720	\$ 10,058,720
Construction in Progress	6,778,834	1,558,888	359,604	1,648,234	7,138,438	3,207,122
Intangible	6,960	6,960	9,867,726	9,867,725	9,874,686	9,874,685
Buildings	2,093,360	1,988,564	12,415,205	9,972,957	14,508,565	11,961,521
Infrastructure and Distribution System	80,465,610	79,104,777	74,267,706	73,515,926	154,733,316	152,620,703
Land Improvements	5,543,521	5,484,677	559,134	559,134	6,102,655	6,043,811
Machinery, Vehicles, Furniture and Equipment	3,744,188	3,360,656	2,235,417	2,194,773	5,979,605	5,555,429
Less: Accumulated Depreciation	(48,715,057)	(45,601,824)	(35,035,158)	(32,506,103)	(83,750,215)	(78,107,927)
Total	\$ 58,063,383	\$ 54,048,665	\$ 66,582,387	\$ 67,165,399	\$ 124,645,770	\$ 121,214,064

In 2022, \$112,256 of capital assets was contributed to proprietary funds by the governmental activities of the City. The contributed capital was for 2022 storm water improvements to Universal Drive completed as part of the 2022 full-depth reclamation street project.

At year-end, the City had \$34,086,563 in long-term liabilities outstanding, including bond discounts and premiums, compensated absences, net pension liabilities, and other postemployment benefits. The City also recognized its proportionate share of the Public Employees Retirement Association of Minnesota's (PERA) net pension liability, in accordance with GASB Statement No. 68. (More detailed information about long-term debt and pension items can be found in Note 3.C and Note 4 to the financial statements, respectively.)

LONG-TERM LIABILITIES (CONTINUED)

The City's long-term debt increased \$5,735,998 for governmental activities due in part to the 2022 G.O. Improvement bonds that were issued offset partially by bond and note repayments that occurred during the year. Most of the increase was due to the change in the City's proportionate share of PERA's net pension liability. Long-term debt for business-type activities decreased \$2,345,955 as a result of the payoff of the 2013 Refunding Bonds associated with the water treatment plant debt offset by higher compensated absences and PERA net pension liability.

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

	2022	2021
GOVERNMENTAL ACTIVITIES		
General Obligation Bonds	\$ 22,607,454	\$ 21,266,447
General Obligation Revenue Notes	3,330,334	3,826,334
Compensated Absences Payable	477,747	474,485
Other Postemployment Benefits	212,453	221,728
Net Pension Liability	6,739,869	1,808,118
Intergovernmental Long Term Debt	312,724	347,471
Total	<u>\$ 33,680,581</u>	<u>\$ 27,944,583</u>
BUSINESS-TYPE ACTIVITIES		
General Obligation Bonds	\$ -	\$ 2,546,967
Compensated Absences Payable	35,295	28,828
Net Pension Liability	370,687	176,142
Total	<u>\$ 405,982</u>	<u>\$ 2,751,937</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 2023 include full depth reclamation and reconstruction projects for segments of Knollwood Drive, Clearwater Road, and Cedar Scenic Road. Extensions of Cypress Drive and Douglas Fir Drive are also underway in 2023. Both streets, along with city water, sanitary sewer, and storm water utilities, will be extended to accommodate a residential apartment project in the vicinity. The extension of Cypress Drive to Highland Scenic Road (CSAH 48) will include a roundabout at the intersection. The street extension is designed to provide greater access to the City's industrial park and is another piece of the Highway 371 parallel corridor that will span from Highland Scenic Road north to Clearwater Road on the east side of the City. The projects will be funded through a combination of special assessments to benefiting properties, funding from Crow Wing County, 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.

Sewer infrastructure projects planned for 2023 include the rehabilitation of sanitary sewer lift station number 13. To improve water quality, the City continues to complete the process of securing the land acquisition to start construction on the Excelsior commercial storm water pond project near Whiskey Creek.

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 \$493,111, or 15.4%, from 2021. 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 share of wastewater treatment plant capacity. To minimize future borrowing costs, sales tax proceeds on hand have been utilized for eligible portions of capital projects identified in the capital improvement plan. Sales tax proceeds are an identified funding sources for traffic safety and utility improvements of the 2023 Cypress Drive extension and railroad quiet zone projects.

Private investment in the City remains stable. Commercial construction included a firm in the City's industrial park, a medical supply retailer, as well as retail buildouts and remodels at various locations, including remodels to reuse the former JC Penney and OfficeMax sites. Building permits for 21 residential homes were issued in 2022. Interest in multi-family housing remains strong with a 46-unit senior cooperative project under construction and building permits for three market rate apartment buildings under construction in 2023.

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

Annual Comprehensive Financial Report
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Pooled Investments	\$ 28,651,789	\$ 11,380,174	\$ 40,031,963
Internal Balances	(526,610)	526,610	-
Accrued Interest Receivable	194,003	-	194,003
Accounts Receivable - Net	336,132	493,702	829,834
Lease Receivable - Due within One Year	59,912	-	59,912
Lease Receivable - Due within More Than One Year	2,438,973	-	2,438,973
Due from Other Governments	1,547,040	2,694	1,549,734
Prepaid Items	874	-	874
Delinquent Taxes Receivable	107,145	-	107,145
Special Assessments Receivable	13,333,059	9,103	13,342,162
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	6,778,834	359,604	7,138,438
Depreciable Capital Assets (Net)			
Intangible	-	7,030,721	7,030,721
Buildings	828,008	8,818,048	9,646,056
Distribution Systems	38,461,047	47,604,840	86,065,887
Land Improvements	2,770,907	224,231	2,995,138
Machinery, Vehicles, Furniture and Equipment	1,078,620	632,190	1,710,810
Total Assets	106,354,832	78,994,670	185,349,502
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan and OPEB Deferments	4,095,240	133,000	4,228,240
Total Assets and Deferred Outflows of Resources	\$ 110,450,072	\$ 79,127,670	\$ 189,577,742
LIABILITIES			
Accounts and Contracts Payable	\$ 1,062,073	\$ 265,719	\$ 1,327,792
Due to Other Governments	541,598	61,833	603,431
Salaries Payable	71,091	8,005	79,096
Accrued Liabilities	76,520	7,578	84,098
Retainage Payable	170,498	9,967	180,465
Accrued Interest Payable	270,456	-	270,456
Unearned Revenue	1,138,781	-	1,138,781
Escrow Deposits	579,732	-	579,732
Long-term Liabilities:			
Due Within One Year			
Compensated Absences Payable	17,275	4,083	21,358
General Obligation Bonds Payable	1,980,000	-	1,980,000
General Obligation Revenue Notes Payable	512,000	-	512,000
Intergovernmental Long Term Debt	34,747	-	34,747
Due In More than One Year			
Compensated Absences Payable	460,472	31,212	491,684
Total Other Postemployment Benefits Payable	212,453	-	212,453
Net Pension Liability - PERA	6,739,869	370,687	7,110,556
Intergovernmental Long Term Debt	277,977	-	277,977
General Obligation Bonds Payable	20,627,454	-	20,627,454
General Obligation Revenue Notes Payable	2,818,334	-	2,818,334
Total Liabilities	37,591,330	759,084	38,350,414
DEFERRED INFLOWS OF RESOURCES			
Advanced Appropriations - State Shared Taxes	1,194,292	-	1,194,292
Deferred Inflow - Lease Receivable	2,457,639	-	2,457,639
Pension Plan and OPEB Deferments	142,934	4,943	147,877
Total Deferred Inflows of Resources	3,794,865	4,943	3,799,808
NET POSITION			
Net Investment in Capital Assets	35,075,487	66,572,420	98,214,793
Restricted for			
Debt Service	18,823,590	-	18,823,590
Economic Development	3,603,579	-	3,603,579
Sales Tax Funded Infrastructure	5,769,612	-	5,769,612
Tax Increment Financing	526,717	-	526,717
Police Activity	43,927	-	43,927
Unrestricted	5,220,965	11,791,223	20,445,302
Total Net Position	69,063,877	78,363,643	147,427,520
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 110,450,072	\$ 79,127,670	\$ 189,577,742

See accompanying Notes to Basic Financial Statements.

City of Baxter, Minnesota
Statement of Activities

Annual Comprehensive Financial Report
Year Ended December 31, 2022

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
GOVERNMENTAL ACTIVITIES							
General Government	\$ 2,075,434	\$ 172,814	\$ 157,435	\$ -	\$ (1,745,185)	\$ -	\$ (1,745,185)
Public Safety	3,206,075	708,955	241,048	71	(2,256,001)	-	(2,256,001)
Public Works	5,082,115	411,887	705	4,094,015	(575,508)	-	(575,508)
Culture and Recreation	1,716,508	749,581	9,717	8,195	(949,015)	-	(949,015)
Economic and Community Development	1,784,850	29,836	1,065	439	(1,753,510)	-	(1,753,510)
Interest and Fiscal Charges	578,277	-	40,829	-	(537,448)	-	(537,448)
Total Governmental Activities	14,443,259	2,073,073	450,799	4,102,720	(7,816,667)	-	(7,816,667)
BUSINESS-TYPE ACTIVITIES							
Water	2,344,577	1,805,378	73,469	710,252	-	244,522	244,522
Sewer	2,336,664	1,428,565	39,289	737,338	-	(131,472)	(131,472)
Storm Water	612,382	652,895	2,130	30,691	-	73,334	73,334
Total Business-Type Activities	5,293,623	3,886,838	114,888	1,478,281	-	186,384	186,384
Total Government	\$ 19,736,882	\$ 5,959,911	\$ 565,687	\$ 5,581,001	(7,816,667)	186,384	(7,630,283)
GENERAL REVENUES							
Property Taxes					7,755,327	-	7,755,327
Lodging Tax					476,986	-	476,986
Sales Tax					3,693,566	-	3,693,566
Tax Increments					538,854	-	538,854
Grants and Contributions not Restricted for a Particular Purpose					59,288	-	59,288
Investment Earnings					392,781	196,577	589,358
Net Increase (Decrease) in Fair Value of Investments					(1,250,526)	(673,706)	(1,924,232)
Miscellaneous					215,137	-	215,137
Gain on Sale of Capital Asset					81,578	10,192	91,770
TRANSFERS					(980,252)	980,252	-
Total General Revenues and Transfers					10,982,739	513,315	11,496,054
Change in Net Position					3,166,072	699,699	3,865,771
Net Position - Beginning of Year					65,897,805	77,663,944	143,561,749
NET POSITION - END OF YEAR					\$ 69,063,877	\$ 78,363,643	\$ 147,427,520

See accompanying Notes to Basic Financial Statements.

FUND FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds

December 31, 2022

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	Economic Development	Sales Tax Collections	Debt Service Fund	Capital Project Fund		
ASSETS							
Cash and Pooled Investments	\$ 3,657,201	\$ 1,411,047	\$ 5,617,921	\$ 5,977,874	\$ 9,163,688	\$ 2,824,058	\$ 28,651,789
Due from Other Funds	144,699	-	-	-	-	-	144,699
Accrued Interest Receivable	194,003	-	-	-	-	-	194,003
Accounts Receivable	127,223	-	7,600	93,846	59,365	48,098	336,132
Due from Other Governments	106,846	-	664,472	40,382	725,867	9,473	1,547,040
Prepaid Items	519	-	-	-	-	355	874
Delinquent Taxes Receivable	91,998	-	-	15,147	-	-	107,145
Special Assessments Receivable	-	-	-	12,972,699	347,126	13,234	13,333,059
Lease Receivable	2,498,885	-	-	-	-	-	2,498,885
Advances to Other Funds	761,900	43,400	-	-	81,000	-	886,300
Land Held for Resale	-	2,149,132	-	-	-	-	2,149,132
Total Assets	\$ 7,583,274	\$ 3,603,579	\$ 6,289,993	\$ 19,099,948	\$ 10,377,046	\$ 2,895,218	\$ 49,849,058
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts and Contracts Payable	\$ 211,583	\$ -	\$ -	\$ 2,024	\$ 617,032	\$ 231,434	\$ 1,062,073
Due to Other Governments	8,995	-	520,381	3,878	-	8,344	541,598
Salaries Payable	64,450	-	-	-	-	6,641	71,091
Accrued Liabilities	76,520	-	-	-	-	-	76,520
Due to Other Funds	-	-	-	-	653,959	17,350	671,309
Retainage Payable	8,092	-	-	-	162,406	-	170,498
Unearned Revenue	118,796	-	-	-	1,016,480	3,505	1,138,781
Advances From Other Funds	-	-	-	-	-	886,300	886,300
Escrow Deposits	-	-	-	-	-	579,732	579,732
Total Liabilities	488,436	-	520,381	5,902	2,449,877	1,733,306	5,197,902
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Taxes	91,998	-	-	15,147	-	-	107,145
Unavailable Revenue - Special Assessments	-	-	-	12,972,699	347,126	13,234	13,333,059
Advance Appropriations - State Shared Taxes	-	-	-	-	1,194,292	-	1,194,292
Deferred Inflow - Lease Receivable	2,457,639	-	-	-	-	-	2,457,639
Unavailable Revenue - Other	26,920	-	22,863	-	67,357	-	117,140
Total Deferred Inflows of Resources	2,576,557	-	22,863	12,987,846	1,608,775	13,234	17,209,275
FUND BALANCES							
Nonspendable	762,419	-	-	-	-	53,382	815,801
Restricted	-	3,603,579	5,746,749	6,106,200	-	570,644	16,027,172
Committed	-	-	-	-	-	1,233,646	1,233,646
Assigned	158,300	-	-	-	6,318,394	-	6,476,694
Unassigned	3,597,562	-	-	-	-	(708,994)	2,888,568
Total Fund Balances	4,518,281	3,603,579	5,746,749	6,106,200	6,318,394	1,148,678	27,441,881
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,583,274	\$ 3,603,579	\$ 6,289,993	\$ 19,099,948	\$ 10,377,046	\$ 2,895,218	\$ 49,849,058

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

December 31, 2022

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 27,441,881
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.	58,063,383
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the governmental funds.	13,557,344
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	\$ (22,607,454)
General Obligation Revenue Notes Payable	(3,330,334)
Intergovernmental Long-Term Debt	(312,724)
Compensated Absences Payable	(477,747)
Other Postemployment Benefits (OPEB) Payable	(212,453)
Accrued Interest Payable	(270,456)
Net Pension Liability - PERA	(6,739,869)
OPEB and Pension Plan Deferments	3,952,306 (29,998,731)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 69,063,877</u>

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

Annual Comprehensive Financial Report
Year Ended December 31, 2022

	Major Funds					Other Governmental Funds	Total Governmental Funds
	General Fund	Economic Development	Sales Tax Collections	Debt Service Fund	Capital Project Fund		
REVENUES							
Taxes	\$ 6,696,588	\$ -	\$ -	\$ 1,098,061	\$ -	\$ -	\$ 7,794,649
Lodging Tax	-	-	-	-	-	476,986	476,986
Sales Tax	-	-	3,693,566	-	-	-	3,693,566
Tax Increments	-	-	-	-	-	538,854	538,854
Franchise Fees	209,811	-	-	-	377,884	-	587,695
Special Assessments	8,100	439	-	2,031,734	370,385	71	2,410,729
Licenses, Permits, and Fees	43,574	-	-	-	-	428,827	472,401
Intergovernmental	372,214	-	-	40,829	1,525,490	1,633	1,940,166
Charges for Services	133,073	-	-	-	-	218,570	351,643
Fines and Forfeits	42,808	-	-	-	-	1,019	43,827
Gifts and Contributions	7,275	-	-	-	-	-	7,275
Investment Earnings	69,723	25,602	76,796	74,979	150,612	33,030	430,742
Net Increase (Decrease) in Fair Value of Investments	(120,707)	(81,370)	(297,639)	(265,710)	(367,743)	(117,357)	(1,250,526)
Miscellaneous	192,485	-	-	-	2,395	693,806	888,686
Total Revenues	7,654,944	(55,329)	3,472,723	2,979,893	2,059,023	2,275,439	18,386,693
EXPENDITURES							
CURRENT							
General Government	1,814,346	-	55,300	-	56,122	26,167	1,951,935
Public Safety	2,635,541	-	-	-	7,145	183,580	2,826,266
Public Works	1,014,529	-	-	-	1,300,134	-	2,314,663
Culture and Recreation	1,034,492	-	-	-	57,704	120,172	1,212,368
Economic and Community Development	-	48,251	726,638	-	-	1,051,809	1,826,698
CAPITAL OUTLAY							
General Government	-	-	-	-	-	23,573	23,573
Public Works	10,822	-	-	-	7,233,871	-	7,244,693
Culture and Recreation	13,197	-	-	-	103,272	176,206	292,675
DEBT SERVICE							
Principal	-	-	-	4,096,000	-	34,747	4,130,747
Interest and Fiscal Charges	-	-	-	662,863	60,338	417	723,618
Total Expenditures	6,522,927	48,251	781,938	4,758,863	8,818,586	1,616,671	22,547,236
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,132,017	(103,580)	2,690,785	(1,778,970)	(6,759,563)	658,768	(4,160,543)
OTHER FINANCING SOURCES (USES)							
Sale of Capital Assets	-	1,250	-	-	80,328	-	81,578
Issuance of GO Bonds	-	-	-	-	4,750,000	-	4,750,000
Issuance of GO Bonds - Premium	-	-	-	-	320,422	-	320,422
Transfers In	479,854	40,000	-	854,293	2,421,245	309,800	4,105,192
Transfers Out	(1,274,707)	-	(3,038,097)	(204,313)	(267,560)	(188,511)	(4,973,188)
Total other financing Total Other Financing Sources (Uses)	(794,853)	41,250	(3,038,097)	649,980	7,304,435	121,289	4,284,004
NET CHANGE IN FUND BALANCES	337,164	(62,330)	(347,312)	(1,128,990)	544,872	780,057	123,461
Fund Balance - Beginning of Year	4,181,117	3,665,909	6,094,061	7,235,190	5,773,522	368,621	27,318,420
FUND BALANCE - END OF YEAR	\$ 4,518,281	\$ 3,603,579	\$ 5,746,749	\$ 6,106,200	\$ 6,318,394	\$ 1,148,678	\$ 27,441,881

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, 2022

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 123,461

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	\$ 7,552,237	
Capital Contributions to Enterprise Funds	(112,256)	
Current Year Depreciation	<u>(3,425,263)</u>	4,014,718

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.		163,371
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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:		(4,750,000)
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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 and Intergovernmental Long-Term Debt	3,634,747	
Revenue Bonds	<u>496,000</u>	4,130,747

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	15,926	
Bond Premium Issued	(320,422)	
Amortization of Discounts and Premiums	129,415	
Change in Compensated Absences	(3,262)	
Change in Other Postemployment Benefits	12,119	
Change in Pension Expense	<u>(350,001)</u>	(516,225)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 3,166,072</u>
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Statement of Revenues and Expenditures and Changes

Year Ended December 31, 2022

in Fund Balance – Budget and Actual – General Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
GENERAL PROPERTY TAXES	\$ 6,663,000	\$ 6,663,000	\$ 6,696,588	\$ 33,588
FRANCHISE FEES	202,000	202,000	209,811	7,811
SPECIAL ASSESSMENTS				
Principal	8,100	8,100	8,100	-
LICENSES, PERMITS, AND FEES				
Business Licenses and Permits	800	800	650	(150)
Other Licenses, Permits, and Fees	42,900	42,900	42,924	24
Total Licenses, Permits and Fees	43,700	43,700	43,574	(126)
INTERGOVERNMENTAL				
STATE AND LOCAL				
Market Value Credit	-	-	569	569
Public Safety Grants	158,000	158,000	167,284	9,284
Other	28,100	28,100	90,350	62,250
Total State and Local	186,100	186,100	258,203	72,103
FEDERAL				
American Rescue Plan Funds	-	-	108,700	108,700
Public Safety Grants	-	-	5,311	5,311
Total Federal	-	-	114,011	114,011
Total Intergovernmental	186,100	186,100	372,214	186,114
CHARGES FOR SERVICES	151,800	151,800	133,073	(18,727)
FINES AND FORFEITS	51,000	51,000	42,808	(8,192)
GIFTS AND CONTRIBUTIONS	-	-	7,275	7,275
INVESTMENT EARNINGS	34,300	34,300	69,723	35,423
NET INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENTS	-	-	(120,707)	(120,707)
MISCELLANEOUS				
Other Rents and Royalties	116,500	116,500	176,901	60,401
Other Miscellaneous Revenues	-	-	15,584	15,584
Total Miscellaneous	116,500	116,500	192,485	75,985
Total Revenues	7,456,500	7,456,500	7,654,944	198,444

See accompanying Notes to Basic Financial Statements.

