



**CITY OF BAXTER,
MINNESOTA
ANNUAL
COMPREHENSIVE
FINANCIAL REPORT
FOR FISCAL YEAR ENDED
DECEMBER 31, 2023**



**PREPARED BY:
DEPARTMENT OF FINANCE**

**Jeremy S. Vacinek
Finance Director**

**Brenda Brooks
Assistant Finance Director**

Cover: Roundabouts of Baxter

There are currently eight roundabouts within the City, including the following intersections (clockwise from the top)

- Excelsior Road and Edgewood Drive,
- Excelsior Road and Cypress Drive,
- Highland Scenic Road and Isle Drive/Mapleton Road,
- Highland Scenic Road and Cypress Drive, and
- College Road and Cypress Drive.

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INTRODUCTORY SECTION



June 26, 2024

Honorable Mayor, Members of the City Council, and Citizens of the 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, 2023. *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, 2023. 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.



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 25 and 84; nonmajor special revenue fund budgetary comparisons begin on page 93.

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 40% 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.

Post Covid-19 pandemic development activity has remained steady with building activity in both commercial and residential continuing. Infrastructure investments, including pavement management to better preserve existing infrastructure, have resumed. The City closely monitored the Covid-19 pandemic, readily adjusting budgets as necessary. The City's budget was not significantly impacted.

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. The City sets aside funding from a variety of sources for anticipated future infrastructure projects. In 2023, the City's credit rating with Moody's was upgraded one notch to Aa2. The City's strong credit rating is a result of 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 200 to 240 days expenditures in unassigned fund balance in its General Fund for the last ten years. This has enabled the City to maintain adequate cash reserves to operate without short-term borrowing until property tax revenues are received in late June, July, and December.



Major Initiatives

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

- **Pavement Management Program (PMP)** – In 2023, 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) process was largely completed in 2023 for portions of Knollwood Drive, Clearwater Road, Cedar Scenic Road, and Oakwood Drive. Improvements to the City’s railroad crossings to establish a “Quiet Zone” were approved and substantially completed in 2023 with the project anticipated to be finalized in 2024.

The PMP is ongoing with additional residential and commercial streets slated for future improvements. In 2024, commercial street FDR projects for portions of Dellwood Drive, Edgewood Drive, Elmwood Drive, Forthun Road, Novotny Road, and Whispering Woods Lane have commenced. Residential street FDR improvements to Donald Street, Edmonton Road, Fairmont Court, Glory Road, Interlacken Road, Knollwood Drive north of Fairview Road, and Parkwood Drive are underway. Mill and Overlay (M&O) improvements for 2024 include Camden Road, Cottage Grove Drive, Fairfax Court, Fairfax Road, Jepson Road, Kenwood Drive, Kingwood Drive, Knollwood Court, and Northwoods Drive.

- **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 2024, rehabilitation improvements to lift station 15 near Marble Road and Jasperwood Drive were bid. Lift station 13 on Forest Drive, started in 2023, is anticipated to be completed.
- **Well Rehabilitations** – To address recent water volume deficiency problems found with the City’s existing four wells, rehabilitation of wells 2 and 3 is occurring. In addition to the rehabs, a water system hydraulic model update and preliminary aquifer evaluation study are being completed. The results of the rehabilitations and studies may determine whether there is the need to drill one or two additional wells to ensure the City has an adequate water supply to serve future needs.
- **Storm Water Management** – As part of the City’s storm water management in the commercial district, land acquisition and construction of the Excelsior commercial storm pond project near Whiskey Creek commenced. The project is being funded with state grants and funding from the City’s stormwater enterprise fund and sales tax proceeds.
- **Cypress Drive Street and Utility Improvements** – Street, pedestrian trail, a roundabout, and utility improvements to service the southern terminus of Cypress Drive at the intersection of Highland Scenic Road (CSAH 48) were substantially completed in 2023. The partially developer-petitioned project provides utilities and street access to two future apartment buildings. The Cypress Drive improvements provide greater access to the City’s industrial park from the south and extend the Trunk Highway 371 parallel corridor.
- **County State Aid Highway 77 (CSAH 77) Utility Improvements** – Water and sanitary sewer utility improvements to serve commercial lots at the City’s northern border are in the approval stage in 2024. The project was petitioned initially by one of the property owners. The project will be financed with special assessments to the benefited properties, cash on hand contributions from the City’s related enterprise funds, and bond proceeds. Revenues from the certified special assessments will be utilized to repay bonds planned to be sold in 2024.



- South Forestview Street and Utility Improvements – Street, pedestrian trail, and utility improvements to service the South Forestview area are underway in 2024. The project will provide reconstructed streets and municipal water and sanitary sewer services to the residential neighborhood. The project is being financed with special assessments to the benefited properties, 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 2024.

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, 2022. This was the twelfth consecutive year the City has achieved this prestigious award.

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Vacinek", is written over a light blue horizontal line.

Jeremy S. Vacinek
Finance Director



Government Finance Officers Association

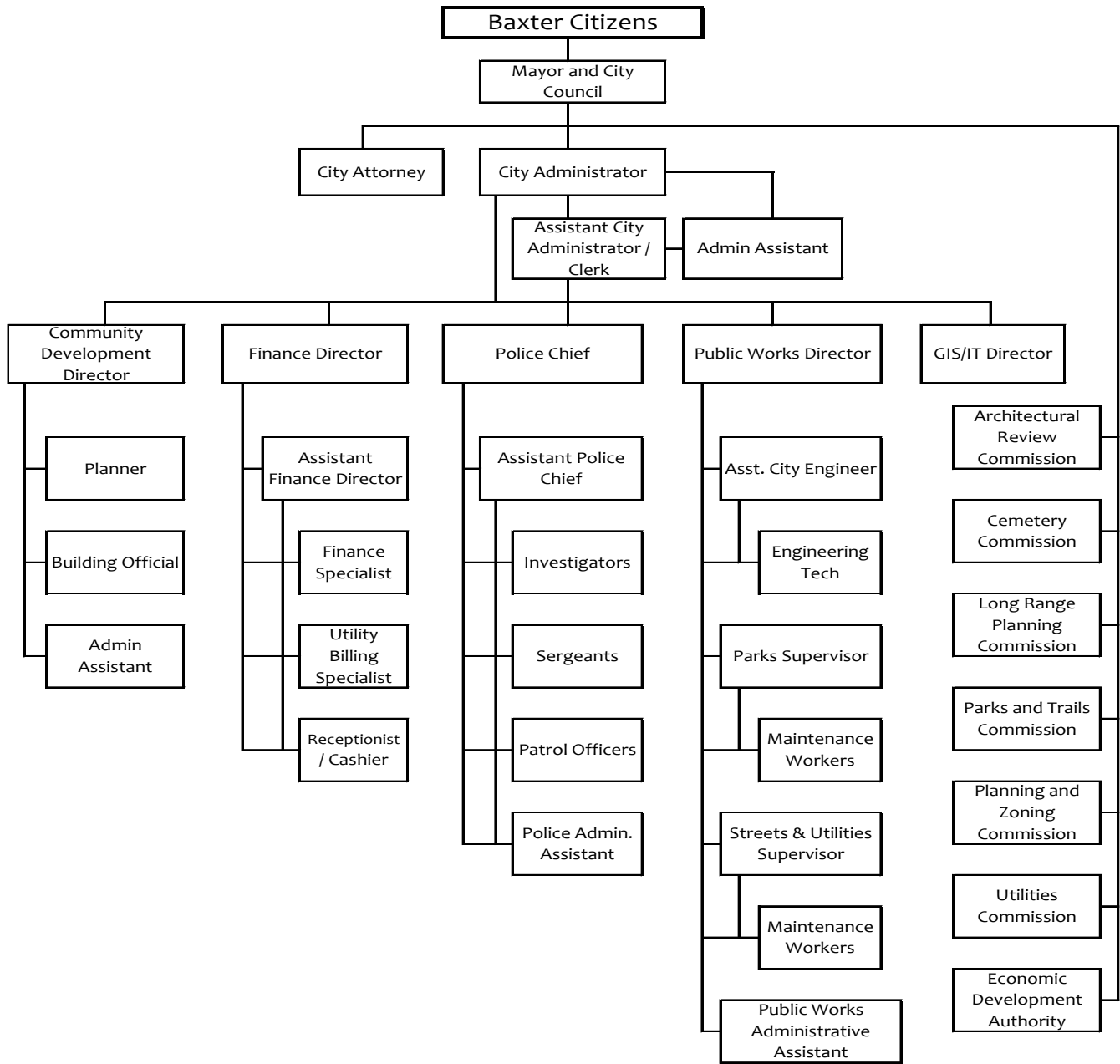
Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Baxter
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022