Statement of Revenues and Expenditures and Changes

Year Ended December 31, 2022

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	\$ 273,900	\$ 283,400	\$ 154,299	\$ (129,101)
Council	46,800	46,800	43,425	(3,375)
Administration	418,100	427,600	423,905	(3,695)
Finance	497,800	496,000	453,677	(42,323)
Public Works Administration	538,500	528,000	489,732	(38,268)
Information Systems	184,800	184,300	180,391	(3,909)
Legal	80,000	80,000	68,917	(11,083)
Total General Government	<u>2,039,900</u>	<u>2,046,100</u>	<u>1,814,346</u>	<u>(231,754)</u>
PUBLIC SAFETY				
Police	2,282,000	2,290,000	2,281,888	(8,112)
Fire Protection	353,700	353,700	353,653	(47)
Total Public Safety	<u>2,635,700</u>	<u>2,643,700</u>	<u>2,635,541</u>	<u>(8,159)</u>
PUBLIC WORKS				
Streets	<u>1,030,500</u>	<u>1,024,300</u>	<u>1,014,529</u>	<u>(9,771)</u>
CULTURE AND RECREATION				
Parks Maintenance	1,048,800	1,046,300	1,014,492	(31,808)
Recreation Program	20,000	20,000	20,000	-
Total Culture and Recreation	<u>1,068,800</u>	<u>1,066,300</u>	<u>1,034,492</u>	<u>(31,808)</u>
CAPITAL OUTLAY				
Public Works	-	-	10,822	10,822
Culture and Recreation	76,100	14,400	13,197	(1,203)
Total Capital Outlay	<u>76,100</u>	<u>14,400</u>	<u>24,019</u>	<u>9,619</u>
Total Expenditures	<u>6,851,000</u>	<u>6,794,800</u>	<u>6,522,927</u>	<u>(271,873)</u>
EXCESS OF REVENUES OVER EXPENDITURES	605,500	661,700	1,132,017	470,317
OTHER FINANCING SOURCES (USES)				
Transfers In	382,600	390,600	479,854	89,254
Transfers Out	(988,100)	(1,280,100)	(1,274,707)	5,393
Total Other Financing Sources (Uses)	<u>(605,500)</u>	<u>(889,500)</u>	<u>(794,853)</u>	<u>94,647</u>
NET CHANGE IN FUND BALANCE	\$ -	\$ (227,800)	337,164	\$ 564,964
Fund Balances - Beginning of Year			<u>4,181,117</u>	
FUND BALANCES - END OF YEAR			<u>\$ 4,518,281</u>	

See accompanying Notes to Basic Financial Statements.

Statement of Revenues and Expenditures and Changes

Year Ended December 31, 2022

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

	Budgeted Amounts		
	Original and Final	Actual Amounts	Variance with Final Budget
REVENUES			
Special Assessments	\$ -	\$ 439	\$ 439
Investment Earnings	11,800	25,602	13,802
Net Increase (Decrease) in Fair Value of Investments	-	(81,370)	(81,370)
Total Revenues	11,800	(55,329)	(67,129)
EXPENDITURES			
CURRENT			
Economic and Community Development Economic Development	51,800	48,251	(3,549)
EXCESS OF REVENUES UNDER EXPENDITURES	(40,000)	(103,580)	(63,580)
OTHER FINANCING SOURCES			
Sale of Capital Assets	-	1,250	1,250
Transfers In	40,000	40,000	-
Total Other Financing Sources	40,000	41,250	1,250
NET CHANGE IN FUND BALANCE	\$ -	(62,330)	\$ (62,330)
Fund Balance - Beginning of Year		3,665,909	
FUND BALANCE - END OF YEAR		\$ 3,603,579	

Statement of Revenues and Expenditures and Changes

Year Ended December 31, 2022

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

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Sales Tax	\$ 3,035,000	\$ 3,035,000	\$ 3,693,566	\$ 658,566
Investment Earnings	48,000	48,000	76,796	28,796
Net Increase (Decrease) in Fair Value of Investments	-	-	(297,639)	(297,639)
Total Revenues	<u>3,083,000</u>	<u>3,083,000</u>	<u>3,472,723</u>	<u>389,723</u>
EXPENDITURES				
CURRENT				
General Government	57,600	57,600	55,300	(2,300)
Economic and Community Development Economic Development	596,500	726,700	726,638	(62)
Total Expenditures	<u>654,100</u>	<u>784,300</u>	<u>781,938</u>	<u>(2,362)</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,428,900	2,298,700	2,690,785	392,085
OTHER FINANCING USES				
Transfers Out	<u>(3,412,800)</u>	<u>(3,412,800)</u>	<u>(3,038,097)</u>	<u>374,703</u>
NET CHANGE IN FUND BALANCE	<u>\$ (983,900)</u>	<u>\$ (1,114,100)</u>	<u>(347,312)</u>	<u>\$ 766,788</u>
Fund Balance - Beginning of Year			<u>6,094,061</u>	
FUND BALANCE - END OF YEAR			<u>\$ 5,746,749</u>	

Statement of Net Position – Proprietary Funds

December 31, 2022

	Water	Sewer	Storm Water	Total Enterprise Funds
ASSETS				
Current Assets:				
Cash and Investments	\$ 4,837,603	\$ 5,866,246	\$ 676,325	\$ 11,380,174
Due From Other Funds	-	526,610	-	526,610
Accounts Receivable	212,795	190,403	90,504	493,702
Due from Other Governments	474	1,525	695	2,694
Special Assessments	27	7,708	1,368	9,103
Prepaid Expenses	-	-	-	-
Total Current Assets	5,050,899	6,592,492	768,892	12,412,283
Noncurrent Assets:				
Non-Depreciable Capital Assets				
Land	352,932	85,166	1,474,655	1,912,753
Construction In Progress	115,186	78,694	165,724	359,604
Depreciable Capital Assets (Net)				
Intangible	-	7,030,721	-	7,030,721
Buildings	8,818,048	-	-	8,818,048
Distribution Systems	17,956,418	19,293,050	10,355,372	47,604,840
Land Improvements	-	-	224,231	224,231
Machinery, Vehicles, Furniture and Equipment	390,139	212,304	29,747	632,190
Total Noncurrent Assets	27,632,723	26,699,935	12,249,729	66,582,387
Total Assets	32,683,622	33,292,427	13,018,621	78,994,670
DEFERRED OUTFLOWS OF RESOURCES				
Pension Plan Deferments	69,040	50,294	13,666	133,000
Total Assets and Deferred Outflows of Resources	\$ 32,752,662	\$ 33,342,721	\$ 13,032,287	\$ 79,127,670
LIABILITIES				
Current Liabilities:				
Accounts and Contracts Payable	93,977	146,328	25,414	265,719
Due To Other Governments	1,449	60,213	171	61,833
Salaries Payable	4,385	2,411	1,209	8,005
Accrued Liabilities	7,578	-	-	7,578
Retainage Payable	-	5,000	4,967	9,967
Compensated Absences Payable	2,281	1,259	543	4,083
Total Current Liabilities	109,670	215,211	32,304	357,185
Noncurrent Liabilities:				
Compensated Absences Payable	14,612	9,685	6,915	31,212
Net Pension Liability - PERA	192,423	140,175	38,089	370,687
Total Noncurrent Liabilities	207,035	149,860	45,004	401,899
Total Liabilities	316,705	365,071	77,308	759,084
DEFERRED INFLOWS OF RESOURCES				
Pension Plan Deferments	2,566	1,869	508	4,943
Total Deferred Inflows of Resources	2,566	1,869	508	4,943
NET POSITION				
Net Investment in Capital Assets	27,632,723	26,694,935	12,244,762	66,572,420
Unrestricted	4,800,668	6,280,846	709,709	11,791,223
Total Net Position	32,433,391	32,975,781	12,954,471	78,363,643
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 32,752,662	\$ 33,342,721	\$ 13,032,287	\$ 79,127,670

See accompanying Notes to Basic Financial Statements.

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

Annual Comprehensive Financial Report
Year Ended December 31, 2022

	Water	Sewer	Storm Water	Total Enterprise Funds
OPERATING REVENUES				
Charges For Services				
User Charges	\$ 1,567,684	\$ 1,408,267	\$ 645,160	\$ 3,621,111
Meter Sales	50,890	-	-	50,890
Non-User Sales	1,068	1,279	-	2,347
Penalties	16,270	15,175	7,398	38,843
Permits and Hookup Charges	1,310	1,310	-	2,620
Miscellaneous	6,872	2,534	337	9,743
Total Operating Revenues	1,644,094	1,428,565	652,895	3,725,554
OPERATING EXPENSES				
Personnel Services	301,160	193,958	76,511	571,629
Supplies and Fees	162,092	40,461	27,333	229,886
Other Services and Charges	801,507	1,015,227	161,294	1,978,028
Depreciation	1,159,407	1,087,018	347,244	2,593,669
Total Operating Expenses	2,424,166	2,336,664	612,382	5,373,212
OPERATING INCOME (LOSS)	(780,072)	(908,099)	40,513	(1,647,658)
NONOPERATING REVENUES (EXPENSES)				
Special Assessments	142	38,031	1,963	40,136
Water Plant Fee	161,284	-	-	161,284
Intergovernmental	1,487	1,258	167	2,912
Investment Earnings	79,303	105,086	12,188	196,577
Net Increase (Decrease) in Fair Value of Investments	(270,956)	(361,181)	(41,569)	(673,706)
Interest Expense and Fiscal Charges	79,589	-	-	79,589
Gain/(Loss) on Disposal of Capital Assets	5,000	5,192	-	10,192
Other Income	71,840	-	-	71,840
Total Nonoperating Revenues (Expenses)	127,689	(211,614)	(27,251)	(111,176)
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(652,383)	(1,119,713)	13,262	(1,758,834)
Capital Contributions from Developers	21,989	-	30,691	52,680
Capital Contributions from Governmental Activities	-	-	112,256	112,256
Capital Contributions from Availability Charges	688,263	737,338	-	1,425,601
Transfers In	1,608,590	-	-	1,608,590
Transfers Out	(325,885)	(322,985)	(91,724)	(740,594)
CHANGE IN NET POSITION	1,340,574	(705,360)	64,485	699,699
Net Position - Beginning of Year	31,092,817	33,681,141	12,889,986	77,663,944
NET POSITION - END OF YEAR	\$ 32,433,391	\$ 32,975,781	\$ 12,954,471	\$ 78,363,643
Net changes in net position reported above:				\$ 699,699
Amounts reported for business-type activities in the statement of activities are different because:				
Transfer in of capital assets from governmental activities				112,256
Governmental activities contribution revenue reported above				(112,256)
Change in net position of business-type activities				\$ 699,699

See accompanying Notes to Basic Financial Statements.

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

Annual Comprehensive Financial Report
Year Ended December 31, 2022

	Water	Sewer	Storm Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,621,160	\$ 1,430,232	\$ 644,070	\$ 3,695,462
Payments to Suppliers	(1,472,869)	(996,286)	(229,302)	(2,698,457)
Payments to Employees	(270,003)	(200,811)	(58,768)	(529,582)
Net Cash Flows - Operating Activities	(121,712)	233,135	356,000	467,423
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Change in Due from Other Funds	734	(268,829)	-	(268,095)
Grants Received	1,487	1,258	167	2,912
Special Assessments	1,194	49,758	1,134	52,086
Transfers In	1,608,590	-	-	1,608,590
Transfers Out	(325,885)	(322,985)	(91,724)	(740,594)
Net Cash Flows - Noncapital Financing Activities	1,286,120	(540,798)	(90,423)	654,899
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest and Fiscal Charges Paid	(24,841)	-	-	(24,841)
Availability Charges	688,263	737,338	-	1,425,601
Water Plant Fee	161,284	-	-	161,284
Payments on General Obligation Bonds	(2,480,000)	-	-	(2,480,000)
Purchases of Capital Assets	(1,308,324)	(323,219)	(295,089)	(1,926,632)
Proceeds from the Sale of Capital Assets	76,840	8,501	-	85,341
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,886,778)	422,620	(295,089)	(2,759,247)
CASH FLOWS - INVESTING ACTIVITIES				
Investment Earnings Received	(191,653)	(256,095)	(29,381)	(477,129)
Net Cash Provided (Used) by Investing Activities	(191,653)	(256,095)	(29,381)	(477,129)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(1,914,023)	(141,138)	(58,893)	(2,114,054)
Cash and Cash Equivalents - Beginning of Year	6,751,626	6,007,384	735,218	13,494,228
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,837,603	\$ 5,866,246	\$ 676,325	\$ 11,380,174

See accompanying Notes to Basic Financial Statements.

Statement of Cash Flows – Proprietary Funds (Continued)

Year Ended December 31, 2022

	Water	Sewer	Storm Water	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (780,072)	\$ (908,099)	\$ 40,513	\$ (1,647,658)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	1,159,407	1,087,018	347,244	2,593,669
Miscellaneous Revenue				
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	(23,036)	2,616	(8,752)	(29,172)
Due from Other Governments	102	(949)	(73)	(920)
Prepaid Expenses	-	-	1,350	1,350
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	(509,940)	24,201	(42,137)	(527,876)
Salaries and Wages Payable	949	(595)	823	1,177
Compensated Absences Payable	3,546	(2,397)	5,318	6,467
Due to Other Governments	670	35,201	112	35,983
Pension Plan Deferments	26,662	(3,861)	11,602	34,403
Total Adjustments	658,360	1,141,234	315,487	2,115,081
Net Cash Provided (Used) by Operating Activities	\$ (121,712)	\$ 233,135	\$ 356,000	\$ 467,423
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions from Developers	\$ 21,989	\$ -	\$ 30,691	\$ 52,680
Capital Contributions from Governmental Activities	-	-	112,256	112,256
Total Noncash Capital and Related Financing Activities	\$ 21,989	\$ -	\$ 142,947	\$ 164,936

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) basic 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

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 2021 which was collected during the year ended December 31, 2022. 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 lease receivable, is reported in the Governmental Funds Balance Sheet and government wide Statements of Net Position. 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 \$3,330,334 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 prepares a list of taxes and special assessments to be collected on each parcel of property 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 20th 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

F. Budgetary Information (Continued)

Excess of Expenditures over Appropriations

Expenditures exceeded budgeted amounts in the following funds:

	Expenditures	Budget	Excess
Debt Service Fund	\$ 4,758,863	\$ 4,757,300	\$ 1,563
Nonmajor Special Revenue Fund			
Cemetery Fund	49,926	39,100	10,826
Capital Park Fund	331,125	309,700	(21,425)

The Capital Park Fund’s excess was the result of unbudgeted expenditures and were funded with related excess revenues.

Deficit Fund Balances of Nonmajor Funds

TIF District 12 Isle/Falcon Drive, TIF District 13 Avantech, and TIF District 14 Excelsior/Edgewood nonmajor special revenue funds had negative fund balances at December 31, 2022, of \$186,767, \$124,934, and \$356,053, 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	\$ 19,079	\$ 19,079	\$ -	\$ -
Negotiable CD's	13,142,384	7,860,449	5,281,935	-
US Government Securities	6,864,583	1,016,132	4,935,291	913,160
Municipal Bonds	17,511,832	1,034,153	15,471,872	1,005,807
Money Market	533,886	533,886	-	-
Total	\$ 38,071,764	\$ 10,463,699	\$ 25,689,098	\$ 1,918,967

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 A- 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, 2022, the principal of all City deposits were covered by insurance or collateral.

	<u>Balance</u>
Deposits	\$ 1,960,199
Investments	<u>38,071,764</u>
Total Cash and Investments	<u><u>\$ 40,031,963</u></u>
	<u>Balance</u>
Cash and Investments	
Governmental Funds	\$ 28,651,789
Proprietary Funds	<u>11,380,174</u>
Total Cash and Investments	<u><u>\$ 40,031,963</u></u>

Fair Value Measurements

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

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

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 Government Securities	\$ 6,864,583	\$ -	\$ 6,864,583	\$ -
Municipal Bonds	17,166,832	-	17,166,832	-
CD's	13,487,384	-	13,487,384	-
MM MF	533,886	533,886	-	-
Total	\$ 38,052,685	\$ 533,886	\$ 37,518,799	\$ -

Investments at Amortized Cost

4M	\$ 19,079
Total	\$ 38,071,764

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

2. Lease Receivable

The City has entered into an Antenna Lease agreement with American Cellular Corporation for space leased at the North Water Tower location. This lease was entered into in 2006 and will continue through the end of 2031. The lease payment in 2022 was \$2,835 per month and will increase by the greater of 3% or CPI each year. The City received payments of \$24,737 in principal and \$8,709 in interest payments in 2022. The deferred inflow and lease receivable balance was \$296,344 and \$304,534 respectively, as of December 31, 2022.