Office	Name	Elected Term Expires*
Elected		
Mayor	Darrel Olson	2025
City Council	Mark Cross**	2025
	Connie Lyscio	2027
	Zach Tabatt	2027
	Jeff Phillips	2025
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	Greta Bjerkness	
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, 2023, 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, 2023, 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 96

The City has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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.

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 twelve months 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 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 26, 2024, 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 26, 2024

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, 2023. 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 2023 include the following:

- City-wide net position increased 7.8% over the prior year due to higher property tax revenues, capital project related intergovernmental revenue, enterprise fund operating revenues, insurance claim proceeds related to the water treatment plant, investment earnings, and an increase in fair value of investments.
- Total revenues for the year increased \$10,510,196 from 2022 primarily due to an increase in operating grants and contributions and capital grants and contributions in the form of special assessments and state and federal grants, higher investment earnings, an increase in fair value of investments, a larger property tax levy, and water treatment plant insurance proceeds. Total expenses increased \$2,948,067 from the prior year, led by higher public works costs associated with improvement projects and water, sewer, and storm water utility costs.
- Governmental fund-level revenues totaled \$21,707,011 and were \$6,542,861 less than expenditures before other financing sources and uses.
- Governmental funds' fund balance increased \$2,607,434 from 2022.
- The Water Enterprise Fund net position increased \$2,908,057 from the prior year; the Sewer Enterprise Fund net position increased \$255,991 from the prior year; and the Storm Water Enterprise Fund net position increased \$3,127,020 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements

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

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

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

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

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

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

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

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-67 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's other postemployment benefits and retirement obligations to its employees. Required supplementary information can be found on pages 68-85 of this report.

Combining and individual fund statements and schedules can be found on pages 86-88 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's overall net position was \$158,855,420 on December 31, 2023 (see Table A-1).

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 54,367,910	\$ 48,291,449	\$ 15,122,765	\$ 12,412,283	\$ 69,490,675	\$ 60,703,732
Capital Assets	62,639,783	58,063,383	70,478,948	66,582,387	133,118,731	124,645,770
Total Assets	117,007,693	106,354,832	85,601,713	78,994,670	202,609,406	185,349,502
Total Deferred Outflows of Resources	3,575,834	4,095,240	94,481	133,000	3,670,315	4,228,240
Current Liabilities	7,365,238	6,454,771	563,364	357,185	7,928,602	6,811,956
Long-Term Liabilities	32,255,586	31,136,559	375,373	401,899	32,630,959	31,538,458
Total Liabilities	39,620,824	37,591,330	938,737	759,084	40,559,561	38,350,414
Total Deferred Inflows of Resources	6,761,994	3,794,865	102,746	4,943	6,864,740	3,799,808
Net Position						
Net Investment in Capital Assets	33,968,575	35,075,487	70,426,075	66,572,420	101,576,316	98,214,793
Restricted	32,702,263	28,767,425	-	-	32,702,263	28,767,425
Unrestricted	7,529,871	5,220,965	14,228,636	11,791,223	24,576,841	20,445,302
Total Net Position	\$ 74,200,709	\$ 69,063,877	\$ 84,654,711	\$ 78,363,643	\$ 158,855,420	\$ 147,427,520

Changes in Net Position

The City-wide total revenues were \$34,112,849 for the year ended December 31, 2023. Property taxes and capital grants and contributions accounted for 56.9% of total revenue for the year and sales tax accounted for 10.9% of total revenue for the year. Operating grants and contributions increased \$1,368,889 for the year in part because of \$389,948 of state assistance for public safety and \$1,032,182 of insurance proceeds related to the water treatment plant claim for reimbursement of water purchased when the plant's filters were being replaced. (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	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Fees, Charges, Fines, and Other	\$ 1,152,758	\$ 2,073,073	\$ 4,568,309	\$ 3,886,838	\$ 5,721,067	\$ 5,959,911
Operating Grants and Contributions	892,803	450,799	1,041,773	114,888	1,934,576	565,687
Capital Grants and Contributions	8,276,286	4,102,720	2,826,858	1,478,281	11,103,144	5,581,001
General Revenues						
Property Taxes	8,310,920	7,755,327	-	-	8,310,920	7,755,327
Lodging Tax	499,965	476,986	-	-	499,965	476,986
Sales Tax	3,717,107	3,693,566	-	-	3,717,107	3,693,566
Tax Increment	537,170	538,854	-	-	537,170	538,854
Unrestricted State Aid	5,732	59,288	-	-	5,732	59,288
Investment Earnings	726,018	392,781	320,053	196,577	1,046,071	589,358
Change in Fair Value of Investments	598,985	(1,250,526)	274,647	(673,706)	873,632	(1,924,232)
Other	357,338	296,715	6,127	10,192	363,465	306,907
Total Revenues	25,075,082	18,589,583	9,037,767	5,013,070	34,112,849	23,602,653
Expenses						
General Government	2,284,468	2,075,434	-	-	2,284,468	2,075,434
Public Safety	3,402,227	3,206,075	-	-	3,402,227	3,206,075
Public Works	6,373,074	5,082,115	-	-	6,373,074	5,082,115
Water	-	-	2,640,648	2,344,577	2,640,648	2,344,577
Sewer	-	-	2,519,922	2,336,664	2,519,922	2,336,664
Storm Water	-	-	926,091	612,382	926,091	612,382
Culture and Recreation	1,724,627	1,716,508	-	-	1,724,627	1,716,508
Economic & Community Development	1,967,895	1,784,850	-	-	1,967,895	1,784,850
Interest and Fiscal Charges	845,997	578,277	-	-	845,997	578,277
Total Expenses	16,598,288	14,443,259	6,086,661	5,293,623	22,684,949	19,736,882
Increase (Decrease) in Net Position						
Before Transfers	8,476,794	4,146,324	2,951,106	(280,553)	11,427,900	3,865,771
Transfers	(3,339,962)	(980,252)	3,339,962	980,252	-	-
Change in Net Position	5,136,832	3,166,072	6,291,068	699,699	11,427,900	3,865,771
Net Position - Beginning of Year	69,063,877	65,897,805	78,363,643	77,663,944	147,427,520	143,561,749
Net Position - End of Year	\$ 74,200,709	\$ 69,063,877	\$ 84,654,711	\$ 78,363,643	\$ 158,855,420	\$ 147,427,520