The City has entered into a tower lease agreement with Sprint Spectrum Realty Co. LP for space leased at the Public Works Facility location. This lease was entered into in 2011 and will continue through the end of 2036. The lease payment in 2022 was \$2,270 per month and will increase by the greater of 4% or CPI each year. The City received payments of \$13,514 in principal and \$13,553 in interest payments in 2022. The deferred inflow and lease receivable balance was \$350,435 and \$363,369 respectively, as of December 31, 2022.

The City has entered into a tower lease agreement with T-Mobile, Northern PCS Services for space leased at the North Water Tower location. This lease was entered into in 2005 and will continue through the end of 2040. The lease payment in 2022 was \$3,500 per month and will increase by the greater of 3% or CPI each year. The City received payments of \$20,392 in principal and \$20,903 in interest payments in 2022. The deferred inflow and lease receivable balance was \$730,458 and \$750,647 respectively, as of December 31, 2022.

The City has entered into a tower lease agreement with T-Mobile, Crown Castle for space leased at the Industrial Park Road location. This lease was entered into in 2021 and will continue through the end of 2056. The lease payment in 2022 was \$32,000 and will increase by the greater of 3% or CPI each year. The City received payments of \$32,000 in principal and \$0 in interest payments in 2022. The deferred inflow and lease receivable balance was \$1,080,402 and \$1,080,335 respectively, as of December 31, 2022.

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets

Capital asset activity of the City for the year ended December 31, 2022, is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
GOVERNMENTAL ACTIVITIES					
Capital Assets not being Depreciated					
Land	\$ 8,145,967	\$ -	\$ -	\$ -	\$ 8,145,967
Construction in Progress	1,558,888	7,151,406	1,819,204	(112,256)	6,778,834
Total Capital Assets not being Depreciated	9,704,855	7,151,406	1,819,204	(112,256)	14,924,801
Capital Assets being Depreciated					
Intangible	6,960	-	-	-	6,960
Buildings	1,988,564	104,796	-	-	2,093,360
Infrastructure	79,104,777	1,360,833	-	-	80,465,610
Land Improvements	5,484,677	58,844	-	-	5,543,521
Machinery, Vehicles, Furniture and Equipment	3,360,656	695,562	312,030	-	3,744,188
Total Capital Assets being Depreciated	89,945,634	2,220,035	312,030	-	91,853,639
Less: Accumulated Depreciation for					
Intangible	6,960	-	-	-	6,960
Buildings	1,175,338	90,014	-	-	1,265,352
Infrastructure	39,324,981	2,679,582	-	-	42,004,563
Land Improvements	2,405,098	367,516	-	-	2,772,614
Machinery, Vehicles, Furniture and Equipment	2,689,447	288,151	312,030	-	2,665,568
Total Accumulated Depreciation	45,601,824	3,425,263	312,030	-	48,715,057
Total Capital Assets being Depreciated, Net	44,343,810	(1,205,228)	-	-	43,138,582
Governmental Activities Capital Assets, Net	\$ 54,048,665	\$ 5,946,178	\$ 1,819,204	\$ (112,256)	\$ 58,063,383

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, 2022:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
BUSINESS-TYPE ACTIVITIES					
Capital Assets not being Depreciated					
Land	\$ 1,912,753	\$ -	\$ -	\$ -	\$ 1,912,753
Construction in Progress	1,648,234	1,559,975	2,848,605	-	359,604
Total Capital Assets not being Depreciated	3,560,987	1,559,975	2,848,605	-	2,272,357
Capital Assets being Depreciated					
Intangible	9,867,726	-	-	-	9,867,726
Buildings	9,972,957	2,442,248	-	-	12,415,205
Distribution System	73,515,926	639,524	-	112,256	74,267,706
Land Improvements	559,134	-	-	-	559,134
Machinery, Vehicles, Furniture and Equipment	2,194,773	108,567	67,923	-	2,235,417
Total Capital Assets being Depreciated	96,110,516	3,190,339	67,923	112,256	99,345,188
Less: Accumulated Depreciation for					
Intangible	2,590,312	246,693	-	-	2,837,005
Buildings	3,300,470	296,687	-	-	3,597,157
Distribution System	24,816,566	1,846,300	-	-	26,662,866
Land Improvements	316,052	18,851	-	-	334,903
Machinery, Vehicles, Furniture and Equipment	1,482,704	185,138	64,615	-	1,603,227
Total Accumulated Depreciation	32,506,104	2,593,669	64,615	-	35,035,158
Total Capital Assets being Depreciated, Net	63,604,412	596,670	3,308	112,256	64,310,030
Business-Type Activities Capital Assets, Net	\$ 67,165,399	\$ 2,156,645	\$ 2,851,913	\$ 112,256	\$ 66,582,387

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

Governmental Activities	
General Government	\$ 73,280
Public Safety	112,510
Public Works	2,740,828
Culture and Recreation	493,050
Economic and Community Development	5,595
Total Depreciation Expense - Governmental Activities	<u>\$ 3,425,263</u>
Business-Type Activities	
Water	\$ 1,159,407
Sewer	1,087,018
Storm Water	347,244
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,593,669</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	\$ 144,699	Cash Deficit
Sewer Fund	Capital Project Fund	509,260	Cash Deficit
Sewer Fund	Nonmajor Governmental Funds	17,350	Cash Deficit
Total		<u>\$ 671,309</u>	

2. Advances from/to Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 761,900	TIF and Cemetery IFL's
Economic Development Fund	Nonmajor Governmental Funds	43,400	TIF 13 IFL
Capital Project Fund	Nonmajor Governmental Funds	81,000	TIF 13 IFL
Total		<u>\$ 886,300</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	\$ 92,560	Capital project administrative costs
Nonmajor Governmental	27,000	Administrative costs
Nonmajor Governmental	8,000	Equipment appropriations
Water	137,085	Administrative costs
Sewer	137,085	Administrative costs
Storm Water	78,124	Administrative costs
Transfer to Economic Development Fund from		
General	40,000	EDA Fund annual appropriation
Transfer to Debt Service Fund from		
General	103,907	Debt service appropriation
Sales Tax Collections	578,876	Annual appropriation
Nonmajor Governmental	141,510	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	500,300	IT, vehicle and equipment annual appropriations
Debt Service	204,313	Project appropriations
Sales Tax Collections	959,331	Project appropriations
Nonmajor Governmental	12,000	IT, vehicle and equipment annual appropriations
Water	23,800	IT, vehicle and equipment annual appropriations
Water	150,000	Project appropriations
Sewer	20,901	IT, vehicle and equipment annual appropriations
Sewer	150,000	Project appropriations
Storm Water	13,600	IT, vehicle and equipment annual appropriations
Transfer to Nonmajor Governmental Funds from		
General	15,000	Cemetery appropriation
General	100,000	Community Development annual appropriation
General	19,800	Capital park appropriation
Capital Project	175,000	Recreation equipment appropriation
Transfer to Water Fund from		
Sales Tax Collections	1,499,890	Contribution for debt service payment
General Fund	108,700	Project appropriations
Total Transfers	<u>\$ 5,713,782</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 2023	
				Principal	Interest
GOVERNMENTAL ACTIVITIES					
<u>General Obligation Bonds</u>					
General Obligation Improvement Bonds, Series 2014; 0.50 to 3.00%; Issued 12/22/2014; Final Maturity 02/01/2027	\$ 1,925,000	\$ 1,285,000	\$ 640,000	\$ 120,000	\$ 16,860
General Obligation Improvement Bonds, Series 2015; 2.00 to 2.75%; Issued 12/22/2015; Final Maturity 02/01/2028	7,130,000	3,760,000	3,370,000	530,000	72,263
General Obligation Tax Increment Bonds, Series 2015; 2.00 to 2.75%; Issued 12/22/2015; Final Maturity 02/01/2028	1,400,000	1,215,000	185,000	30,000	3,963
General Obligation Improvement Bonds, Series 2016; 2.00%; Issued 12/15/2016; Final Maturity 02/01/2024	2,225,000	1,900,000	325,000	160,000	4,900
General Obligation Improvement Bonds, Series 2018; 3.00 to 5.00%; Issued 11/27/2018; Final Maturity 02/01/2029	4,930,000	1,240,000	3,690,000	460,000	142,400
General Obligation Tax Increment Bonds, Series 2018; 3.00 to 5.00%; Issued 11/27/2018; Final Maturity 02/01/2036	1,210,000	120,000	1,090,000	60,000	39,447
General Obligation Improvement Bonds, Series 2019; 2.00 to 5.00%; Issued 12/18/19; Final Maturity 02/01/2030	2,470,000	515,000	1,955,000	260,000	76,150
General Obligation Improvement Bonds, Series 2020; 1.00 to 3.00%; Issued 12/21/20; Final Maturity 02/01/2036	5,760,000	340,000	5,420,000	360,000	99,885
General Obligation Improvement Bonds, Series 2022; 4.00 to 5.00%; Issued 11/14/22; Final Maturity 2/1/2035	4,750,000	-	4,750,000	-	159,554
Total General Obligation Bonds	31,800,000	10,375,000	21,425,000	1,980,000	615,422
Add: Unamortized Premium	-	-	1,182,454	-	-
Total General Obligation Bonds, Net	\$ 31,800,000	\$ 10,375,000	\$ 22,607,454	\$ 1,980,000	\$ 615,422
<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	\$ 5,325,262	\$ 3,330,334	\$ 512,000	\$ 107,670
Total General Obligation Revenue Notes	8,655,596	5,325,262	3,330,334	512,000	107,670
Intergovernmental Long-Term Debt (to Crow Wing County); 0.000% Issued 08/04/21; Final Maturity 07/15/31	347,471	34,747	312,724	34,747	-
Total Governmental Activities Long-Term Debt	\$ 40,803,067	\$ 15,735,009	\$ 26,250,512	\$ 2,526,747	\$ 723,092

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

3. Changes in Long-Term Debt

	December 31, 2021	Additions	Retirements	December 31, 2022	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds	\$ 20,275,000	\$ 4,750,000	\$ 3,600,000	\$ 21,425,000	\$ 1,980,000
Issuance Premium (Discount)	991,447	320,422	129,415	1,182,454	-
Total General Obligation Bonds Payable	<u>21,266,447</u>	<u>5,070,422</u>	<u>3,729,415</u>	<u>22,607,454</u>	<u>1,980,000</u>
Notes from Direct Borrowing	3,826,334	-	496,000	3,330,334	512,000
Intergovernmental Long-Term Debt	347,471	-	34,747	312,724	34,747
Compensated Absences	474,485	368,646	365,384	477,747	17,275
Governmental Activity Long-Term Liabilities	<u>\$ 25,914,737</u>	<u>\$ 5,439,068</u>	<u>\$ 4,625,546</u>	<u>\$ 26,728,259</u>	<u>\$ 2,544,022</u>
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds	\$ 2,480,000	\$ -	\$ 2,480,000	\$ -	\$ -
Issuance Premium (Discount)	66,967	-	66,967	-	-
Total General Obligation Bonds Payable	<u>2,546,967</u>	<u>-</u>	<u>2,546,967</u>	<u>-</u>	<u>-</u>
Compensated Absences	28,828	43,804	37,337	35,295	4,083
Business Activity Long-Term Liabilities	<u>\$ 2,575,795</u>	<u>\$ 43,804</u>	<u>\$ 2,584,304</u>	<u>\$ 35,295</u>	<u>\$ 4,083</u>

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
2023	\$ 1,980,000	\$ 615,421	\$ 2,595,421	\$ 512,000	\$ 107,670	\$ 619,670
2024	2,520,000	604,358	3,124,358	528,333	91,117	619,450
2025	2,315,000	515,326	2,830,326	545,667	74,036	619,703
2026	2,370,000	424,626	2,794,626	563,000	56,394	619,394
2027	2,440,000	330,583	2,770,583	581,334	38,192	619,526
2028-2032	6,995,000	757,980	7,752,980	600,000	19,398	619,398
2033-2036	2,805,000	108,926	2,913,926	-	-	-
Total	\$ 21,425,000	\$ 3,357,220	\$ 24,782,220	\$ 3,330,334	\$ 386,807	\$ 3,717,141

Year Ending December 31,	Governmental Activities		
	Intergovernmental Long-Term Debt		
	Principal	Interest	Total
2023	\$ 34,747	\$ -	\$ 34,747
2024	34,747	-	34,747
2025	34,747	-	34,747
2026	34,747	-	34,747
2027	34,747	-	34,747
2028-2032	138,989	-	138,989
Total	\$ 312,724	\$ -	\$ 312,724

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, 2022:

	General Fund	Economic Development	Sales Tax Collections	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable							
Prepaid Items	\$ 519	\$ -	\$ -	\$ -	\$ -	\$ 355	\$ 874
Perpetual Care	-	-	-	-	-	53,027	53,027
Advances to Other Funds	761,900	-	-	-	-	-	761,900
Total Nonspendable	762,419	-	-	-	-	53,382	815,801
Restricted							
Debt Service	-	-	-	6,106,200	-	-	6,106,200
Economic Development	-	3,603,579	-	-	-	-	3,603,579
Sales Tax	-	-	5,746,749	-	-	-	5,746,749
Tax Increment Financing	-	-	-	-	-	526,717	526,717
Police Activity	-	-	-	-	-	43,927	43,927
Total Restricted	-	3,603,579	5,746,749	6,106,200	-	570,644	16,027,172
Committed							
Culture and Recreation	-	-	-	-	-	379,489	379,489
Economic and Community Development	-	-	-	-	-	854,157	854,157
Total Committed	-	-	-	-	-	1,233,646	1,233,646
Assigned							
Infrastructure	158,300	-	-	-	-	-	158,300
Capital Projects	-	-	-	-	6,318,394	-	6,318,394
Total Assigned	158,300	-	-	-	6,318,394	-	6,476,694
Unassigned	3,597,562	-	-	-	-	(708,994)	2,888,568
Total Fund Balance	\$ 4,518,281	\$ 3,603,579	\$ 5,746,749	\$ 6,106,200	\$ 6,318,394	\$ 1,148,678	\$ 27,441,881

NOTE 4 DEFINED BENEFIT PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2022, was \$832,019. 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 2022 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, 2022, were \$165,622. 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 2022 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, 2022, were \$221,650. 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, 2022, the City reported a liability of \$2,376,010 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 \$69,704.

The net pension liability was measured as of June 30, 2022, 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0300% at the end of the measurement period and 0.0276% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 2,376,010
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>69,704</u>
Total	<u>\$ 2,445,714</u>

For the year ended December 31, 2022, the City recognized pension expense of \$363,522 for its proportionate share of the General Employees Plan's pension expense. Included in the amount, the City recognized \$10,415 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, 2022, 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	\$ 19,847	\$ 23,245
Changes in actuarial assumptions	496,015	8,440
Net collective difference between projected and actual investment earnings	102,452	-
Changes in proportion	125,747	-
Contributions paid to PERA subsequent to the measurement date	<u>82,811</u>	<u>-</u>
Total	<u>\$ 826,872</u>	<u>\$ 31,685</u>

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Retirement Plan Pension Costs (Continued)

The \$82,811 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, 2023. 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
2023	\$ 261,084
2024	262,304
2025	(25,886)
2026	214,874
Total	<u>\$ 712,376</u>

2. Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$4,734,546 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1088% at the end of the measurement period and 0.1056% 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, 2022. 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, 2021. 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, 2022, the City recognized pension expense of \$468,497 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$40,136 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 \$9,792 for the year ended December 31, 2022, 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, 2022, 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	\$ 285,588	\$ -
Changes in actuarial assumptions	2,757,965	27,245
Net collective difference between projected and actual investment earnings	99,449	-
Changes in proportion	58,897	9,319
Contributions paid to PERA subsequent to the measurement date	110,825	-
	<hr/>	<hr/>
Total	\$ 3,312,724	\$ 36,564

The \$110,825 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, 2023. 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
2023	\$ 628,518
2024	622,575
2025	546,345
2026	969,859
2027	398,038
	<hr/>
Total	\$ 3,165,335

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%
Total	<u>100.0%</u>	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022, 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 27 years of service. 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 2022:

General Employees Fund

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.

Changes in Plan Provisions

- There have been no changes since the previous valuation.

Police and Fire Fund

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from MP-2020 to MP-2021
- The single discount rate was changed from 6.5% to 5.4%.

Changes in Plan Provisions

- There have been no changes since the previous valuation.

G. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 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 position of the General Employees Fund was 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.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in the fiscal year ended June 30, 2061, projected benefit payments exceed the fund's projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.4% for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
City's proportionate share of the GERF net pension liability:	\$ 3,753,032	\$ 2,376,010	\$ 1,246,639
	1% Decrease in Discount Rate (4.4%)	Current Discount Rate (5.4%)	1% Increase in Discount Rate (6.4%)
City's proportionate share of the PEPFF net pension liability:	7,165,128	4,734,546	2,769,566

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.

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 City 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
Total	43

NOTE 5 POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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 2022, the City contributed \$21,554 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	6.25% as of January 1, 2022, decreasing each year to an ultimate rate of 4.00% over the next 48 years
Mortality Assumption	Pub-2010 Public Retirement Plans Headcount - Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale

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 \$212,453 was measured as of January 1, 2022, and was determined by an actuarial analysis as of January 1, 2021.

	Total OPEB Liability
Balances at January 1, 2021	\$ 221,728
Changes for the year	
Service Cost	7,901
Interest Cost	4,378
Benefit Payments	(21,554)
Net Changes	(9,275)
Balances at January 1, 2022	<u>\$ 212,453</u>

NOTE 5 POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. Total OPEB Liability (Continued)

Assumption changes:

- None

H. 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%)
\$ 223,290	\$ 212,453	\$ 202,091

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 (5.25%) Decreasing to (3.00%)	Current (6.25%) Decreasing to (4.00%)	1% Increase (7.25%) Decreasing to (5.00%)
\$ 196,168	\$ 212,453	\$ 231,209

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

For the year ended December 31, 2022, the City recognized OPEB expense of \$11,322. At December 31, 2022, 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	\$ 50,982	\$ 74,969
Subsequent contributions	23,441	-
Assumption changes	14,221	4,659
Total	\$ 88,644	\$ 79,628

NOTE 5 POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

J. OPEB Liability Sensitivity

\$23,441 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, 2023. 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
2023	\$ (957)
2024	(957)
2025	(957)
2026	(957)
2027	(957)
Thereafter	<u>(9,640)</u>
Total	<u>\$ (14,425)</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, 2022, the City generated \$308,784 in tax increment revenue on the seven TIF districts with TIF pay-as-you-go notes and incurred \$208,320 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, 2022, 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 \$170,389.

NOTE 6 TAX INCREMENT FINANCING (CONTINUED)

- 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, 2022, 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 \$240,048.
- 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, 2022, the City generated \$72,742 of tax increment revenue and made payments on the Note of \$65,467. The Note's balance at year end was \$131,478.
- TIF District No. 15 was established in 2019 for the purpose of site improvements and a housing development. Under the agreement up to \$356,100 of development costs will be reimbursed through tax increment over a period not to exceed fourteen and one-half years. During the year ended December 31, 2022, the City generated \$40,203 of tax increment revenue and made payments on the Note of \$35,903. The Note's balance at year end was \$319,630.

NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

A. Construction Commitments

At year-end, the City had approximately \$1,690,000 of outstanding construction commitments related to construction services for the 2022 Foley, Isle and Forthun project, 2022 Inglewood RR/TH210 street project, 2022 FDR & Reconstruction, Lift Station #16, and Section 6 A1 Outlet Improvement project.

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 2022, the City has paid \$4,260,721 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.

NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (CONTINUED)

D. Related Organization (Continued)

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 February 2023, the City approved a contract for approximately \$1,670,000 for the 2023 Knollwood Drive FDR project.

In April 2023, the City approved a contract for approximately \$3,640,000 for the 2023 Cypress & Douglas Fir project.

In April 2023, the City approved a contract for approximately \$180,000 for the Lift Station 13 Reconstruction project.

In June 2023, the City approved a contract for approximately \$3,011,000 for the 2023 FDR & Reconstruction project.

NOTE 8 NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* establishes that a Subscription-Based Information Technology Arrangement (SBITA) results in a right-to-use subscription asset and a corresponding liability. Under this statement, a governmental entity generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. This statement will be effective for the year ending December 31, 2023.

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

Schedule of Changes in Total OPEB Liability and Related Ratios

December 31, 2022

	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Total OPEB Liability				
Service Cost	\$ 7,746	\$ 9,324	\$ 7,671	\$ 7,901
Interest	8,437	12,273	9,326	4,378
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)	(21,554)
Net change in total OPEB liability	72,194	1,425	(110,315)	(9,275)
Beginning of year	258,424	330,618	332,043	221,728
End of Year	\$ 330,618	\$ 332,043	\$ 221,728	\$ 212,453
Covered-employee payroll	\$ 2,849,493	\$ 2,934,978	\$ 3,078,938	\$ 3,171,306
Total OPEB liability as a percentage of covered-employee payroll	11.6%	11.3%	7.2%	6.7%

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

Changes in Actuarial Assumptions

- None

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>					
12/31/2022	\$ 165,622	\$ 165,622	\$ -	\$ 2,208,293	7.5%
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>					
12/31/2022	\$ 221,650	\$ 221,650	\$ -	\$ 1,252,260	17.7%
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, 2022

Fiscal Year Ending (for the Measurement Period)	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of Net Pension Liability Associated with the City	Total City and State Proportionate Share of NPL Associated with the City	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>General Employees Plan</u>							
6/30/2022	0.0300%	\$ 2,376,010	\$ 69,704	\$ 2,445,714	\$ 2,246,147	105.8%	76.7%
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>							
6/30/2022	0.1088%	\$ 4,734,546	\$ 206,917	4,941,463	\$ 1,322,198	358.1%	70.5%
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%

* 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.

GENERAL EMPLOYEES FUND

2022 Changes

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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.

GENERAL EMPLOYEES FUND (CONTINUED)

2019 Changes (Continued)

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

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.
- Post-retirement 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%.

GENERAL EMPLOYEES FUND (CONTINUED)

2016 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- 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.

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

2022 Changes

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.
- The single discount rate was changed from 6.5% to 5.4%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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.

POLICE AND FIRE FUND (CONTINUED)

2018 Changes (Continued)

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

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

POLICE AND FIRE FUND (CONTINUED)

2016 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

Budget and Actual – Debt Service Fund

	Budgeted Amounts		
	Original and Final	Actual Amounts	Variance with Final Budget
REVENUES			
General Property Taxes	\$ 1,076,000	\$ 1,098,061	\$ 22,061
Special Assessments	1,392,700	2,031,734	639,034
Intergovernmental	40,800	40,829	29
Investment Earnings	20,800	74,979	54,179
Net Increase (Decrease) in Fair Value of Investments	-	(265,710)	(265,710)
Total Revenues	2,530,300	2,979,893	449,593
EXPENDITURES			
DEBT SERVICE			
Principal	4,096,000	4,096,000	-
Interest and Fiscal Charges	661,300	662,863	1,563
Total Expenditures	4,757,300	4,758,863	1,563
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,227,000)	(1,778,970)	448,030
OTHER FINANCING SOURCES/(USES)			
Transfers In	750,600	854,293	103,693
Transfers Out	-	(204,313)	(204,313)
Total Other Financing Sources/(Uses)	750,600	649,980	(100,620)
NET CHANGE IN FUND BALANCE	\$ (1,476,400)	(1,128,990)	\$ 347,410
Fund Balance - Beginning of Year		7,235,190	
FUND BALANCE - END OF YEAR		\$ 6,106,200	

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 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

Annual Comprehensive Financial Report
 December 31, 2022

	Cemetery	Community Development	Capital Park	Project Development	Lodging Tax Administration	TIF District 5 Arbor Glenn	TIF District 6 Clearwater Estates	TIF District 7 Grand Oaks
ASSETS								
Cash and Pooled Investments	\$ 53,027	\$ 671,787	\$ 773,642	\$ 375,063	\$ 26,263	\$ 281,813	\$ 94,373	\$ 5,559
Investments								
Accounts Receivable	15,800	-	-	-	32,298	-	-	-
Due From Other Governments	-	-	-	-	-	-	-	-
Prepaid Items	-	355	-	-	-	-	-	-
Special Assessments Receivable	-	13,234	-	-	-	-	-	-
Total Assets	\$ 68,827	\$ 685,376	\$ 773,642	\$ 375,063	\$ 58,561	\$ 281,813	\$ 94,373	\$ 5,559
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 2,690	\$ 1,417	\$ 2,974	\$ 4,739	\$ 58,561	\$ 19,590	\$ 2,368	\$ -
Due to Other Governments	-	8,344	-	-	-	-	-	-
Salaries Payable	-	6,641	-	-	-	-	-	-
Due to Other Funds	17,350	-	-	-	-	-	-	-
Unearned Revenue	-	-	3,505	-	-	-	-	-
Advances to Other Funds	37,000	-	-	-	-	-	-	-
Escrow Deposits	-	275,896	-	283,330	-	-	-	-
Total Liabilities	57,040	292,298	6,479	288,069	58,561	19,590	2,368	-
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue								
Special Assessments	-	13,234	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	13,234	-	-	-	-	-	-
FUND BALANCES								
Nonspendable	53,027	355	-	-	-	-	-	-
Restricted	-	-	-	-	-	262,223	92,005	5,559
Committed	-	379,489	767,163	86,994	-	-	-	-
Unassigned	(41,240)	-	-	-	-	-	-	-
Total Fund Balances	11,787	379,844	767,163	86,994	-	262,223	92,005	5,559
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 68,827	\$ 685,376	\$ 773,642	\$ 375,063	\$ 58,561	\$ 281,813	\$ 94,373	\$ 5,559

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

Annual Comprehensive Financial Report
 December 31, 2022

	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
ASSETS							
Cash and Pooled Investments	\$ 174,869	\$ 20,108	\$ 25,983	\$ 27,159	\$ 64,933	\$ 145,474	\$ 18,274
Investments							
Accounts Receivable	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	9,473	-
Prepaid Items	-	-	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-	-
Total Assets	\$ 174,869	\$ 20,108	\$ 25,983	\$ 27,159	\$ 64,933	\$ 154,947	\$ 18,274
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	\$ 40,926	\$ -	\$ 13,422	\$ 26	\$ 65,467	\$ -	\$ 17,956
Due to Other Governments	-	-	-	-	-	-	-
Salaries Payable	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
Advances to Other Funds	-	-	-	213,900	124,400	511,000	-
Escrow Deposits	-	-	-	-	-	-	-
Total Liabilities	40,926	-	13,422	213,926	189,867	511,000	17,956
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue							
Special Assessments	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	133,943	20,108	12,561	-	-	-	318
Committed	-	-	-	-	-	-	-
Unassigned	-	-	-	(186,767)	(124,934)	(356,053)	-
Total Fund Balances	133,943	20,108	12,561	(186,767)	(124,934)	(356,053)	318
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 174,869	\$ 20,108	\$ 25,983	\$ 27,159	\$ 64,933	\$ 154,947	\$ 18,274

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

Annual Comprehensive Financial Report
 December 31, 2022

	Alcohol Seizure	Drug Seizure	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and Pooled Investments	\$ 35,650	\$ 30,081	\$ 2,824,058
Investments			
Accounts Receivable	-	-	48,098
Due From Other Governments	-	-	9,473
Prepaid Items	-	-	355
Special Assessments Receivable	-	-	13,234
Total Assets	\$ 35,650	\$ 30,081	\$ 2,895,218
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 1,260	\$ 38	\$ 231,434
Due to Other Governments	-	-	8,344
Salaries Payable	-	-	6,641
Due to Other Funds	-	-	17,350
Unearned Revenue	-	-	3,505
Advances to Other Funds	-	-	886,300
Escrow Deposits	-	20,506	579,732
Total Liabilities	1,260	20,544	1,733,306
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue			
Special Assessments	-	-	13,234
Total Deferred Inflows of Resources	-	-	13,234
FUND BALANCES			
Nonspendable	-	-	53,382
Restricted	34,390	9,537	570,644
Committed	-	-	1,233,646
Unassigned	-	-	(708,994)
Total Fund Balances	34,390	9,537	1,148,678
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 35,650	\$ 30,081	\$ 2,895,218

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

Year Ended December 31, 2022

Other Governmental Funds

	Cemetery	Community Development	Capital Park	Project Development	Lodging Tax Administration	TIF District 5 Arbor Glenn	TIF District 6 Clearwater Estates	TIF District 7 Grand Oaks
REVENUES								
Lodging Tax	\$ -	\$ -	\$ -	\$ -	\$ 476,986	\$ -	\$ -	\$ -
Tax Increments	-	-	-	-	-	65,301	-	14,972
Special Assessments	-	71	-	-	-	-	-	-
Licenses, Permits, and Fees	-	428,827	-	-	-	-	-	-
Intergovernmental	-	1,633	-	-	-	-	-	-
Charges for Services	-	218,528	-	42	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Investment Earnings	723	10,673	4,586	5,667	-	4,258	1,632	41
Net Increase (Decrease) in Fair Value of Investments	(2,448)	(38,020)	(17,430)	(19,782)	-	(14,584)	(5,564)	(136)
Miscellaneous	19,400	-	674,406	-	-	-	-	-
Total Revenues	17,675	621,712	661,562	(14,073)	476,986	54,975	(3,932)	14,877
EXPENDITURES								
CURRENT								
General Government	26,167	-	-	-	-	-	-	-
Public Safety	-	180,305	-	-	-	-	-	-
Culture and Recreation	-	-	120,172	-	-	-	-	-
Economic and Community Development	-	313,516	-	354	476,986	40,435	5,539	2,212
CAPITAL OUTLAY								
General Government	23,573	-	-	-	-	-	-	-
Culture and Recreation	-	-	176,206	-	-	-	-	-
DEBT SERVICE								
Principal	-	-	34,747	-	-	-	-	-
Interest and Fiscal Charges	186	-	-	-	-	-	-	-
Total Expenditures	49,926	493,821	331,125	354	476,986	40,435	5,539	2,212
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(32,251)	127,891	330,437	(14,427)	-	14,540	(9,471)	12,665
OTHER FINANCING SOURCES (USES)								
Transfers In	15,000	100,000	194,800	-	-	-	-	-
Transfers Out	-	(39,000)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	15,000	61,000	194,800	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(17,251)	188,891	525,237	(14,427)	-	14,540	(9,471)	12,665
Fund Balance - Beginning of Year	29,038	190,953	241,926	101,421	-	247,683	101,476	(7,106)
FUND BALANCE - END OF YEAR	\$ 11,787	\$ 379,844	\$ 767,163	\$ 86,994	\$ -	\$ 262,223	\$ 92,005	\$ 5,559

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

Year Ended December 31, 2022

Other Governmental Funds (continued)

	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 Est
REVENUES							
Lodging Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Increments	68,210	17,531	29,826	38,370	72,742	191,699	40,203
Special Assessments	-	-	-	-	-	-	-
Licenses, Permits, and Fees	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-
Investment Earnings	2,343	155	264	171	558	817	56
Net Increase (Decrease) in Fair Value of Investments	(8,083)	(569)	(904)	(666)	(1,983)	(3,247)	(222)
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	62,470	17,117	29,186	37,875	71,317	189,269	40,037
EXPENDITURES							
CURRENT							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Economic and Community Development	42,167	1,795	28,301	9,111	71,731	21,379	38,283
CAPITAL OUTLAY							
General Government	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
DEBT SERVICE							
Principal	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	26	-	125	80
Total Expenditures	42,167	1,795	28,301	9,137	71,731	21,504	38,363
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	20,303	15,322	885	28,738	(414)	167,765	1,674
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	(34,563)	-	(106,948)	-
Total Other Financing Sources (Uses)	-	-	-	(34,563)	-	(106,948)	-
NET CHANGE IN FUND BALANCES	20,303	15,322	885	(5,825)	(414)	60,817	1,674
Fund Balance - Beginning of Year	113,640	4,786	11,676	(180,942)	(124,520)	(416,870)	(1,356)
FUND BALANCE - END OF YEAR	\$ 133,943	\$ 20,108	\$ 12,561	\$ (186,767)	\$ (124,934)	\$ (356,053)	\$ 318

Other Governmental Funds (continued)

	Alcohol Seizure	Drug Seizure	Total Other Governmental Funds
REVENUES			
Lodging Tax	\$ -	\$ -	\$ 476,986
Tax Increments	-	-	538,854
Special Assessments	-	-	71
Licenses, Permits, and Fees	-	-	428,827
Intergovernmental	-	-	1,633
Charges for Services	-	-	218,570
Fines and Forfeits	417	602	1,019
Investment Earnings	594	492	33,030
Net Increase (Decrease) in Fair Value of Investments	(2,030)	(1,689)	(117,357)
Miscellaneous	-	-	693,806
Total Revenues	(1,019)	(595)	2,275,439
EXPENDITURES			
CURRENT			
General Government	-	-	26,167
Public Safety	1,260	2,015	183,580
Culture and Recreation	-	-	120,172
Economic and Community Development	-	-	1,051,809
CAPITAL OUTLAY			
General Government	-	-	23,573
Culture and Recreation	-	-	176,206
DEBT SERVICE			
Principal	-	-	34,747
Interest and Fiscal Charges	-	-	417
Total Expenditures	1,260	2,015	1,616,671
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,279)	(2,610)	658,768
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	309,800
Transfers Out	-	(8,000)	(188,511)
Total Other Financing Sources (Uses)	-	(8,000)	121,289
NET CHANGE IN FUND BALANCES	(2,279)	(10,610)	780,057
Fund Balance - Beginning of Year	36,669	20,147	368,621
FUND BALANCE - END OF YEAR	\$ 34,390	\$ 9,537	\$ 1,148,678

City of Baxter, Minnesota
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual – Cemetery Special Revenue Fund

Annual Comprehensive Financial Report
 Year Ended December 31, 2022

	Budgeted Amounts		Variance with Final Budget
	Original and Final	Actual Amounts	
REVENUES			
Investment Earnings	\$ 200	\$ 723	\$ 523
Net Increase (Decrease) in Fair Value of Investments	-	(2,448)	(2,448)
Miscellaneous			
Other Miscellaneous Revenues	4,800	19,400	14,600
Total Revenues	<u>5,000</u>	<u>17,675</u>	<u>12,675</u>
EXPENDITURES			
CURRENT			
General Government			
Cemetery	13,500	26,167	12,667
CAPITAL OUTLAY			
General Government	25,600	23,573	(2,027)
DEBT SERVICE			
Interest	-	186	186
Total Expenditures	<u>39,100</u>	<u>49,926</u>	<u>10,826</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(34,100)	(32,251)	1,849
OTHER FINANCING SOURCES			
Transfers In	15,000	15,000	-
NET CHANGE IN FUND BALANCE	<u>\$ (19,100)</u>	<u>(17,251)</u>	<u>\$ 1,849</u>
Fund Balance - Beginning of Year		<u>29,038</u>	
FUND BALANCE - END OF YEAR		<u>\$ 11,787</u>	

Budget and Actual – Community Development Special Revenue Fund

	Budgeted		Variance with Final Budget
	Original and Final	Actual Amounts	
REVENUES			
Special Assessments	\$ -	\$ 71	\$ 71
Licenses, Permits, and Fees	197,800	428,827	231,027
Intergovernmental			
State and Local	-	1,633	1,633
Charges for Services	83,200	218,528	135,328
Investment Earnings	3,000	10,673	7,673
Net Increase (Decrease) in Fair Value of Investments	-	(38,020)	(38,020)
Total Revenues	284,000	621,712	337,712
EXPENDITURES			
CURRENT			
Public Safety			
Building Inspection	198,700	180,305	(18,395)
Economic and Community Development			
Planning	328,400	313,516	(14,884)
Total Expenditures	527,100	493,821	(33,279)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(243,100)	127,891	370,991
OTHER FINANCING SOURCES (USES)			
Transfers In	100,000	100,000	-
Transfers Out	(39,000)	(39,000)	-
Total Other Financing Sources (Uses)	61,000	61,000	-
NET CHANGE IN FUND BALANCE	\$ (182,100)	188,891	\$ 370,991
Fund Balance - Beginning of Year		190,953	
FUND BALANCE - END OF YEAR		\$ 379,844	

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2022

Budget and Actual – Capital Park Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Investment Earnings	500	500	4,586	4,086
Net Increase (Decrease) in Fair Value of Investments	-	-	(17,430)	(17,430)
Miscellaneous Park Dedication	-	-	674,406	674,406
Total Revenues	500	500	661,562	661,062
EXPENDITURES				
CURRENT				
Culture and Recreation Capital Park	92,500	99,900	120,172	20,272
CAPITAL OUTLAY				
Culture and Recreation	209,800	175,000	176,206	1,206
DEBT SERVICE				
Principal	-	34,800	34,747	53
Total Expenditures	302,300	309,700	331,125	21,531
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(301,800)	(309,200)	330,437	639,637
OTHER FINANCING SOURCES				
Transfers In	194,800	194,800	194,800	-
Total Other Financing Sources (Uses)	194,800	194,800	194,800	-
NET CHANGE IN FUND BALANCE	\$ (107,000)	\$ (114,400)	525,237	\$ 639,637
Fund Balance - Beginning of Year			241,926	
FUND BALANCE - END OF YEAR			\$ 767,163	