Total revenues surpassed expenses, increasing net position \$11,427,900 over last year.

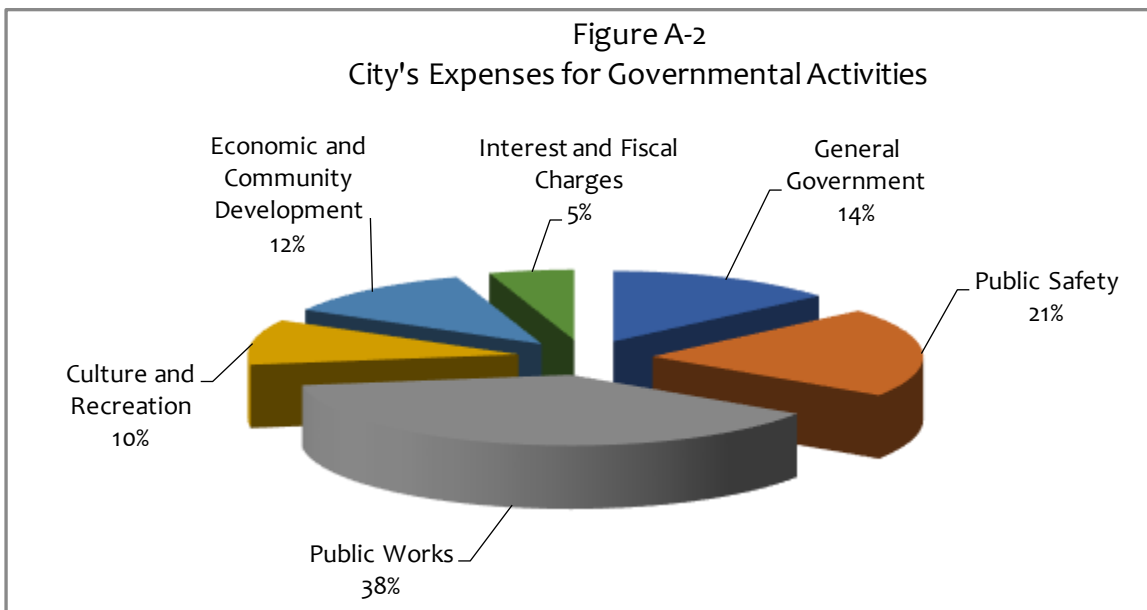
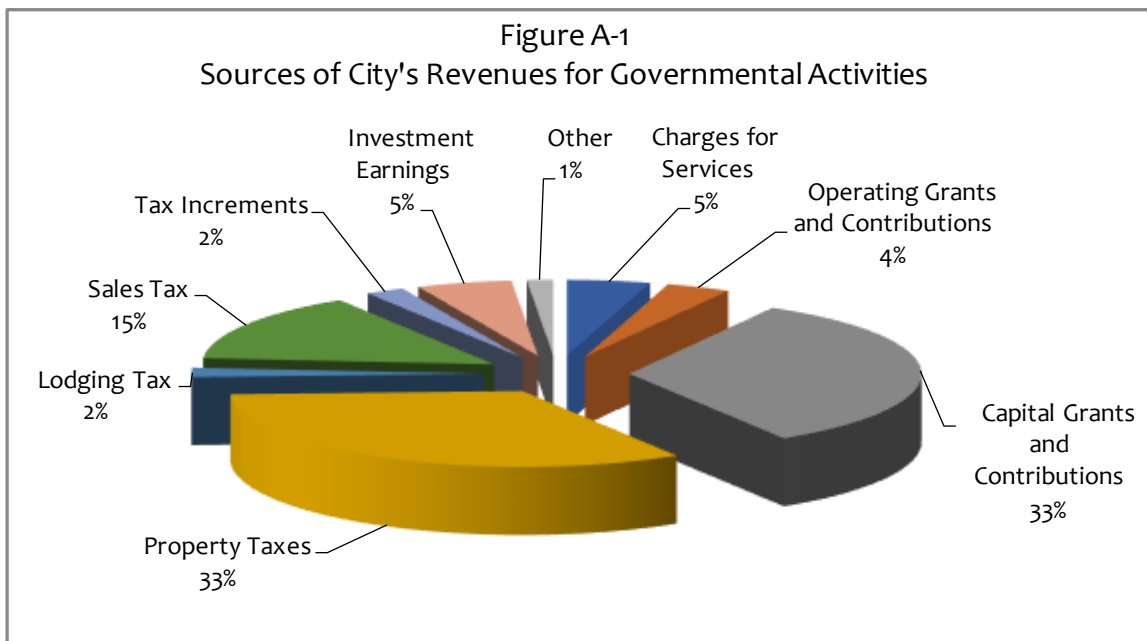
The City-wide cost of all activities this year was \$22,684,949, up \$2,948,067 from the prior year. Governmental activities and business-type activities comprised of \$16,598,288 and \$6,086,661, respectively.

- \$5,721,067 of the cost was paid by the users of the City's programs, comprising of: \$1,152,758 for governmental activities and \$4,568,309 for business-type activities.
- Certain programs in the governmental activities received federal, state, and local support with operating grants and contributions of \$892,803. State assistance for police services and storm damage funding, federal American Rescue Plan Act (ARPA) funding, Sourcewell 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 \$11,103,144 of the revenues, \$5,522,143 higher than 2022. The increase was attributable to federal and state grants related to 2022 and 2023 improvement projects and special assessment prepayments. Current year special assessments and prepaid special assessments comprised over \$4,525,000 of the amount. State construction aid and grants consisted of approximately \$539,300, federal and state grants associated with the Inglewood Railroad crossing amounted to about \$1,938,000, and about \$1,050,500 for Crow Wing County participation with the Cypress Drive and CSAH 48 roundabout.
- The City's governmental activities' program expenses exceeded program revenues by \$6,276,441 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)

	Total Cost of Services		Net Revenue from (Cost of) Services	
	2023	2022	2023	2022
GOVERNMENTAL ACTIVITIES				
General Government	\$ 2,284,468	\$ 2,075,434	\$ (1,999,246)	\$ (1,745,185)
Public Safety	3,402,227	3,206,075	(2,306,615)	(2,256,001)
Public Works	6,373,074	5,082,115	2,315,409	(575,508)
Culture and Recreation	1,724,627	1,716,508	(1,601,152)	(949,015)
Economic and Community Development	1,967,895	1,784,850	(1,874,808)	(1,753,510)
Interest	845,997	578,277	(810,029)	(537,448)
Total	<u>\$ 16,598,288</u>	<u>\$ 14,443,259</u>	<u>\$ (6,276,441)</u>	<u>\$ (7,816,667)</u>
BUSINESS-TYPE ACTIVITIES				
Water	\$ 2,640,648	\$ 2,344,577	\$ 1,714,498	\$ 244,522
Sewer	2,519,922	2,336,664	(639,215)	(131,472)
Storm Water	926,091	612,382	1,274,996	73,334
Total	<u>\$ 6,086,661</u>	<u>\$ 5,293,623</u>	<u>\$ 2,350,279</u>	<u>\$ 186,384</u>

The financial performance of the City as a whole is reflected in its governmental funds as well. As the City completed the year, its governmental funds reported a combined fund balance of \$30,049,315.

Revenues for the City's governmental funds were \$21,707,011 while total expenditures were \$28,249,872. The \$6,542,861 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 utility funds.

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 \$375,963 over 2022 due to higher-than-expected revenues led by intergovernmental revenues and a better investment environment with higher investment earnings and a net increase in fair value of the City's investments. Actual expenditures were lower than anticipated primarily in the general government and public safety functions. Days Expenditures in Unassigned Fund Balance for the General Fund remained stable at 200 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, 2023	December 31, 2022	Increase (Decrease)	Percent
Taxes and Special Assessments	\$ 7,224,404	\$ 6,704,688	\$ 519,716	7.8 %
Franchise Fees	141,979	209,811	(67,832)	(32.3)
Licenses and Permits	49,550	43,574	5,976	13.7
Intergovernmental	340,535	372,214	(31,679)	(8.5)
Charges for Services	190,062	133,073	56,989	42.8
Fines and Forfeits	49,506	42,808	6,698	15.6
Investment Earnings	151,713	69,723	81,990	117.6
Net Increase (Decrease) in Fair Value of Investments	104,288	(120,707)	224,995	
Miscellaneous and Other	284,653	199,760	84,893	42.5
Total General Fund Revenue	\$ 8,536,690	\$ 7,654,944	\$ 881,746	11.5 %

Total General Fund revenue increased \$881,746 from the previous year. Property taxes and special assessments continue to be the significant source of funding in the general fund, comprising 84.6% of the total general fund revenues for 2023. Property taxes increased due to an approved \$565,500 increase in the property tax levy for 2023 to fund the City's operations. Intergovernmental revenues were 8.5% lower in 2023 due to the prior year's recognition of \$108,700 of American Rescue Plan Act federal grant dollars compared to \$35,337 in 2023.

The following schedule presents a summary of General Fund Expenditures:

**Table A-5
 General Fund Expenditures**

	Year Ended		Change	
	December 31, 2023	December 31, 2022	Increase (Decrease)	Percent
General Government	\$ 2,059,465	\$ 1,814,346	\$ 245,119	13.5 %
Public Safety	2,857,585	2,635,541	222,044	8.4
Public Works	1,189,893	1,014,529	175,364	17.3
Culture and Recreation	1,074,046	1,034,492	39,554	3.8
Capital Outlay	47,223	24,019	23,204	96.6
Total Expenditures	\$ 7,228,212	\$ 6,522,927	\$ 705,285	10.8 %

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 \$480,690 higher than expected due primarily to higher than anticipated public safety and other grants, better than anticipated investment earnings, and an increase in fair value of investments.
- Actual expenditures before other financing uses were \$176,188 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 2023, the EDA's fund balance increased \$31,612 due to higher than anticipated investment earnings and a net increase in fair value of investments for the year.

SALES TAX COLLECTIONS FUND

The Sales Tax Collections fund year-end fund balance was \$6,105,561, a \$358,812 increase from the prior year. An approximate \$1.6 million increase in fund balance for the year was budgeted originally to fund one-time capital projects during the year and provide funds for subsequent years. With higher than anticipated sales tax receipts during the year, additional sales tax proceeds were identified as a funding source for the approved projects, freeing other funding sources for future projects. Approximately \$2.8 million of sales tax proceeds was utilized during the year for utility and traffic safety improvements on the Cypress extension to CSAH48 project, 2024 Clearwater and Cedar Scenic project, Whiskey Creek storm pond project, and Silent Railroad Crossing project. 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. A majority of the improvement bonds debt is financed with special assessments to the benefited property owners, with the balance funded with a property tax levy.

In 2023, \$7,775,000 of General Obligation Improvement Bonds were issued to finance the 2023 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 \$1,353,529 primarily due to the bond proceeds from the 2023 bond issue that financed the 2023 improvements. Higher investment interest revenue, an increase in fair value of investments, and intergovernmental revenues also contributed to the increase in fund balance.

PROPRIETARY FUNDS

Due to timing differences in the user fees and capital improvements in the proprietary funds, increases (or decreases) in net position can occur from year to year. Net position for the Water Fund increased \$2,908,057, Sewer Fund increased \$255,991, and Storm Water Fund increased \$3,127,020. Insurance proceeds received on the water treatment plant filters 2021 and 2022 claim was over half the increase in the Water Fund's net position. Due to the nature of the claim, the revenues are included as "Miscellaneous" on the *Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds* for reimbursement of water purchased from Brainerd Public Utilities and "Other Income" for the claim related to the capital outlay of replacing two filters. Development water availability charges, and capital contributions from government activities related to water capital projects financed in part by special assessments added to the Water Fund's net position.

The Sewer Fund increase 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.

PROPRIETARY FUNDS (CONTINUED)

The sewer operating loss is offset by investment earnings, development sewer availability charges, and capital contributions from government activities related to sewer capital projects financed in part by special assessments. The increase in net position for the Storm Water Fund was the result of intergovernmental revenues for the Whiskey Creek commercial storm water project, capital contributions from government activities related to storm water capital projects, and higher user charges implemented during the year to finance future storm water related projects.

Operating revenues in the proprietary funds increased \$1,697,849 or 45.6% from 2022 due to increased utility rates, expanded service to new users, and the insurance claim. Revenues from user charges only increased \$624,654, or 17.3%, for the year. Water, sewer, and storm water rates increased beginning with February 2023 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 \$538,199 of water and sewer availability charge revenues for 2023. The availability charges decreased \$887,402, or -62.2%, from the prior year, due primarily to several residential apartment developments that started construction in 2022.