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2022

Budget and Actual – Lodging Tax Administration Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Lodging Tax	\$ 326,100	\$ 326,100	\$ 476,986	\$ 150,886
Total Revenues	<u>326,100</u>	<u>326,100</u>	<u>476,986</u>	<u>150,886</u>
EXPENDITURES				
CURRENT				
Economic and Community Development	<u>326,100</u>	<u>477,000</u>	<u>476,986</u>	<u>(14)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (150,900)</u>	<u>-</u>	<u>\$ 150,900</u>
Fund Balance - Beginning of Year			<u>-</u>	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2022

Budget and Actual – Combined Tax Increment Financing Special Revenue Funds

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Tax Increments	\$ 565,200	\$ 538,500	\$ 538,854	\$ 354
Investment Earnings	2,800	2,800	10,295	7,495
Net Increase (Decrease) in Fair Value of Investments	-	-	(35,958)	(35,958)
Total Revenues	<u>568,000</u>	<u>541,300</u>	<u>513,191</u>	<u>(28,109)</u>
EXPENDITURES				
CURRENT				
Economic and Community Development	282,500	270,300	260,953	(9,347)
DEBT SERVICE				
Interest and Fiscal Charges	100	100	231	131
Total Expenditures	<u>282,600</u>	<u>270,400</u>	<u>261,184</u>	<u>(9,216)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	285,400	270,900	252,007	(18,893)
OTHER FINANCING USES				
Transfers Out	(141,600)	(141,600)	(141,511)	89
Total Other Financing Uses	<u>(141,600)</u>	<u>(141,600)</u>	<u>(141,511)</u>	<u>89</u>
NET CHANGE IN FUND BALANCE	<u>\$ 143,800</u>	<u>\$ 129,300</u>	110,496	<u>\$ (18,804)</u>
Fund Balance - Beginning of Year			<u>(251,533)</u>	
FUND BALANCE - END OF YEAR			<u>\$ (141,037)</u>	

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

Annual Comprehensive Financial Report
 December 31, 2022

	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	2022 G.O. Improvement Bonds	Combined Totals
ASSETS								
Cash and Pooled Investments	\$ 925,503	\$ 1,737,320	\$ 177,191	\$ 1,515,302	\$ 565,113	\$ 845,828	\$ 211,617	\$ 5,977,874
Investments								
Accounts Receivable	-	93,846	-	-	-	-	-	93,846
Due From Other Governments	3,915	15,101	5,164	6,572	5,060	3,420	1,150	40,382
Delinquent Taxes Receivable	5,492	7,291	2,361	3	-	-	-	15,147
Special Assessments Receivable	1,348,509	1,959,877	661,571	1,930,681	1,159,192	3,383,338	2,529,531	12,972,699
Total assets	\$ 2,283,419	\$ 3,813,435	\$ 846,287	\$ 3,452,558	\$ 1,729,365	\$ 4,232,586	\$ 2,742,298	\$ 19,099,948
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ -	\$ 474	\$ 500	\$ -	\$ 550	\$ 500	\$ -	\$ 2,024
Due to Other Governments	3,878	-	-	-	-	-	-	3,878
Total Liabilities	3,878	474	500	-	550	500	-	5,902
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue								
Taxes	5,492	7,291	2,361	3	-	-	-	15,147
Special Assessments	1,348,509	1,959,877	661,571	1,930,681	1,159,192	3,383,338	2,529,531	12,972,699
Total Deferred Inflows of Resources	1,354,001	1,967,168	663,932	1,930,684	1,159,192	3,383,338	2,529,531	12,987,846
FUND BALANCES								
Restricted	925,540	1,845,793	181,855	1,521,874	569,623	848,748	212,767	6,106,200
Total Fund Balances	925,540	1,845,793	181,855	1,521,874	569,623	848,748	212,767	6,106,200
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 2,283,419	\$ 3,813,435	\$ 846,287	\$ 3,452,558	\$ 1,729,365	\$ 4,232,586	\$ 2,742,298	\$ 19,099,948

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

Year Ended December 31, 2022

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	2022 G.O. Improvement Bonds	Internal Eliminations	Combined Totals
REVENUES											
Taxes	\$ -	\$ 237,791	\$ 2,325	\$ 205,926	\$ 27	\$ 211,293	\$ 222,494	\$ 218,205	\$ -	\$ -	\$ 1,098,061
Special Assessments	-	141,931	136,822	435,608	172,132	373,523	212,063	449,445	110,210	-	2,031,734
Intergovernmental	40,829	-	-	-	-	-	-	-	-	-	40,829
Investment Earnings	-	198	14,180	25,874	1,693	20,005	5,435	7,271	323	-	74,979
Net Increase (Decrease) in Fair Value of Investments	-	-	(48,742)	(93,807)	(6,071)	(69,385)	(19,593)	(26,439)	(1,673)	-	(265,710)
Total Revenues	40,829	379,920	104,585	573,601	167,781	535,436	420,399	648,482	108,860	-	2,979,893
EXPENDITURES											
DEBT SERVICE											
Principal	496,000	1,425,000	120,000	550,000	405,000	510,000	250,000	340,000	-	-	4,096,000
Interest and Fiscal Charges	123,705	17,720	19,380	87,800	11,050	202,873	89,450	110,885	-	-	662,863
Total Expenditures	619,705	1,442,720	139,380	637,800	416,050	712,873	339,450	450,885	-	-	4,758,863
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(578,876)	(1,062,800)	(34,795)	(64,199)	(248,269)	(177,437)	80,949	197,597	108,860	-	(1,778,970)
OTHER FINANCING SOURCES (USES)											
Transfers In	578,876	30,000	-	38,439	-	106,948	-	-	103,907	(3,877)	854,293
Transfers Out	-	(208,190)	-	-	-	-	-	-	-	3,877	(204,313)
Total Other Financing Sources (Uses)	578,876	(178,190)	-	38,439	-	106,948	-	-	103,907	-	649,980
NET CHANGE IN FUND BALANCES	-	(1,240,990)	(34,795)	(25,760)	(248,269)	(70,489)	80,949	197,597	212,767	-	(1,128,990)
Fund Balance - Beginning of Year	-	1,240,990	960,335	1,871,553	430,124	1,592,363	488,674	651,151	-	-	7,235,190
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 925,540	\$ 1,845,793	\$ 181,855	\$ 1,521,874	\$ 569,623	\$ 848,748	\$ 212,767	\$ -	\$ 6,106,200

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

Annual Comprehensive Financial Report
 December 31, 2022

	Collector Street	Street Replacement	Capital Equipment	Trails Construction	City Center Building	Cypress Town Center
ASSETS						
Cash and Pooled Investments	\$ 3,002,710	\$ 2,237,492	\$ 1,701,819	\$ 391,424	\$ 449,944	\$ 50,109
Due from Other Funds	896,618	-	-	-	-	-
Accounts Receivable	-	55,335	-	-	-	-
Due From Other Governments	67,358	-	2,750	-	-	-
Special Assessments Receivable	313,548	6,291	-	27,287	-	-
Advances to Other Funds	81,000	-	-	-	-	-
Total Assets	\$ 4,361,234	\$ 2,299,118	\$ 1,704,569	\$ 418,711	\$ 449,944	\$ 50,109
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts and Contracts Payable	\$ 596	\$ -	\$ 11,750	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-
Retainage Payable	12,224	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-
Total Liabilities	12,820	-	11,750	-	-	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue						
Special Assessments	313,548	6,291	-	27,287	-	-
Advanced Appropriations - State Shared Taxes	1,194,292	-	-	-	-	-
Other	67,357	-	-	-	-	-
Total Deferred Inflows of Resources	1,575,197	6,291	-	27,287	-	-
FUND BALANCES						
Assigned	2,773,217	2,292,827	1,692,819	391,424	449,944	50,109
Unassigned	-	-	-	-	-	-
Total Fund Balances	2,773,217	2,292,827	1,692,819	391,424	449,944	50,109
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 4,361,234	\$ 2,299,118	\$ 1,704,569	\$ 418,711	\$ 449,944	\$ 50,109

Combining Balance Sheet

December 31, 2022

Capital Project Fund – by Project (continued)

	Cypress Dr- Hastings to 48	Fairview Extension 371 NW	Inglewood/ Forthun/Foley	Inglewood - 77 Utilities	Inglewood Railroad Crossing
ASSETS					
Cash and Pooled Investments	\$ -	\$ -	\$ 140,849	\$ -	\$ 996,561
Due from Other Funds	-	-	-	-	-
Accounts Receivable	4,030	-	-	-	-
Due From Other Governments	18,500	-	-	-	637,259
Special Assessments Receivable	-	-	-	-	-
Advances to Other Funds	-	-	-	-	-
Total Assets	\$ 22,530	\$ -	\$ 140,849	\$ -	\$ 1,633,820
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts and Contracts Payable	\$ 123,501	\$ -	\$ 28,631	\$ -	\$ 285,205
Due to Other Funds	321,404	129,144	-	12,109	779,354
Retainage Payable	-	-	111,329	-	35,853
Unearned Revenue	-	-	-	-	1,016,480
Total Liabilities	444,905	129,144	139,960	12,109	2,116,892
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	-	-	-	-	-
Special Assessments	-	-	-	-	-
Advanced Appropriations - State Shared Taxes	-	-	-	-	-
Other	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Assigned	-	-	889	-	-
Unassigned	(422,375)	(129,144)	-	(12,109)	(483,072)
Total Fund Balances	(422,375)	(129,144)	889	(12,109)	(483,072)
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 22,530	\$ -	\$ 140,849	\$ -	\$ 1,633,820

Capital Project Fund – by Project (continued)

	Cypress- Woida	Mapleton Realign	Knollwood FDR
ASSETS			
Cash and Pooled Investments	\$ -	\$ -	\$ -
Due from Other Funds	-	-	-
Accounts Receivable	-	-	-
Due From Other Governments	-	-	-
Special Assessments Receivable	-	-	-
Advances to Other Funds	-	-	-
Total Assets	\$ -	\$ -	\$ -
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts and Contracts Payable	\$ -	\$ -	\$ 44,153
Due to Other Funds	15,555	5,098	95,530
Retainage Payable	-	-	-
Unearned Revenue	-	-	-
Total Liabilities	15,555	5,098	139,683
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue			
Special Assessments	-	-	-
Advanced Appropriations - State Shared Taxes	-	-	-
Other	-	-	-
Total Deferred Inflows of Resources	-	-	-
FUND BALANCES			
Assigned	-	-	-
Unassigned	(15,555)	(5,098)	(139,683)
Total Fund Balances	(15,555)	(5,098)	(139,683)
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ -	\$ -	\$ -

Capital Project Fund – by Project (continued)

	Fairview-W Conservation	Design-Dellwood	2022 FDR- Reconstruction	RR Quiet Zone	2023 FDR - Reconstruction	Internal Eliminations	Combined Totals
ASSETS							
Cash and Pooled Investments	\$ -	\$ -	\$ 192,780	\$ -	\$ -	\$ -	\$ 9,163,688
Due from Other Funds	-	-	-	-	-	(896,618)	-
Accounts Receivable	-	-	-	-	-	-	59,365
Due From Other Governments	-	-	-	-	-	-	725,867
Special Assessments Receivable	-	-	-	-	-	-	347,126
Advances to Other Funds	-	-	-	-	-	-	81,000
Total Assets	\$ -	\$ -	\$ 192,780	\$ -	\$ -	\$ (896,618)	\$ 10,377,046
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts and Contracts Payable	\$ -	\$ 818	\$ 64,944	\$ 4,850	\$ 52,584	\$ -	\$ 617,032
Due to Other Funds	17,636	49,545	-	-	117,265	(896,618)	653,959
Retainage Payable	-	-	3,000	-	-	-	162,406
Unearned Revenue	-	-	-	-	-	-	1,016,480
Total Liabilities	17,636	50,363	67,944	4,850	169,849	(896,618)	2,449,877
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue							
Special Assessments	-	-	-	-	-	-	347,126
Advanced Appropriations - State Shared Taxes	-	-	-	-	-	-	1,194,292
Other	-	-	-	-	-	-	67,357
Total Deferred Inflows of Resources	-	-	-	-	-	-	1,608,775
FUND BALANCES							
Assigned	-	-	124,836	-	-	-	7,776,065
Unassigned	(17,636)	(50,363)	-	(4,850)	(169,849)	-	(1,457,671)
Total Fund Balances	(17,636)	(50,363)	124,836	(4,850)	(169,849)	-	6,318,394
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ -	\$ -	\$ 192,780	\$ -	\$ -	\$ (896,618)	\$ 10,377,046

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

December 31, 2022

Capital Project Fund – by Project

	Collector Street	Street Replacement	Capital Equipment	Trails Construction	City Center Building	Cypress Town Center	Eagle Drive
REVENUES							
Franchise Fees	\$ -	\$ 310,484	\$ -	\$ 67,400	\$ -	\$ -	\$ -
Special Assessments	-	-	-	7,695	-	-	-
Intergovernmental	542,202	180,734	14,125	-	-	-	-
Investment earnings	66,268	38,052	30,492	6,095	7,560	842	-
Net Increase (Decrease) in Fair Value of Investments	(223,367)	(130,315)	(105,046)	(20,629)	(25,809)	(2,874)	455
Miscellaneous	-	-	2,395	-	-	-	-
Total Revenues	385,103	398,955	(58,034)	60,561	(18,249)	(2,032)	455
EXPENDITURES							
CURRENT							
General Government	-	-	56,122	-	-	-	-
Public Safety	-	-	7,145	-	-	-	-
Public Works	25,405	284,878	360	-	-	-	133
Culture and Recreation	-	-	360	57,344	-	-	-
CAPITAL OUTLAY							
Public Works	-	-	290,034	-	-	-	-
Culture and Recreation	-	-	103,272	-	-	-	-
DEBT SERVICE							
Interest and Fiscal Charges	-	-	-	-	-	-	-
Total Expenditures	25,405	284,878	457,293	57,344	-	-	133
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	359,698	114,077	(515,327)	3,217	(18,249)	(2,032)	322
OTHER FINANCING SOURCES (USES)							
Sale of Capital Assets	-	-	80,328	-	-	-	-
Issuance of GO Bonds	-	-	-	-	-	-	-
Issuance of GO Bonds - Premium	-	-	-	-	-	-	-
Transfers In	591,314	-	570,600	-	-	-	-
Transfers Out	(1,219,086)	-	(175,000)	-	-	-	-
Total Other Financing Sources (Uses)	(627,772)	-	475,928	-	-	-	-
NET CHANGE IN FUND BALANCES	(268,074)	114,077	(39,399)	3,217	(18,249)	(2,032)	322
Fund Balance - Beginning of Year	3,041,291	2,178,750	1,732,218	388,207	468,193	52,141	(8,259)
FUND BALANCE - END OF YEAR	\$ 2,773,217	\$ 2,292,827	\$ 1,692,819	\$ 391,424	\$ 449,944	\$ 50,109	\$ (7,937)

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

December 31, 2022

Capital Project Fund – by Project (continued)

	Cypress Dr- Hastings to 48	Fairview Extension 371 NW	Inglewood/ Fairview/ Foley	Inglewood/ Forthun/Foley	Inglewood - 77 Utilities	Inglewood Railroad Crossing
REVENUES						
Franchise Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	204,585	-	-
Intergovernmental	18,500	-	-	10,000	-	759,929
Investment earnings	-	-	1,303	-	-	-
Net Increase (Decrease) in Fair Value of Investments	6,510	7,408	(4,450)	24,622	688	32,869
Miscellaneous	-	-	-	-	-	-
Total Revenues	25,010	7,408	(3,147)	239,207	688	792,798
EXPENDITURES						
CURRENT						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	1,659	2,170	-	5,599	865	932,015
Culture and Recreation	-	-	-	-	-	-
CAPITAL OUTLAY						
Public Works	384,839	-	-	4,087,542	-	907,678
Culture and Recreation	-	-	-	-	-	-
DEBT SERVICE						
Interest and Fiscal Charges	-	-	-	25,198	-	1,654
Total Expenditures	386,498	2,170	-	4,118,339	865	1,841,347
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(361,488)	5,238	(3,147)	(3,879,132)	(177)	(1,048,549)
OTHER FINANCING SOURCES (USES)						
Sale of Capital Assets	-	-	-	-	-	-
Issuance of GO Bonds	-	-	-	2,333,600	-	130,150
Issuance of GO Bonds - Premium	-	-	-	133,808	-	8,780
Transfers In	-	-	-	1,526,903	-	996,561
Transfers Out	-	-	(77,572)	(70,792)	-	-
Total Other Financing Sources (Uses)	-	-	(77,572)	3,923,519	-	1,135,491
NET CHANGE IN FUND BALANCES	(361,488)	5,238	(80,719)	44,387	(177)	86,942
Fund Balance - Beginning of Year	(60,887)	(134,382)	80,719	(43,498)	(11,932)	(570,014)
FUND BALANCE - END OF YEAR	\$ (422,375)	\$ (129,144)	\$ -	\$ 889	\$ (12,109)	\$ (483,072)

Capital Project Fund – by Project (continued)

	Cypress- Woida	Mapleton Realign	TH 210 Lighting	Knollwood FDR
REVENUES				
Franchise Fees	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-
Intergovernmental	-	-	-	-
Investment earnings	-	-	-	-
Net Increase (Decrease) in Fair Value of Investments	892	272	8,150	1,923
Miscellaneous	-	-	-	-
Total Revenues	892	272	8,150	1,923
EXPENDITURES				
CURRENT				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	261	1,897	2,364	490
Culture and Recreation	-	-	-	-
CAPITAL OUTLAY				
Public Works	-	-	12,150	120,617
Culture and Recreation	-	-	-	-
DEBT SERVICE				
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	261	1,897	14,514	121,107
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	631	(1,625)	(6,364)	(119,184)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	-	-
Issuance of GO Bonds	-	-	117,434	-
Issuance of GO Bonds - Premium	-	-	-	-
Transfers In	-	-	32,525	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	149,959	-
NET CHANGE IN FUND BALANCES	631	(1,625)	143,595	(119,184)
Fund Balance - Beginning of Year	(16,186)	(3,473)	(143,595)	(20,499)
FUND BALANCE - END OF YEAR	\$ (15,555)	\$ (5,098)	\$ -	\$ (139,683)

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

December 31, 2022

Capital Project Fund – by Project (continued)

	2021 Mill & Overlay	Fairview-W Conservation	Design-Dellwood	2022 FDR- Reconstruction	RR Quiet Zone	2023 FDR - Reconstruction	Internal Eliminations	Combined Totals
REVENUES								
Franchise Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 377,884
Special Assessments	66,207	-	-	91,898	-	-	-	370,385
Intergovernmental	-	-	-	-	-	-	-	1,525,490
Investment earnings	-	-	-	-	-	-	-	150,612
Net Increase (Decrease) in Fair Value of Investments	45,070	1,010	2,744	11,164	-	970	-	(367,743)
Miscellaneous	-	-	-	-	-	-	-	2,395
Total Revenues	111,277	1,010	2,744	103,062	-	970	-	2,059,023
EXPENDITURES								
CURRENT								
General Government	-	-	-	-	-	-	-	56,122
Public Safety	-	-	-	-	-	-	-	7,145
Public Works	32,426	446	798	3,329	4,850	189	-	1,300,134
Culture and Recreation	-	-	-	-	-	-	-	57,704
CAPITAL OUTLAY								
Public Works	-	-	10,055	1,250,326	-	170,630	-	7,233,871
Culture and Recreation	-	-	-	-	-	-	-	103,272
DEBT SERVICE								
Interest and Fiscal Charges	12,935	-	-	20,551	-	-	-	60,338
Total Expenditures	45,361	446	10,853	1,274,206	4,850	170,819	-	8,818,586
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	65,916	564	(8,109)	(1,171,144)	(4,850)	(169,849)	-	(6,759,563)
OTHER FINANCING SOURCES (USES)								
Sale of Capital Assets	-	-	-	-	-	-	-	80,328
Issuance of GO Bonds	900,966	-	-	1,267,850	-	-	-	4,750,000
Issuance of GO Bonds - Premium	68,698	-	-	109,136	-	-	-	320,422
Transfers In	-	-	-	-	-	-	(1,296,658)	2,421,245
Transfers Out	-	-	-	(21,768)	-	-	1,296,658	(267,560)
Total Other Financing Sources (Uses)	969,664	-	-	1,355,218	-	-	-	7,304,435
NET CHANGE IN FUND BALANCES	1,035,580	564	(8,109)	184,074	(4,850)	(169,849)	-	544,872
Fund Balance - Beginning of Year	(1,035,580)	(18,200)	(42,254)	(59,238)	-	-	-	5,773,522
FUND BALANCE - END OF YEAR	\$ -	\$ (17,636)	\$ (50,363)	\$ 124,836	\$ (4,850)	\$ (169,849)	\$ -	\$ 6,318,394

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

This part of the City's Annual Comprehensive 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 annual comprehensive financial report for the relevant year.