Water operating expenses increased 8.9%, sewer operating expenses increased 7.8%, and storm water expenses increased 51.2% from 2022. The increase in water operating expenses was due primarily to higher repairs and maintenance costs to structures, increased supplies and meter costs, higher personnel services from the department restructuring, and higher depreciation costs. The increases were offset partially by a reduction in water purchased from Brainerd Public Utilities (BPU) compared to 2022. The increase in sewer operating expenses was due to higher BPU sewer treatment costs, additional repairs and maintenance costs, increased depreciation costs, and higher professional services for engineering, legal, and contracted mowing charges. The increase in Storm Water Fund operating expenses was predominantly the result of higher repairs and maintenance costs to structures, along with increased supplies cost, higher personnel services from the department restructuring, higher depreciation costs, and higher professional services for engineering and street sweeping charges.

CAPITAL ASSETS

By the end of 2023, the City had invested approximately \$223,080,000 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 \$6,398,968 (including the enterprise funds).

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

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 8,140,311	\$ 8,145,967	\$ 1,912,753	\$ 1,912,753	\$ 10,053,064	\$ 10,058,720
Construction in Progress	3,885,362	6,778,834	2,226,385	359,604	6,111,747	7,138,438
Intangible	6,960	6,960	9,867,726	9,867,726	9,874,686	9,874,686
Buildings	2,110,271	2,093,360	12,415,205	12,415,205	14,525,476	14,508,565
Infrastructure and Distribution System	89,121,709	80,465,610	78,708,601	74,267,706	167,830,310	154,733,316
Land Improvements	7,459,011	5,543,521	559,134	559,134	8,018,145	6,102,655
Machinery, Vehicles, Furniture and Equipment	4,094,013	3,744,188	2,501,731	2,235,417	6,595,744	5,979,605
Subscription Asset	71,322	-	-	-	71,322	-
Less: Accumulated Depreciation	(52,249,176)	(48,715,057)	(37,712,587)	(35,035,158)	(89,961,763)	(83,750,215)
Total	\$ 62,639,783	\$ 58,063,383	\$ 70,478,948	\$ 66,582,387	\$ 133,118,731	\$ 124,645,770

CAPITAL ASSETS (CONTINUED)

In 2023, \$4,200,399 of capital assets was contributed to proprietary funds by the governmental activities of the City. The contributed capital was for water, sewer, and storm water improvements to the following city projects: Foley, Forthun, and Isle area, Cypress Drive extension, and 2023 full-depth reclamation street projects to Cedar Scenic Road, Clearwater Road, and Knollwood Drive.

LONG-TERM LIABILITIES

At year-end, the City had \$35,684,771 in long-term liabilities outstanding, including bond discounts and premiums, compensated absences, net pension liabilities, other postemployment benefits, and subscription liabilities. 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, Note 4, and Note 5 to the financial statements, respectively.)

The City's long-term debt increased \$1,622,835 for governmental activities due in part to the 2023 G.O. Improvement bonds that were issued offset partially by bond and note repayments that occurred during the year and a significant reduction of \$3,696,022 for the City's proportionate share of PERA's net pension liability. Long-term debt for business-type activities decreased \$24,627 as a result a \$24,627 reduction in the PERA net pension liability offset by a minor increase in compensated absences.

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

	2023	2022
GOVERNMENTAL ACTIVITIES		
General Obligation Bonds	\$ 28,120,811	\$ 22,607,454
General Obligation Revenue Notes	2,818,334	3,330,334
Compensated Absences Payable	536,405	477,747
Other Postemployment Benefits	459,210	212,453
Net Pension Liability	3,043,847	6,739,869
Intergovernmental Long Term Debt	277,977	312,724
Subscription Liability	46,832	
Total	<u>\$ 35,303,416</u>	<u>\$ 33,680,581</u>
BUSINESS-TYPE ACTIVITIES		
Compensated Absences Payable	\$ 52,590	\$ 35,295
Net Pension Liability	328,765	370,687
Total	<u>\$ 381,355</u>	<u>\$ 405,982</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.

FACTORS BEARING ON THE CITY'S FUTURE (CONTINUED)

Street maintenance and new improvements planned in 2024 include full depth reclamation (FDR) and mill and overlay (M&O) projects for segments of various residential and commercial streets citywide. Municipal water and sanitary sewer extensions near County State Aid Highway 77 are in the approval stage. The improvements will serve development of commercial lots near the City's northern border. Street, pedestrian trail, and utility improvements to service the South Forestview neighborhood are under construction. The project will provide reconstructed streets and extend municipal water and sanitary sewer services to the existing residential neighborhood.

Exploratory work is underway on the city's existing four wells to determine whether rehabilitations can increase the water volume or if additional wells are needed to ensure the City has an adequate water supply. Studies also include a water system hydraulic model update and a preliminary aquifer evaluation. Sewer infrastructure projects planned for 2024 include the rehabilitation of sanitary sewer lift station number 15 and completion of lift station number 13 that started in 2023. Construction will continue on the Excelsior commercial storm water pond project near Whiskey Creek that started in 2023 to improve storm water quality.

Collections of the City's local option sales tax and motor vehicle excise tax continue to be stable; receipts are up \$23,541, or 0.6%, from 2022. 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 2024 South Forestview project.

Private investment in the City remains stable with continued interest in commercial and industrial development. Building permits for 18 residential homes were issued in 2023 and twelve permits for homes in 2024 have been pulled to date. Multi-family housing interest continues with three market rate apartment buildings and a 46-unit senior cooperative project opening 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, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Pooled Investments	\$ 31,214,670	\$ 11,556,455	\$ 42,771,125
Internal Balances	(398,264)	398,264	-
Accrued Interest Receivable	325,294	-	325,294
Accounts Receivable - Net	321,638	2,248,099	2,569,737
Lease Receivable - Due within One Year	66,543	-	66,543
Lease Receivable - Due within More Than One Year	2,558,749	-	2,558,749
Due from Other Governments	2,795,802	912,657	3,708,459
Prepaid items	508	-	508
Delinquent Taxes Receivable	126,765	-	126,765
Special Assessments Receivable	15,250,037	7,290	15,257,327
Land Held For Resale	2,106,168	-	2,106,168
Non-Depreciable Capital Assets			
Land	8,140,311	1,912,753	10,053,064
Construction in Progress	3,885,362	2,226,385	6,111,747
Depreciable Capital Assets (Net)			
Intangible	-	6,784,028	6,784,028
Buildings	749,267	8,474,394	9,223,661
Distribution Systems	44,293,696	50,132,233	94,425,929
Land Improvements	4,243,468	205,379	4,448,847
Machinery, Vehicles, Furniture and Equipment	1,262,428	743,776	2,006,204
Subscription Asset	65,251	-	65,251
Total Assets	117,007,693	85,601,713	202,609,406
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan and OPEB Deferments	3,575,834	94,481	3,670,315
Total Assets and Deferred Outflows of Resources	\$ 120,583,527	\$ 85,696,194	\$ 206,279,721
LIABILITIES			
Accounts and Contracts Payable	\$ 1,398,023	\$ 371,632	\$ 1,769,655
Due to Other Governments	565,109	113,031	678,140
Salaries Payable	95,492	10,276	105,768
Accrued Liabilities	96,904	9,570	106,474
Retainage Payable	225,588	52,873	278,461
Accrued Interest Payable	371,661	-	371,661
Unearned Revenue	12,322	-	12,322
Escrow Deposits	1,552,309	-	1,552,309
Long-term Liabilities:			
Due Within One Year			
Compensated Absences Payable	21,962	5,982	27,944
Total Other Postemployment Benefits Payable	44,723	-	44,723
General Obligation Bonds Payable	2,395,000	-	2,395,000
General Obligation Revenue Notes Payable	528,333	-	528,333
Intergovernmental Long Term Debt	34,747	-	34,747
Subscription Liability	23,065	-	23,065
Due In More than One Year			
Compensated Absences Payable	514,443	46,608	561,051
Total Other Postemployment Benefits Payable	414,487	-	414,487
Net Pension Liability - PERA	3,043,847	328,765	3,372,612
Intergovernmental Long Term Debt	243,230	-	243,230
General Obligation Bonds Payable	25,725,811	-	25,725,811
General Obligation Revenue Notes Payable	2,290,001	-	2,290,001
Subscription Liability	23,767	-	23,767
Total Liabilities	39,620,824	938,737	40,559,561
DEFERRED INFLOWS OF RESOURCES			
Advanced Appropriations - State Shared Taxes	944,829	-	944,829
Deferred Inflow - Lease Receivable	2,489,491	-	2,489,491
Pension Plan and OPEB Deferments	3,327,674	102,746	3,430,420
Total Deferred Inflows of Resources	6,761,994	102,746	6,864,740
NET POSITION			
Net Investment in Capital Assets	33,968,575	70,426,075	101,576,316
Restricted for			
Debt Service	22,084,746	-	22,084,746
Economic Development	3,635,191	-	3,635,191
Sales Tax Funded Infrastructure	6,125,793	-	6,125,793
Public Safety Aid	275,005	-	275,005
Tax Increment Financing	572,444	-	572,444
Police Activity	9,084	-	9,084
Unrestricted	7,529,871	14,228,636	24,576,841
Total Net Position	74,200,709	84,654,711	158,855,420
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 120,583,527	\$ 85,696,194	\$ 206,279,721

See accompanying Notes to Basic Financial Statements.

City of Baxter, Minnesota
Statement of Activities

Annual Comprehensive Financial Report
Year Ended December 31, 2023

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	\$ 2,284,468	\$ 121,194	\$ 164,028	\$ -	\$ (1,999,246)	\$ -	\$ (1,999,246)
Public Safety	3,402,227	498,192	597,420	-	(2,306,615)	-	(2,306,615)
Public Works	6,373,074	405,654	17,238	8,265,591	2,315,409	-	2,315,409
Culture and Recreation	1,724,627	104,651	8,129	10,695	(1,601,152)	-	(1,601,152)
Economic and Community Development	1,967,895	23,067	70,020	-	(1,874,808)	-	(1,874,808)
Interest and Fiscal Charges	845,997	-	35,968	-	(810,029)	-	(810,029)
Total Governmental Activities	<u>16,598,288</u>	<u>1,152,758</u>	<u>892,803</u>	<u>8,276,286</u>	<u>(6,276,441)</u>	<u>-</u>	<u>(6,276,441)</u>
BUSINESS-TYPE ACTIVITIES							
Water	2,640,648	2,198,840	1,037,195	1,119,111	-	1,714,498	1,714,498
Sewer	2,519,922	1,581,991	4,097	294,619	-	(639,215)	(639,215)
Storm Water	926,091	787,478	481	1,413,128	-	1,274,996	1,274,996
Total Business-Type Activities	<u>6,086,661</u>	<u>4,568,309</u>	<u>1,041,773</u>	<u>2,826,858</u>	<u>-</u>	<u>2,350,279</u>	<u>2,350,279</u>
Total Government	<u>\$ 22,684,949</u>	<u>\$ 5,721,067</u>	<u>\$ 1,934,576</u>	<u>\$ 11,103,144</u>	<u>(6,276,441)</u>	<u>2,350,279</u>	<u>(3,926,162)</u>
GENERAL REVENUES							
Property Taxes					8,310,920	-	8,310,920
Lodging Tax					499,965	-	499,965
Sales Tax					3,717,107	-	3,717,107
Tax Increments					537,170	-	537,170
Grants and Contributions not Restricted for a Particular Purpose					5,732	-	5,732
Investment Earnings					726,018	320,053	1,046,071
Net Increase (Decrease) in Fair Value of Investments					598,985	274,647	873,632
Miscellaneous					277,827	-	277,827
Gain on Sale of Capital Asset					79,511	6,127	85,638
TRANSFERS					<u>(3,339,962)</u>	<u>3,339,962</u>	<u>-</u>
Total General Revenues and Transfers					<u>11,413,273</u>	<u>3,940,789</u>	<u>15,354,062</u>
Change in Net Position					<u>5,136,832</u>	<u>6,291,068</u>	<u>11,427,900</u>
Net Position - Beginning of Year					<u>69,063,877</u>	<u>78,363,643</u>	<u>147,427,520</u>
NET POSITION - END OF YEAR					<u>\$ 74,200,709</u>	<u>\$ 84,654,711</u>	<u>\$ 158,855,420</u>

See accompanying Notes to Basic Financial Statements.