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

Annual Comprehensive Financial Report
 Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 35,075,487
Restricted for:										
Debt Service	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	18,823,590
Economic Development	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	3,603,579
Sales Tax Funded Infrastructure	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	5,769,612
Revolving Loans	420,061	425,702	430,601	434,670	-	-	-	-	-	-
Tax Increment Financing	616,906	801,698	552,442	441,859	337,937	245,004	450,552	436,438	479,261	526,717
Police Activity	32,669	43,951	52,358	51,351	45,520	56,879	75,526	60,968	56,816	43,927
Unrestricted	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	5,220,965
Total Governmental Activities Net Position	40,692,015	40,692,015	45,155,912	49,135,419	51,282,428	58,494,067	63,903,564	70,037,707	65,897,805	69,063,877
Business-Type Activities										
Net Investment in Capital Assets	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	66,572,420
Unrestricted	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	11,791,223
Total Business-Type Activities Net Position	55,000,775	55,000,775	55,076,350	61,596,639	63,635,237	64,594,947	68,657,987	70,908,847	77,663,944	78,363,643
Primary Government										
Net Investment in Capital Assets	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	98,214,793
Restricted for:										
Debt Service	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	18,823,590
Economic Development	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	3,603,579
Sales Tax Funded Infrastructure	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	5,769,612
Revolving Loans	420,061	425,702	434,670	-	-	-	-	-	-	-
Tax Increment Financing	616,906	801,698	441,859	337,937	337,937	245,004	450,552	436,438	479,261	526,717
Police Activity	32,669	43,951	51,351	45,520	45,520	56,879	75,526	60,968	56,816	43,927
Unrestricted	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	20,445,302
Total Primary Government Net Position	\$ 95,692,790	\$ 95,692,790	\$ 100,232,262	\$ 110,413,997	\$ 114,917,665	\$ 123,089,014	\$ 132,561,551	\$ 140,946,554	\$ 143,561,749	\$ 147,427,520

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

Annual Comprehensive Financial Report
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities										
General Government	\$ 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	\$ 2,075,434
Public Safety	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	3,206,075
Public Works	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	5,082,115
Sanitation	34,944	37,970	35,114	31,520	32,105	31,174	32,983	10,617	-	-
Culture and Recreation	723,667	777,891	847,953	943,075	910,191	1,065,834	1,223,138	1,339,968	1,476,241	1,716,508
Economic and Community Development	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	1,784,850
Interest	879,723	696,429	505,783	530,054	460,144	498,992	641,116	722,625	627,203	578,277
Total Governmental Activities Expenses	8,086,087	8,354,985	9,733,748	9,974,751	9,595,609	11,490,489	14,226,950	12,783,794	12,226,529	14,443,259
Business-Type Activities										
Water	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	2,344,577
Sewer	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	2,336,664
Storm Water	322,326	302,180	302,516	394,181	455,475	421,596	548,619	513,061	654,338	612,382
Total Business-Type Activities Expenses	4,022,390	3,834,455	3,736,596	3,808,520	4,142,521	4,018,050	4,213,431	4,306,657	5,531,150	5,293,623
Total Primary Government Expenses	\$ 12,108,477	\$ 12,189,440	\$ 13,470,344	\$ 13,783,271	\$ 13,738,130	\$ 15,508,539	\$ 18,440,381	\$ 17,090,451	\$ 17,757,679	\$ 19,736,882
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 477,130	\$ 462,537	\$ 475,694	\$ 474,708	\$ 481,839	\$ 178,140	\$ 182,313	\$ 240,650	\$ 203,568	\$ 172,814
Public Safety	416,024	426,505	368,760	351,049	484,646	454,912	628,295	419,356	444,643	708,955
Public Works	7,875	525	600	153,974	399,278	429,435	419,156	414,244	413,211	411,887
Sanitation	244	162	276	242	365	283	290	373	-	-
Culture and Recreation	269,462	301,626	69,638	111,931	31,718	36,595	109,441	55,850	213,989	749,581
Economic and Community Development	33,005	26,717	400,285	31,801	42,686	169,676	22,391	18,417	38,837	29,836
Operating Grants and Contributions	235,669	231,786	289,696	260,933	266,915	259,945	279,642	802,905	990,694	450,799
Capital Grants and Contributions	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	4,102,720
Total Governmental Activities Program Revenues	1,949,355	3,817,428	9,120,623	4,621,835	3,749,153	9,393,457	11,907,727	9,344,192	4,434,982	6,626,592
Business-Type Activities										
Charges for Services										
Water	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	1,805,378
Sewer	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	1,428,565
Storm Water	316,202	318,857	321,866	345,328	368,286	421,401	466,640	524,961	563,718	652,895
Operating Grants and Contributions	84,294	37,344	18,527	18,185	15,155	4,537	11,207	17,896	23,116	114,888
Capital Grants and Contributions	95,020	329,375	35,135	73,725	443,718	796,372	1,011,863	525,079	563,578	1,478,281
Total Business-Type Activities Program Revenues	4,027,208	3,956,756	3,570,240	3,721,808	4,276,215	4,064,210	4,333,365	3,997,701	4,365,762	5,480,007
Total Primary Government Program Revenues	\$ 5,976,563	\$ 7,774,184	\$ 12,690,863	\$ 8,343,643	\$ 8,025,368	\$ 13,457,667	\$ 16,241,092	\$ 13,341,893	\$ 8,800,744	\$ 12,106,599
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (7,816,667)
Business-Type Activities	4,818	122,301	(166,356)	(86,712)	133,694	46,160	119,934	(308,956)	(1,165,388)	186,384
Total Primary Government Net (Expense)/Revenue	\$ (6,131,914)	\$ (4,415,256)	\$ (779,481)	\$ (5,439,628)	\$ (5,712,762)	\$ (2,050,872)	\$ (2,199,289)	\$ (3,748,558)	\$ (8,956,935)	\$ (7,630,283)

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

Annual Comprehensive Financial Report
Last Ten Fiscal Years

General Revenues and Other Changes in Net Position

Governmental Activities

Property Taxes	\$ 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	\$ 7,755,327
Lodging Tax	291,331	321,994	362,561	378,336	399,024	401,802	397,118	248,466	392,406	476,986
Sales Tax	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	3,693,566
Tax Increments	354,610	358,473	395,884	487,459	496,504	542,661	668,465	608,822	667,703	538,854
Grants and Contributions not Restricted for a Particular Purpose	2,556	2,423	32,819	4,924	2,631	3,188	2,685	24,000	19,283	59,288
Investment Earnings	136,094	288,085	270,251	165,800	345,168	453,927	641,260	511,983	295,746	392,781
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)	(1,250,526)
Miscellaneous	99,345	89,538	106,833	94,124	93,740	108,019	158,049	105,236	130,302	215,137
Gain on Sale of Capital Assets	27,663	8,529	3,300	7,066	36,070	11,683	-	-	13,345	81,578
Transfers	(191,031)	208,050	(997,865)	(5,725,812)	(1,774,142)	(690,893)	(3,544,390)	(2,110,714)	(7,968,054)	(980,252)
Total Governmental Activities	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	10,982,739

Business-Type Activities

Investment Earnings	73,895	143,879	134,613	82,894	178,121	222,657	318,170	263,919	163,429	196,577
Net Increase (Decrease) in Fair Value of Investments	(75,267)	17,445	8,126	29,987	(47,359)	-	80,546	185,183	(210,998)	(673,706)
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	10,192
Transfers	191,031	(208,050)	997,865	5,725,812	1,774,142	690,893	3,544,390	2,110,714	7,968,054	980,252
Total Business-Type Activities Program Revenues	189,659	(46,726)	1,140,604	5,838,693	1,904,904	913,550	3,943,106	2,559,816	7,920,485	513,315
Total Primary Government Program Revenues	\$ 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	\$ 11,496,054

Change in Net Position

Governmental Activities

Change in Net Position	\$ 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)	\$ 3,166,072
Net Position -- Beginning of Year, as Restated	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	65,897,805
Net Position -- End of Year	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	69,063,877

Business-Type Activities

Change in Net Position	194,477	75,575	974,248	5,751,981	2,038,598	959,710	4,063,040	2,250,860	6,755,097	699,699
Net Position -- Beginning of Year, as Restated	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	77,663,944
Net Position -- End of Year	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	78,363,643

Total Primary Government

Change in Net Position	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	3,865,771
Net Position -- Beginning of Year, as Restated	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	143,561,749
Net Position -- End of Year	\$ 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	\$ 147,427,520

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 21,485	\$ 110,880	\$ 150,890	\$ 331,765	\$ 408,698	\$ 691,951	\$ 782,105	\$ 793,384	\$ 738,763	\$ 762,419
Assigned	766,300	601,800	509,300	404,200	360,000	56,000	-	-	22,200	158,300
Unassigned	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	3,597,562
Total General Fund	<u>\$ 3,507,464</u>	<u>\$ 3,491,375</u>	<u>\$ 3,526,624</u>	<u>\$ 3,664,710</u>	<u>\$ 3,768,476</u>	<u>\$ 3,795,913</u>	<u>\$ 3,898,483</u>	<u>\$ 4,066,732</u>	<u>\$ 4,181,117</u>	<u>\$ 4,518,281</u>
All Other Governmental Funds										
Nonspendable										
Special Revenue Funds	\$ 1,324	\$ 1,065	\$ 54,200	\$ 350	\$ 540	\$ -	\$ -	\$ 530	\$ 435	\$ 53,382
Restricted										
Special Revenue Funds	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	9,920,972
Debt Service Fund	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	6,106,200
Committed										
Special Revenue Funds	1,475,553	1,366,512	1,188,972	911,908	936,258	924,809	772,883	561,344	536,265	1,233,646
Assigned										
Special Revenue Funds	16,491	14,928	17,830	8,144	8,759	3,192	2,017	1,417	26,638	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Capital Project Fund	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	6,318,394
Unassigned										
Special Revenue Funds	(924)	(100,506)	(197,627)	(209,077)	(280,725)	(523,560)	(511,698)	(530,185)	(730,794)	(708,994)
Total All Other Governmental Funds	<u>\$ 26,354,771</u>	<u>\$ 27,473,185</u>	<u>\$ 24,777,697</u>	<u>\$ 23,731,914</u>	<u>\$ 23,712,908</u>	<u>\$ 23,482,871</u>	<u>\$ 24,688,127</u>	<u>\$ 22,329,027</u>	<u>\$ 23,137,303</u>	<u>\$ 22,923,600</u>