FUND FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds

December 31, 2023

	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	\$ 3,693,991	\$ 1,485,660	\$ 6,010,936	\$ 6,407,688	\$ 9,746,311	\$ 3,870,084	\$ 31,214,670
Due from Other Funds	151,589	-	-	-	-	-	151,589
Accrued Interest Receivable	325,294	-	-	-	-	-	325,294
Accounts Receivable	140,190	-	8,148	37,770	75,323	60,207	321,638
Due from Other Governments	176,347	-	642,414	1,102,451	874,287	303	2,795,802
Prepaid Items	368	-	-	-	-	140	508
Delinquent Taxes Receivable	111,429	-	-	15,336	-	-	126,765
Special Assessments Receivable	-	-	-	14,898,372	338,431	13,234	15,250,037
Lease Receivable	2,625,292	-	-	-	-	-	2,625,292
Advances to Other Funds	765,400	44,400	-	-	81,000	-	890,800
Land Held for Resale	-	2,106,168	-	-	-	-	2,106,168
Total Assets	\$ 7,989,900	\$ 3,636,228	\$ 6,661,498	\$ 22,461,617	\$ 11,115,352	\$ 3,943,968	\$ 55,808,563
LIABILITIES							
Accounts and Contracts Payable	\$ 197,055	\$ 1,037	\$ -	\$ 5,210	\$ 969,665	\$ 225,056	\$ 1,398,023
Due to Other Governments	27,807	-	535,705	-	-	1,597	565,109
Salaries Payable	88,259	-	-	-	-	7,233	95,492
Accrued Liabilities	96,904	-	-	-	-	-	96,904
Due to Other Funds	-	-	-	-	549,853	-	549,853
Retainage Payable	-	-	-	-	225,588	-	225,588
Unearned Revenue	8,817	-	-	-	-	3,505	12,322
Advances From Other Funds	-	-	-	-	-	890,800	890,800
Escrow Deposits	-	-	-	-	-	1,552,309	1,552,309
Total Liabilities	418,842	1,037	535,705	5,210	1,745,106	2,680,500	5,386,400
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Taxes	111,429	-	-	15,336	-	-	126,765
Unavailable Revenue - Special Assessments	-	-	-	14,898,372	338,431	13,234	15,250,037
Advance Appropriations - State Shared Taxes	-	-	-	-	944,829	-	944,829
Deferred Inflow - Lease Receivable	2,489,491	-	-	-	-	-	2,489,491
Unavailable Revenue - Other	75,894	-	20,232	1,050,537	415,063	-	1,561,726
Total Deferred Inflows of Resources	2,676,814	-	20,232	15,964,245	1,698,323	13,234	20,372,848
FUND BALANCES							
Nonspendable	765,768	-	-	-	-	60,817	826,585
Restricted	-	3,635,191	6,105,561	6,492,162	275,005	581,528	17,089,447
Committed	-	-	-	-	-	1,219,341	1,219,341
Assigned	160,400	-	-	-	7,396,918	-	7,557,318
Unassigned	3,968,076	-	-	-	-	(611,452)	3,356,624
Total Fund Balances	4,894,244	3,635,191	6,105,561	6,492,162	7,671,923	1,250,234	30,049,315
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,989,900	\$ 3,636,228	\$ 6,661,498	\$ 22,461,617	\$ 11,115,352	\$ 3,943,968	\$ 55,808,563

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

December 31, 2023

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$ 30,049,315
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.		62,639,783
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the governmental funds.		16,938,528
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	\$ (28,120,811)	
General Obligation Revenue Notes Payable	(2,818,334)	
Intergovernmental Long-Term Debt	(277,977)	
Subscription Liability	(46,832)	
Compensated Absences Payable	(536,405)	
Other Postemployment Benefits (OPEB) Payable	(459,210)	
Accrued Interest Payable	(371,661)	
Net Pension Liability - PERA	(3,043,847)	
OPEB and Pension Plan Deferments	248,160	(35,426,917)
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 74,200,709</u>

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

Annual Comprehensive Financial Report
Year Ended December 31, 2023

	Major Funds						Total Governmental Funds	Total Governmental Funds
	General Fund	Economic Development	Sales Tax Collections	Debt Service Fund	Capital Project Fund	Other Governmental Funds		
REVENUES								
Taxes	\$ 7,216,304	\$ -	\$ -	\$ 1,074,996	\$ -	\$ -	\$ 8,291,300	
Lodging Tax	-	-	-	-	-	499,965	499,965	
Sales Tax	-	-	3,717,107	-	-	-	3,717,107	
Tax Increments	-	-	-	-	-	537,170	537,170	
Franchise Fees	141,979	-	-	-	379,642	-	521,621	
Special Assessments	8,100	-	-	2,072,243	543,861	-	2,624,204	
Licenses, Permits, and Fees	49,550	-	-	-	-	241,517	291,067	
Intergovernmental	340,535	70,000	-	35,968	2,734,540	30	3,181,073	
Charges for Services	190,062	-	-	-	-	120,813	310,875	
Fines and Forfeits	49,506	-	-	-	-	1,897	51,403	
Gifts and Contributions	4,616	-	-	-	-	-	4,616	
Investment Earnings	151,713	37,627	149,702	102,452	249,763	69,326	760,583	
Net Increase (Decrease) in Fair Value of Investments	104,288	30,530	127,821	91,607	183,033	61,706	598,985	
Miscellaneous	280,037	-	-	-	100	36,905	317,042	
Total Revenues	8,536,690	138,157	3,994,630	3,377,266	4,090,939	1,569,329	21,707,011	
EXPENDITURES								
CURRENT								
General Government	2,059,465	-	55,277	-	87,010	13,104	2,214,856	
Public Safety	2,857,585	-	-	-	1,639	209,874	3,069,098	
Public Works	1,189,893	-	-	-	2,672,399	-	3,862,292	
Culture and Recreation	1,074,046	-	-	-	52,703	19,603	1,146,352	
Economic and Community Development	-	175,681	731,840	-	-	1,115,273	2,022,794	
CAPITAL OUTLAY								
General Government	-	-	-	-	98,754	-	98,754	
Public Safety	-	-	-	-	114,943	-	114,943	
Public Works	47,223	-	-	-	11,669,693	-	11,716,916	
Culture and Recreation	-	-	-	-	64,986	6,440	71,426	
DEBT SERVICE								
Principal	-	-	-	3,012,000	24,490	34,747	3,071,237	
Interest and Fiscal Charges	-	-	-	718,229	108,251	34,724	861,204	
Total Expenditures	7,228,212	175,681	787,117	3,730,229	14,894,868	1,433,765	28,249,872	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,308,478	(37,524)	3,207,513	(352,963)	(10,803,929)	135,564	(6,542,861)	
OTHER FINANCING SOURCES (USES)								
Sale of Capital Assets	-	28,836	-	-	59,931	-	88,767	
Issuance of GO Bonds	-	-	-	-	7,775,000	-	7,775,000	
Issuance of GO Bonds - Premium	-	-	-	-	354,769	-	354,769	
Issuance of Subscription Liability	-	-	-	-	71,322	-	71,322	
Transfers In	562,548	40,300	-	1,019,283	4,134,729	149,800	5,906,660	
Transfers Out	(1,495,063)	-	(2,848,701)	(280,358)	(238,293)	(183,808)	(5,046,223)	
Total Other Financing Sources (Uses)	(932,515)	69,136	(2,848,701)	738,925	12,157,458	(34,008)	9,150,295	
NET CHANGE IN FUND BALANCES	375,963	31,612	358,812	385,962	1,353,529	101,556	2,607,434	
Fund Balance - Beginning of Year	4,518,281	3,603,579	5,746,749	6,106,200	6,318,394	1,148,678	27,441,881	
FUND BALANCE - END OF YEAR	\$ 4,894,244	\$ 3,635,191	\$ 6,105,561	\$ 6,492,162	\$ 7,671,923	\$ 1,250,234	\$ 30,049,315	

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, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		\$	2,607,434
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		\$	12,481,410
Capital Contributions to Enterprise Funds			(4,200,399)
Current Year Depreciation			<u>(3,695,355)</u>
			4,585,656
In the statement of activities, only the gain or loss on the disposal of capital assets are reported in the governmental funds, the proceeds from the disposal increase financial resources. Therefore, the change in net assets differs from the change in fund balance by the cost of the capital assets disposed of.			
			(9,256)
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.			
			3,381,184
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:			
			(7,846,322)
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			2,534,747
Revenue Bonds			512,000
Subscription Liability			<u>24,490</u>
			3,071,237
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			(101,205)
Bond Premium Issued			(354,769)
Amortization of Discounts and Premiums			116,412
Change in Compensated Absences			(58,658)
Change in Other Postemployment Benefits			21,852
Change in Pension Expense			<u>(276,733)</u>
			(653,101)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	<u>5,136,832</u>

See accompanying Notes to Basic Financial Statements.