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

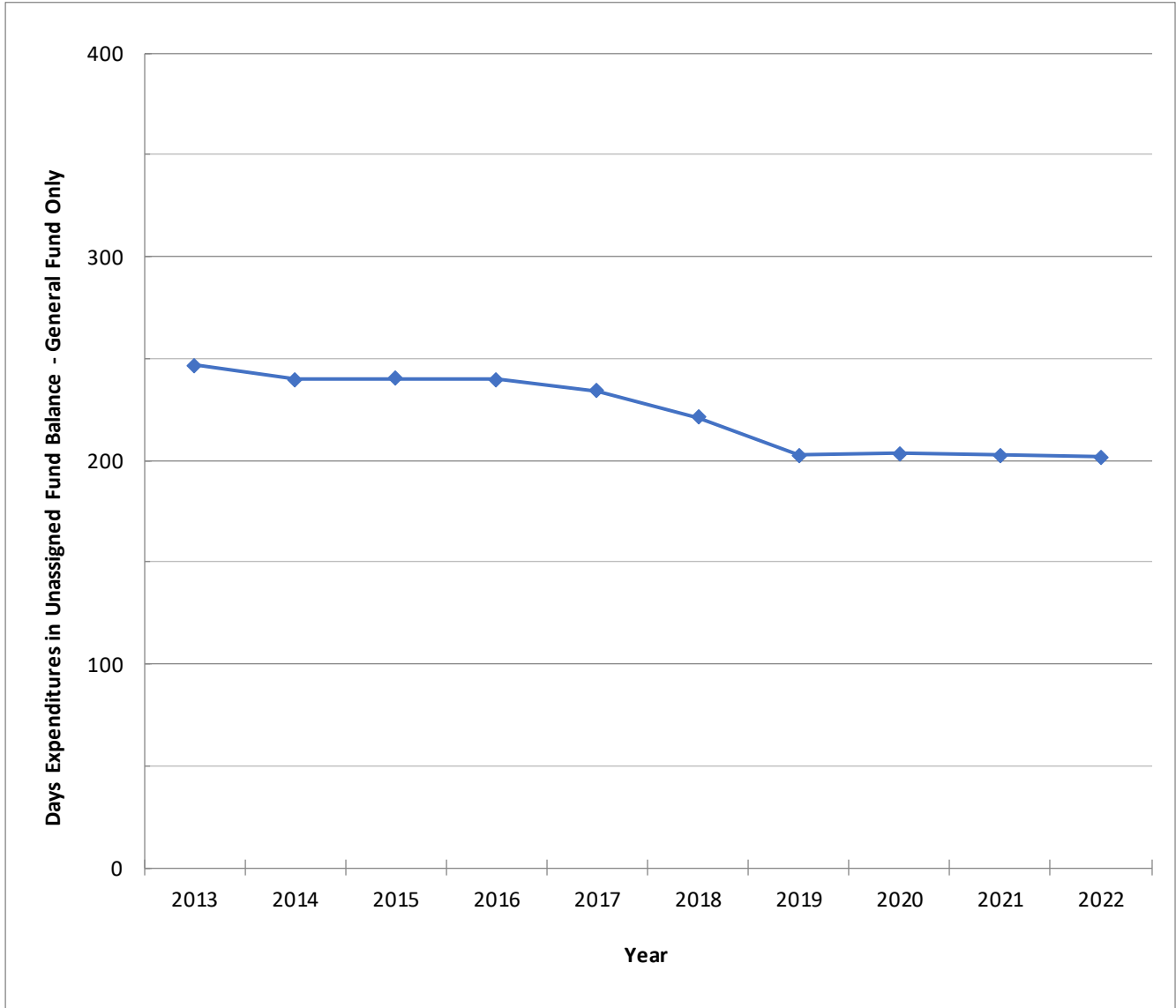
Last Ten Fiscal Years

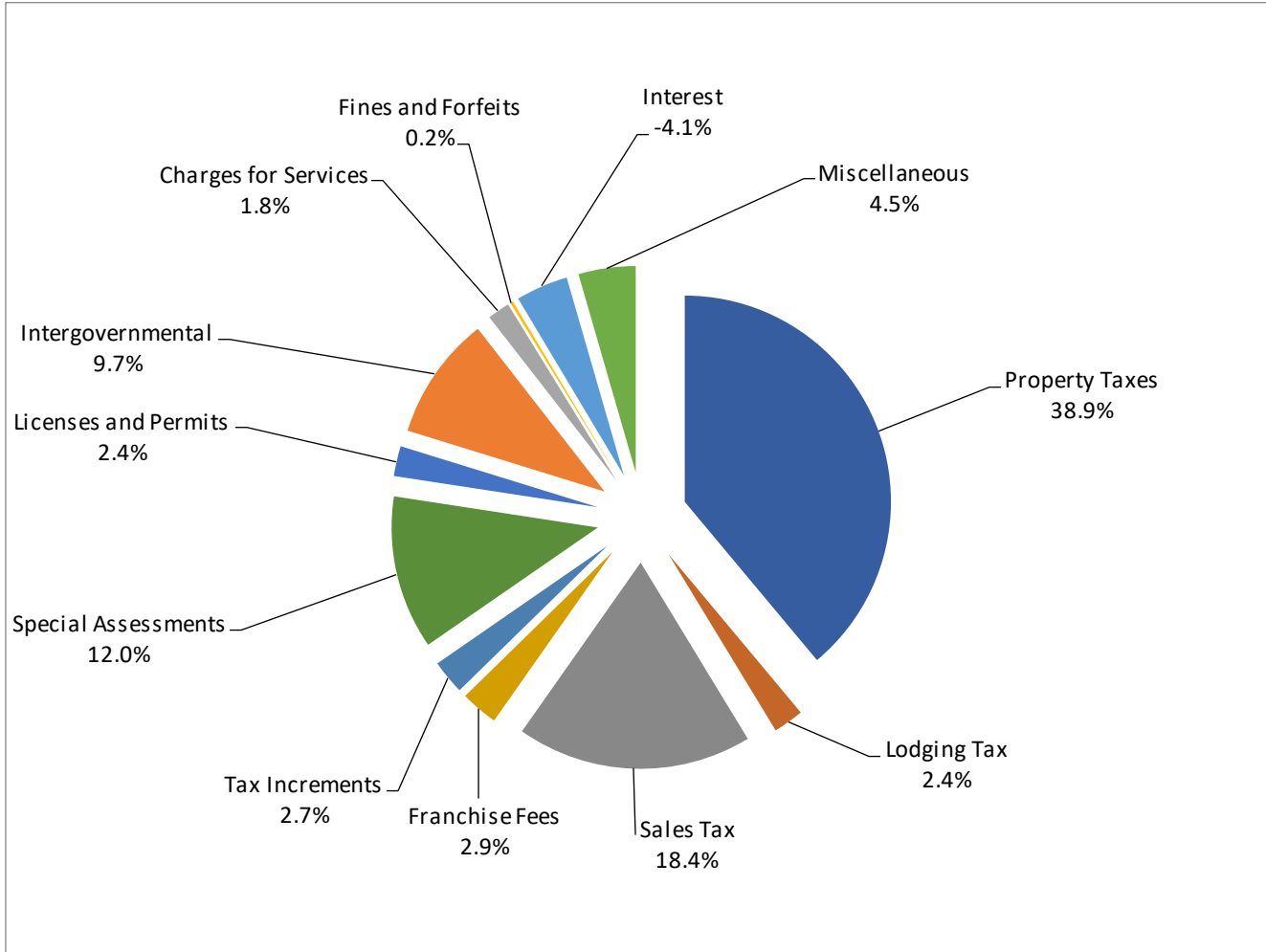
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 5,486,196	\$ 5,430,652	\$ 5,570,060	\$ 5,816,118	\$ 5,782,886	\$ 5,989,767	\$ 6,401,210	\$ 6,897,284	\$ 7,306,283	\$ 7,794,649
Lodging Tax	291,331	321,994	362,561	378,336	399,024	401,802	397,118	248,466	392,406	476,986
Sales Tax	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	3,693,566
Tax Increments	354,610	358,473	395,884	487,459	496,504	542,661	668,465	608,822	667,703	538,854
Franchise Fees**				253,065	487,723	557,163	555,107	634,232	578,372	587,695
Special Assessments	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	2,410,729
Licenses, Permits, and Fees	344,444	354,722	313,521	218,478	320,984	275,776	358,964	259,890	242,084	472,401
Intergovernmental	356,311	879,871	1,548,012	510,109	2,228,882	4,533,545	4,988,420	2,310,032	1,688,306	1,940,166
Charges for Services	563,774	661,019	809,615	1,066,261	877,973	449,018	3,550,772	249,776	334,003	351,643
Fines and Forfeits	78,299	86,308	88,196	79,602	80,800	84,277	84,170	53,588	64,581	43,827
Gifts and Contributions	2,792	9,352	7,500	3,800	5,350	5,345	14,492	993,100	16,700	7,275
Investment Earnings	136,102	288,085	275,415	177,926	361,593	475,474	674,391	545,660	328,076	430,742
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)	(1,250,526)
Miscellaneous	385,043	396,240	557,872	213,711	106,176	253,822	234,841	107,333	280,098	888,686
Revolving Loans	36,642	-	-	-	-	-	-	-	-	-
Total Revenues	11,391,153	12,139,327	13,429,126	13,899,910	15,032,801	17,666,244	22,317,364	18,487,536	16,731,610	18,386,693
Expenditures										
Current										
General Government	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	1,951,935
Public Safety	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	2,826,266
Public Works	655,100	935,517	1,811,667	1,293,372	332,524	2,337,013	3,486,320	2,095,507	1,198,509	2,314,663
Sanitation	34,944	37,970	35,114	31,520	32,105	31,173	32,983	20,811	-	-
Culture and Recreation	553,710	593,214	628,965	642,157	672,448	747,899	861,822	931,719	1,048,880	1,212,368
Economic and Community Development	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	1,826,698
Capital Outlay	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	7,560,941
Debt Service										
Principal	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	4,130,747
Interest and Fiscal Charges	673,454	660,081	540,235	504,059	516,785	467,727	575,776	755,864	710,994	723,618
Bond Issue Costs	46,965	47,734	85,850	44,382	-	84,414	54,950	-	-	-
Total Expenditures	8,746,079	13,194,569	21,793,613	15,770,996	14,636,798	24,876,281	24,794,066	27,533,899	15,796,178	22,547,236
Excess (Deficiency) of Revenues Over Expenditures	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	(4,160,543)
Other Financing Sources (Uses)										
Sale of Capital Assets	27,663	8,529	3,300	7,066	36,070	37,113	655,650	-	13,345	81,578
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	-	4,750,000
Issuance of Bonds/Notes - Premium	135,633	15,988	195,304	39,350	-	379,008	299,788	277,822	-	320,422
Issuance of Bonds/Notes - Discount	-	-	-	-	-	-	-	-	-	-
Principal Payment on Refunded Bonds	-	-	(3,975,000)	-	-	-	-	-	-	-
Transfers In	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	4,105,192
Transfers Out	(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)	(4,973,188)
Total Other Financing Sources (Uses)	4,017,265	2,157,567	5,704,249	963,388	(311,243)	7,007,437	3,737,428	6,855,512	(12,771)	4,284,004
Net Change in Fund Balances	\$ 6,662,339	\$ 1,102,325	\$ (2,660,238)	\$ (907,698)	\$ 84,760	\$ (202,600)	\$ 1,260,726	\$ (2,190,851)	\$ 922,661	\$ 123,461
Debt Service as a Percentage of Noncapital Expenditures*	37.6%	33.1%	25.8%	38.3%	33.4%	29.1%	22.8%	25.5%	28.5%	32.4%

*For all years, calculated as follows:

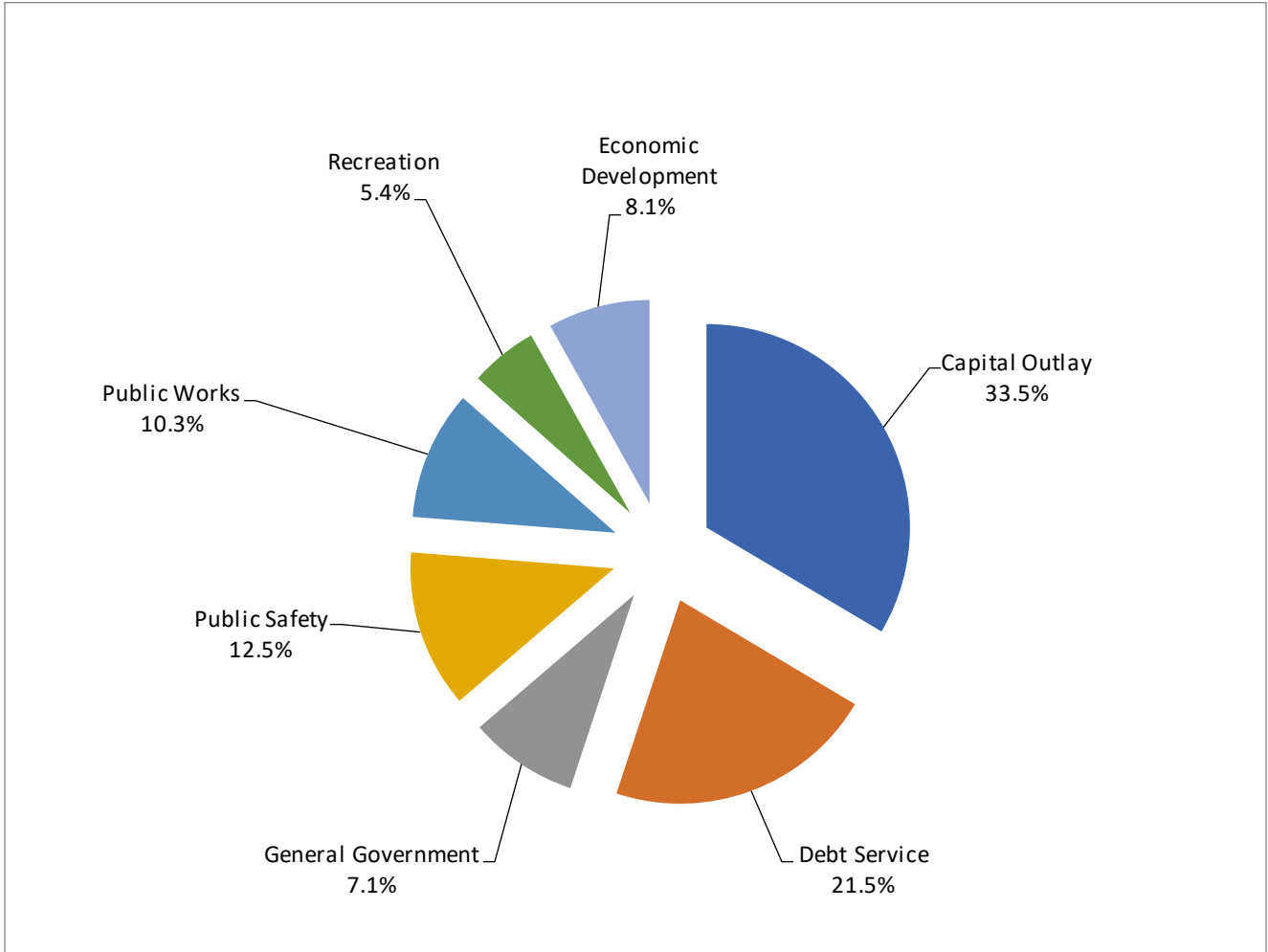
$$\frac{\text{(Principal and Interest Debt Service Expenditures)}}{\text{(Total Expenditures - Capitalized Expenditures)}}$$

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

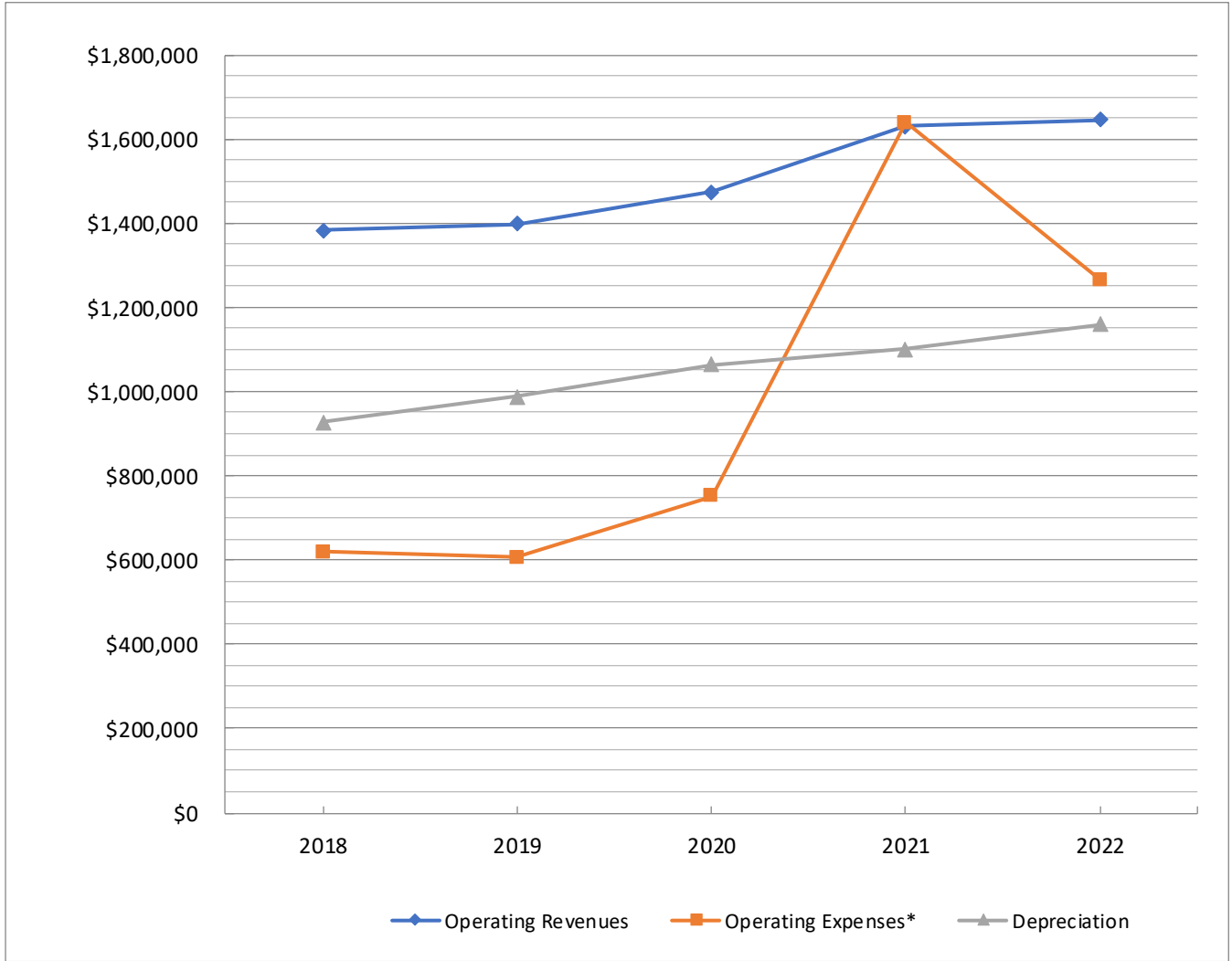




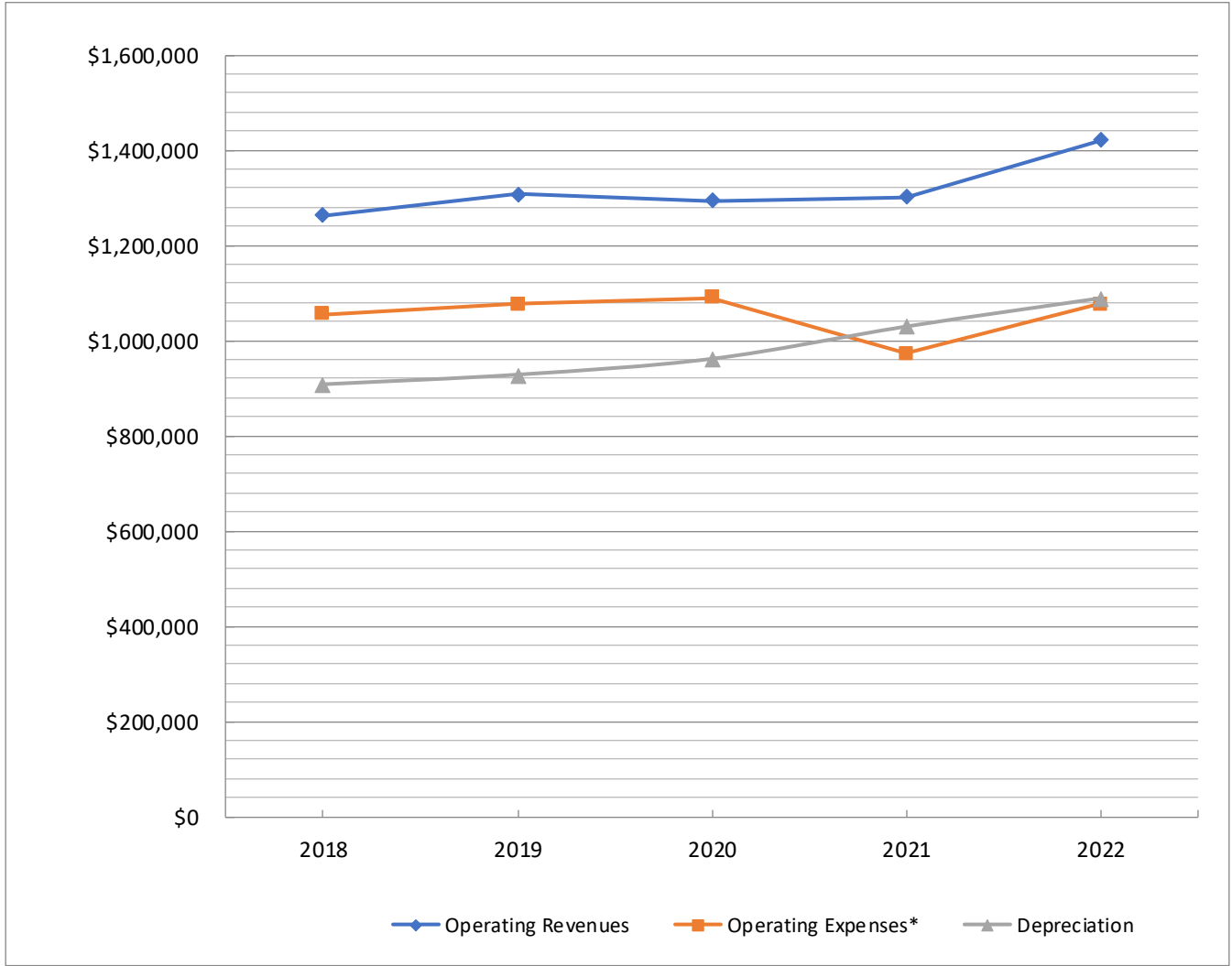
Percentages may not foot to 100% due to rounding.



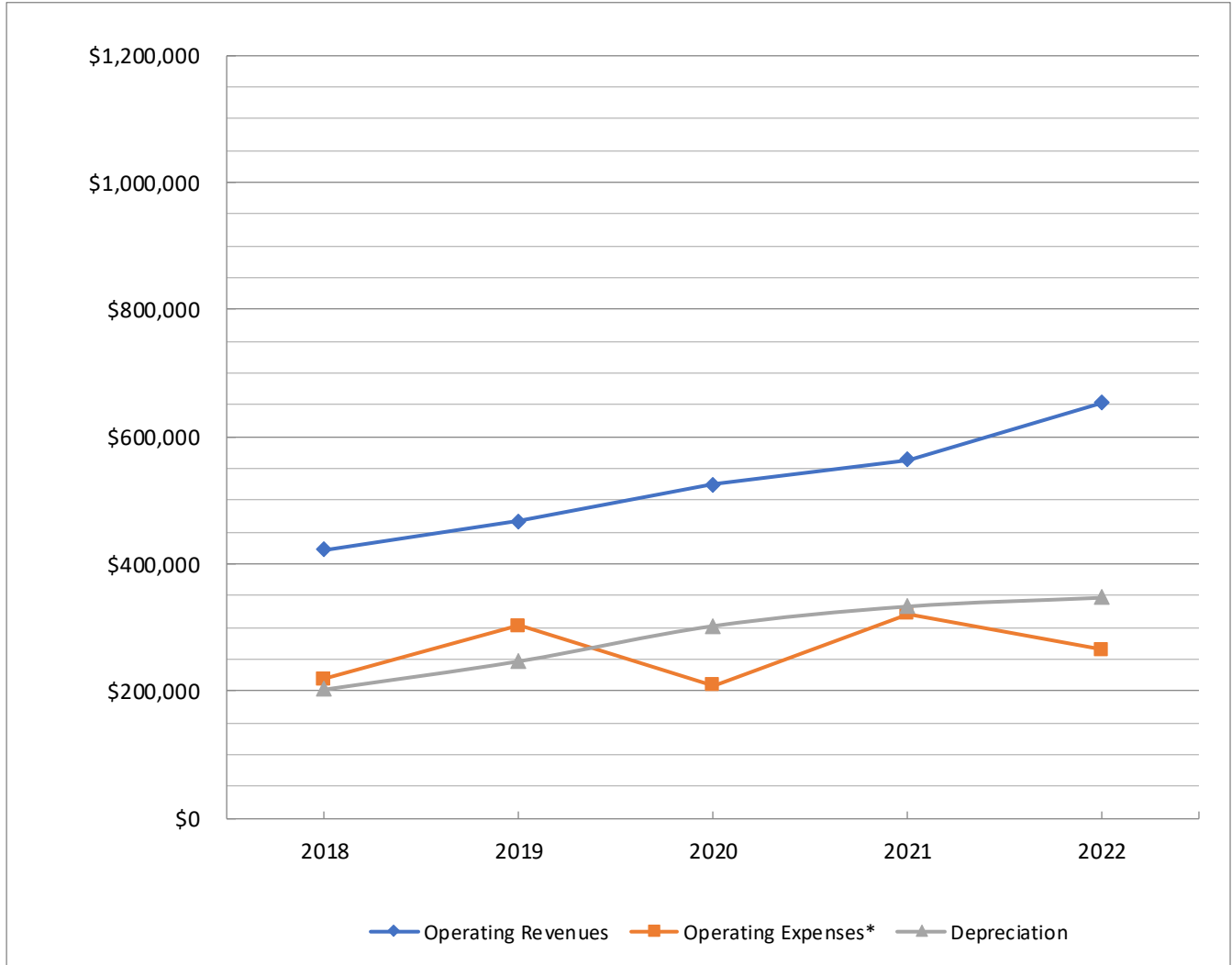
Percentages may not foot to 100% due to rounding.



* 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
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
2022	7,056,778	6,682,282	52,458	166,363	505,416	13,452,465	57.5	1,101,935,300	1.22

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
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
2022	49.5	8.0	57.5	27.5	31.7	0.7	59.8	117.4

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		
2013	\$ 4,324,200	\$ 1,126,000	\$ (75,785)	\$ 5,374,415	\$ 5,328,249	99.1	\$ 41,189	\$ 5,369,438	99.9	\$ 4,977	0.1
2014	4,382,200	1,126,000	(49,623)	5,458,577	5,413,480	99.2	43,632	5,457,112	100.0	1,465	-
2015	4,475,900	1,126,000	(27,610)	5,574,290	5,517,329	99.0	28,868	5,546,197	99.5	28,093	0.5
2016	4,608,600	1,126,000	(840)	5,733,760	5,632,638	98.2	22,437	5,655,075	98.6	78,685	1.4
2017	4,731,000	1,076,000	(2,353)	5,804,647	5,689,042	98.0	27,263	5,716,305	98.5	88,342	1.5
2018	4,927,400	1,076,000	(453)	6,002,947	5,941,086	99.0	43,234	5,984,320	99.7	18,627	0.3
2019	5,326,800	1,076,000	(397)	6,402,403	6,301,337	98.4	67,582	6,368,919	99.5	33,484	0.5
2020	5,803,600	1,076,000	(4,582)	6,875,018	6,789,500	98.8	2,917	6,792,417	98.8	82,601	1.2
2021	6,180,500	1,076,000	(468)	7,256,032	7,213,794	99.4	25,591	7,239,385	99.8	16,647	0.2
2022	6,663,000	1,076,000	(480)	7,738,520	7,699,916	99.5	n/a	7,699,916	99.5	38,604	0.5

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	2022			2013		
	Net Tax Capacity	Rank	Percentage of Total City Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total City Net Tax Capacity
Mills Property Investments LLC (1)	\$ 373,302	1	2.77 %	\$ 731,168	1	7.18 %
Brainerd Lakes Integrated Health	237,194	2	1.76	137,620	4	1.35
Baxter Real Estate LLC	192,768	3	1.43			-
T&E Properties LLC (2)	180,550	4	1.34			-
Juno Investment Corp.	165,914	5	1.23			-
TM Excelsior Inc.	165,907	6	1.23			-
Wal-Mart Stores, Inc.	159,398	7	1.18	198,876	2	1.95
Baxter PS 2016 LLC	136,392	8	1.01			-
Costco Wholesale Corp.	135,826	9	1.01			-
Menard, Inc.	126,974	10	0.94	187,656	3	1.84
Home Depot USA, Inc.				113,706	5	1.12
JC Penney Properties, Inc.				107,250	7	1.05
Dayton Hudson Corporation (Target)				112,716	6	1.11
USH Brainerd Ventures				97,718	8	0.96
Kohl's Illinois Inc				89,912	9	0.88
Walsler Real Estate IV LLC				85,790	10	0.84
Total	\$ 1,874,225		13.93 %	\$ 1,862,412		18.29 %

Source:
Debt O/S

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	Long-Term Debt	Capital Leases	General Obligation Bonds			
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	5.8	3,141
2022	22,607,454	3,330,334	312,724	-	-	26,250,512	5.4 *	2,907 *

*Most recent available data

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

Last Ten Fiscal Years

Fiscal Year	Total Gross General Obligation Bonds	Amounts Restricted for Principal Repayments	Total Net General Obligation Bonds	Assessor's Estimated Market Value	Percentage of Estimated Market Value of Property	Net Bonded Debt per Capita
2013	\$ 28,173,726	\$ 7,868,180	\$ 20,305,546	\$ 804,972,400	2.5	\$ 2,621
2014	25,283,109	8,395,615	16,887,494	800,811,300	2.1	2,110
2015	24,392,253	13,492,038	10,900,215	843,685,200	1.3	1,352
2016	22,801,843	13,243,651	9,558,192	879,460,600	1.1	1,149
2017	19,822,165	13,243,651	6,578,514	879,460,600	0.7	787
2018	23,003,305	14,899,540	8,103,765	958,008,400	0.8	957
2019	23,187,883	16,057,619	7,130,264	994,559,300	0.7	833
2020	26,708,243	19,875,369	6,832,874	1,019,004,500	0.7	793
2021	23,813,413	18,848,960	4,964,453	1,058,059,400	0.5	557
2022	22,607,454	18,823,590	3,783,864	1,101,935,300	0.3	419

Note:

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

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	\$ -	9.93 %	\$ -
Brainerd I.S.D. No. 181	210,325,000	22.21	<u>46,722,353</u>
Total Overlapping			<u>46,722,353</u>
City of Baxter Direct Debt	26,250,512	100.00	<u>26,250,512</u>
Total Direct and Overlapping Debt			<u><u>\$ 72,972,865</u></u>

Source:

Crow Wing County and I.S.D 181.

Notes:

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

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

Legal Debt Margin

Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 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	\$ 33,058,059
Total Net Debt Applicable to Limit	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	\$ 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	\$ 33,058,059
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	13.97%	14.95%	11.58%	10.21%	8.80%	7.69%	6.55%	5.55%	4.49%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2022

Estimated Market Value	1,101,935,300
Debt Limit (3% of Estimated Market Value)	33,058,059
Debt Applicable to Limit	-
Legal Debt Margin	<u>\$ 33,058,059</u>

Source:
Bond Issue Official Statements and Crow Wing County.

City of Baxter, Minnesota
Pledged Revenue Coverage

Annual Comprehensive Financial Report
Last Ten Fiscal Years

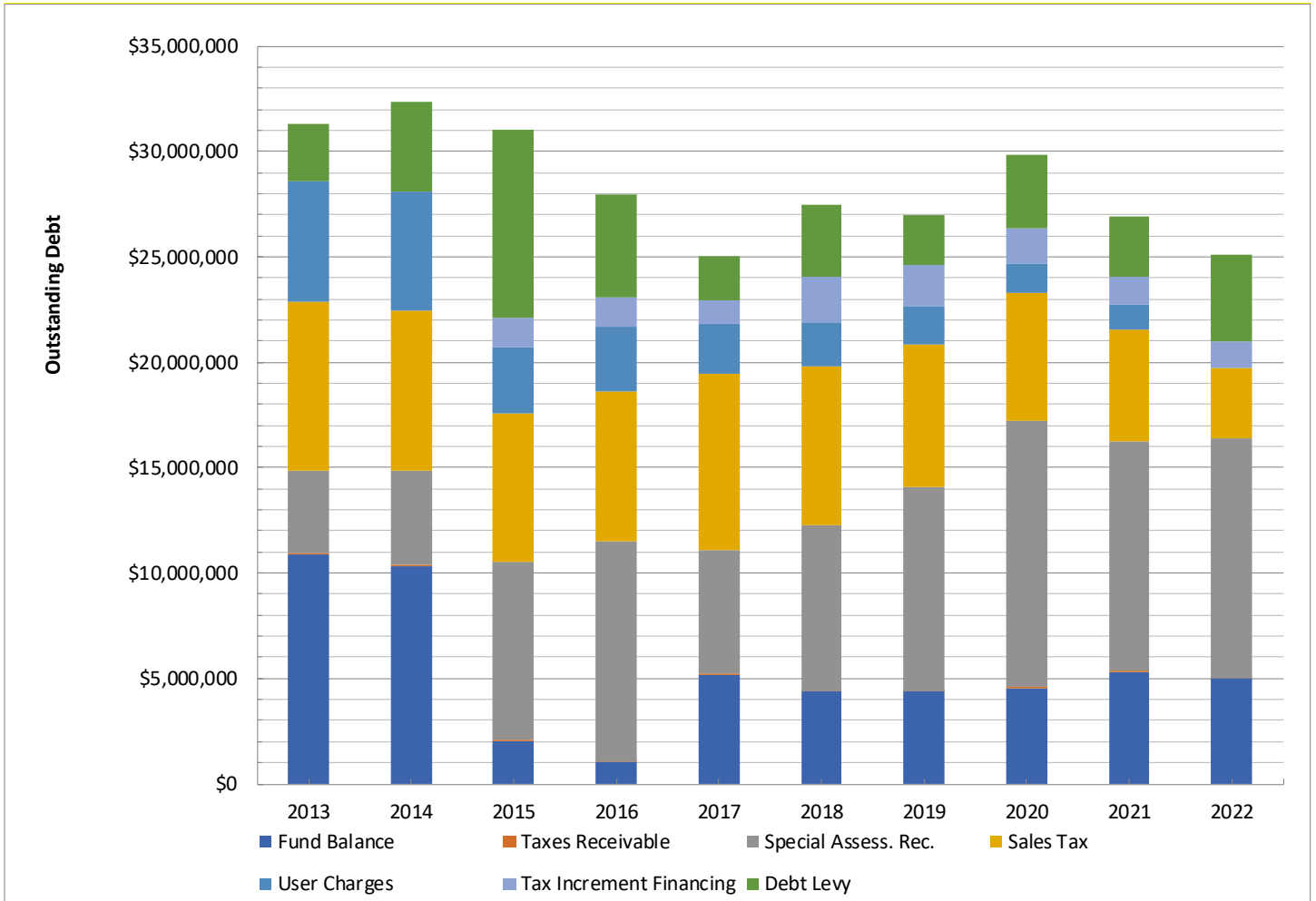
Special Assessment Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
2013	\$ 1,832,753	\$ (12,084)	\$ 1,820,669	\$ 1,660,000	\$ 246,779	95.5
2014	1,659,415	(2,012)	1,657,403	1,455,000	225,063	98.7
2015	2,747,419	(1,450)	2,745,969	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)	3,124,131	1,665,000	475,004	146.0
2021	3,149,658	(2,662)	3,146,996	2,005,000	537,443	123.8
2022	2,419,237	(2,449)	2,416,788	2,175,000	518,988	89.7

Special Assessment/Water Revenue Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
2013	\$ 555	\$ (459)	\$ 96	\$ 240,000	\$ 8,255	0.0
2014	-	-	-	130,000	2,178	-

Water Utility Revenue Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
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)	736,168	230,000	26,900	286.6
2021	815,226	(174)	815,052	235,000	22,250	316.8
2022	818,611	(20)	818,591	995,000	17,500	80.8

Water Utility/Local Option Sales Tax Revenue Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
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
2022	2,318,501	(20)	2,318,481	1,485,000	29,700	153.1

Sewer Utility/Sales Tax Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
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
2022	619,705	-	619,705	496,000	123,705	100.0



Fiscal Year	Population (1)	Personal Income	Per Capita	School Enrollment (4)	Unemployment Rate (5)
		(thousands of dollars) (2)	Personal Income (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	8,911	483,511	54,260	6,306	3.8
2022	9,030	489,968	54,260 *	6,234	4.7

Notes:

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

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

(3) Bureau of Economic Analysis (BEA), U.S. Dept of Commerce; data provided is for Crow Wing County, in which the City is located.

(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	2022			2013		
	Employees	Rank	Percentage of Total Population	Employees	Rank	Percentage of Total Population
Ascensus (1)	500	1	5.5 %			
Walmart	500	1	5.5	500	1	6.2 %
Costco	200	3	2.2	200	3	2.5
Arrowwood Lodge Hotel, Grill & Bar	200	3	2.2			
MN Department of Transportation	200	3	2.2	200	3	2.5
Just for Kix	191	6	2.1			
Brainerd Bus Lines (2)	150	7	1.7	130	6	1.6
Menards	150	7	1.7			
Target	140	9	1.6	140	5	1.7
The Home Depot	130	10	1.4	130	6	1.6
Kohl's Department Store				110	10	1.4
Mills Fleet Farm				120	8	1.5
Olive Garden				120	8	1.5
Essential Health-Women's Clinic				265	2	3.3
Total	2,361		26.1 %	1,915		23.9 %

Sources:

PFM and Infogroup

Official Statements for city bonds

Notes:

(1) Ascensus was formally known as Bisys.

(2) 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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Administration	1.33	2.50	2.50	1.50	2.50	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	3.00	3.00	4.00
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	2.50	2.50	2.50	2.50	2.50	3.50	3.50	3.50	2.50
Cemetery	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.15
Public Safety										
Police	14.75	15.00	15.00	15.00	15.00	16.00	16.00	16.00	16.00	15.00
Building Inspections	1.00	1.00	1.00	1.00	1.50	1.50	1.50	1.50	1.50	1.50
Public Works										
Streets Maintenance	1.85	2.50	2.73	2.73	2.73	2.73	2.73	1.90	2.24	2.68
Culture and Recreation										
Park Maintenance/Recreation	6.74	6.82	7.05	6.99	7.01	7.01	7.01	8.11	8.10	7.26
Economic and Community Development										
Planning	1.42	2.00	3.00	3.00	2.50	2.50	2.50	2.50	2.50	2.50
Water, Sewer, and Storm Water										
Water	1.75	2.79	3.02	3.02	3.02	3.02	3.02	2.20	2.53	3.36
Sewer	1.75	2.79	3.02	3.02	3.02	3.02	3.02	2.20	2.53	1.86
Storm Water	0.41	0.61	0.61	0.64	0.61	0.61	0.61	0.57	0.61	1.09

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Elections										
Primary	-	1	-	1	-	1	-	1	-	1
General	-	1	-	1	-	1	-	1	-	1
Registered voters										
Primary	-	4,817	-	5,035	-	5,402	-	5,285	-	5,969
General	-	5,187	-	5,717	-	5,687	-	6,243	-	5,989
Number of votes cast										
Primary	-	584	-	201	-	1,577	-	1,057	-	1,265
General	-	3,568	-	4,879	-	4,274	-	5,394	-	4,322
Voter participation (registered)										
Primary	-	12%	-	4%	-	29%	-	20%	-	21%
General	-	69%	-	85%	-	75%	-	86%	-	72%
Cemetery										
Burials	12	9	10	8	13	18	8	9	15	3
Police										
All Police Calls	7,016	7,268	7,175	8,194	8,010	8,421	7,907	7,071	7,655	7,038
Arrests	741	638	483	435	412	362	491	862	442	294
Arrest Charges										
Burglaries	13	13	-	20	6	4	5	25	7	15
Drug Arrests	69	147	95	100	123	117	129	94	96	91
DUI	44	31	38	46	39	60	105	49	72	51
Forgeries	8	8	1	11	-	2	-	-	-	6
Fraud	61	68	3	37	1	4	1	24	13	28
Larcenies/Thefts	389	379	269	420	161	195	196	323	163	188
Building Inspection										
Building permits	684	797	717	868	844	882	937	892	342	566
Planning										
Zoning applications	44	32	31	34	52	42	34	65	70	86
Building permits for new construction	18	26	21	27	29	29	31	18	19	25
Architectural review projects	8	8	6	7	4	3	2	4	9	7
Code enforcement cases	50	52	57	15	20	15	*	22	6	6
Public Works Streets Maintenance										
Road constructed (miles)	-	1	2	-	-	-	1	-	-	-
Parks										
Program participants	925	896	990	1,028	1,039	1,001	1,019	247	1,420	1,502
Water										
Number of accounts	2,619	2,680	2,740	2,766	2,487	2,871	2,864	2,968	2,694	3,081
Amount distributed (millions of gallons)	291	279	310	301	301	312	301	313	342	315
Sewer										
Number of accounts	2,363	2,411	2,464	2,515	2,549	2,568	2,591	2,627	2,678	2,727
Amount processed (millions of gallons)	194	194	203	205	192	217	209	201	220	212
Storm Water										
Residential accounts	2,552	2,545	2,566	2,601	2,614	2,636	2,652	2,666	2,684	2,707
Commercial accounts	350	358	356	382	393	394	396	402	390	409
Commercial square footage	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	27,485,591

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	8	8	8	8	8	9	9	10	12	10
Public Works										
Buildings	1	1	1	1	1	1	1	1	1	1
Trucks	7	6	7	7	8	8	8	9	9	10
Other Vehicles	7	8	8	8	7	7	7	7	7	7
Miles of streets	82	83	85	85	85	85	85.3	86.1	86.1	86.3
Street Lights	503	505	561	568	568	568	568	597	647	662
Culture and Recreation										
Number of parks	7	7	8	8	8	8	8	8	8	8
Acres of developed parks	64	64	65	65	65	65	65	65	69	69
Park structures	5	7	8	8	8	8	8	8	14	14
Playgrounds	5	5	6	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	2	2
Basketball courts	4	4	4	4	4	4	4	4	2	2
Soccer fields	2	2	2	2	2	2	2	2	2	2
Skating rinks	2	2	2	2	2	2	2	4	2	2
Fishing pier	1	1	1	1	1	1	1	1	1	1
Utilities										
Watermain (miles)	87	90	90	93.5	93.5	93.5	95.1	100.7	101.1	102.4
Fire hydrants	847	850	850	890	897	897	913	965	969	988
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	74	74	77.5	77.5	77.5	79.3	86.3	86.5	87.1
Manholes	1,367	1,370	1,370	1,448	1,459	1,459	1,479	1,592	1,600	1,611
Lift stations	22	22	22	22	22	22	22	24	24	24

Source:

City of Baxter, various departments.