City of Baxter, Minnesota
Statement of Revenues and Expenditures and Changes
in Fund Balance – Budget and Actual – General Fund

Annual Comprehensive Financial Report
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
GENERAL PROPERTY TAXES	\$ 7,228,500	\$ 7,228,500	\$ 7,216,304	\$ (12,196)
FRANCHISE FEES	204,000	204,000	141,979	(62,021)
SPECIAL ASSESSMENTS				
Principal	8,100	8,100	8,100	-
LICENSES, PERMITS, AND FEES				
Business Licenses and Permits	600	600	2,250	1,650
Other Licenses, Permits, and Fees	40,200	40,200	47,300	7,100
Total Licenses, Permits and Fees	40,800	40,800	49,550	8,750
INTERGOVERNMENTAL				
STATE AND LOCAL				
Market Value Credit	-	-	752	752
Public Safety Grants	151,500	151,500	181,013	29,513
Other	21,800	21,800	101,266	79,466
Total State and Local	173,300	173,300	283,031	109,731
FEDERAL				
General Government	-	-	13,027	13,027
American Rescue Plan Funds	-	-	35,337	35,337
Public Safety Grants	-	-	9,140	9,140
Total Federal	-	-	57,504	57,504
Total Intergovernmental	173,300	173,300	340,535	167,235
CHARGES FOR SERVICES	173,800	173,800	190,062	16,262
FINES AND FORFEITS	48,000	48,000	49,506	1,506
GIFTS AND CONTRIBUTIONS	-	-	4,616	4,616
INVESTMENT EARNINGS	39,300	39,300	151,713	112,413
NET INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENTS	-	-	104,288	104,288
MISCELLANEOUS				
Other Rents and Royalties	140,200	140,200	160,209	20,009
Other Miscellaneous Revenues	-	-	119,828	119,828
Total Miscellaneous	140,200	140,200	280,037	139,837
Total Revenues	8,056,000	8,056,000	8,536,690	480,690

See accompanying Notes to Basic Financial Statements.

Statement of Revenues and Expenditures and Changes

Year Ended December 31, 2023

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	\$ 273,200	\$ 270,100	\$ 235,767	\$ (34,333)
Council	46,700	46,700	42,690	(4,010)
Administration	453,600	451,900	438,811	(13,089)
Finance	547,900	545,700	518,804	(26,896)
Public Works Administration	542,300	540,000	527,198	(12,802)
Information Systems	217,000	216,300	211,680	(4,620)
Legal	78,000	78,000	84,515	6,515
Total General Government	<u>2,158,700</u>	<u>2,148,700</u>	<u>2,059,465</u>	<u>(89,235)</u>
PUBLIC SAFETY				
Police	2,546,000	2,569,000	2,502,210	(66,790)
Fire Protection	355,400	355,400	355,375	(25)
Total Public Safety	<u>2,901,400</u>	<u>2,924,400</u>	<u>2,857,585</u>	<u>(66,815)</u>
PUBLIC WORKS				
Streets	1,189,200	1,171,100	1,189,893	18,793
CULTURE AND RECREATION				
Parks Maintenance	1,122,900	1,090,800	1,054,046	(36,754)
Recreation Program	20,000	20,000	20,000	-
Total Culture and Recreation	<u>1,142,900</u>	<u>1,110,800</u>	<u>1,074,046</u>	<u>(36,754)</u>
CAPITAL OUTLAY				
Public Works	25,000	25,000	47,223	22,223
Culture and Recreation	24,400	24,400	-	(24,400)
Total Capital Outlay	<u>49,400</u>	<u>49,400</u>	<u>47,223</u>	<u>(2,177)</u>
Total Expenditures	<u>7,441,600</u>	<u>7,404,400</u>	<u>7,228,212</u>	<u>(176,188)</u>
EXCESS OF REVENUES OVER EXPENDITURES	614,400	651,600	1,308,478	656,878
OTHER FINANCING SOURCES (USES)				
Transfers In	404,600	404,600	562,548	157,948
Transfers Out	(1,019,000)	(1,495,200)	(1,495,063)	137
Total Other Financing Sources (Uses)	<u>(614,400)</u>	<u>(1,090,600)</u>	<u>(932,515)</u>	<u>158,085</u>
NET CHANGE IN FUND BALANCE	\$ -	\$ (439,000)	375,963	\$ 814,963
Fund Balances - Beginning of Year			4,518,281	
FUND BALANCES - END OF YEAR			<u>\$ 4,894,244</u>	

See accompanying Notes to Basic Financial Statements.

Statement of Revenues and Expenditures and Changes

Year Ended December 31, 2023

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 70,000	\$ 70,000	\$ -
Investment Earnings	12,400	12,400	37,627	25,227
Net Increase (Decrease) in Fair Value of Investments	-	-	30,530	30,530
Total Revenues	12,400	82,400	138,157	55,757
EXPENDITURES				
CURRENT				
Economic and Community Development Economic Development	52,700	178,000	175,681	(2,319)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(40,300)	(95,600)	(37,524)	58,076
OTHER FINANCING SOURCES				
Sale of Capital Assets	-	-	28,836	28,836
Transfers In	40,300	40,300	40,300	-
Total Other Financing Sources	40,300	40,300	69,136	28,836
NET CHANGE IN FUND BALANCE	\$ -	\$ (55,300)	31,612	\$ 86,912
Fund Balance - Beginning of Year			<u>3,603,579</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,635,191</u>	

Statement of Revenues and Expenditures and Changes

Year Ended December 31, 2023

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

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Sales Tax	\$ 3,168,000	\$ 3,168,000	\$ 3,717,107	\$ 549,107
Investment Earnings	42,000	42,000	149,702	107,702
Net Increase (Decrease) in Fair Value of Investments	-	-	127,821	127,821
Total Revenues	<u>3,210,000</u>	<u>3,210,000</u>	<u>3,994,630</u>	<u>784,630</u>
EXPENDITURES				
CURRENT				
General Government	58,300	58,300	55,277	(3,023)
Economic and Community Development Economic Development	621,900	621,900	731,840	109,940
Total Expenditures	<u>680,200</u>	<u>680,200</u>	<u>787,117</u>	<u>106,917</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,529,800	2,529,800	3,207,513	677,713
OTHER FINANCING USES				
Transfers Out	<u>(884,200)</u>	<u>(2,849,200)</u>	<u>(2,848,701)</u>	<u>499</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,645,600</u>	<u>\$ (319,400)</u>	<u>358,812</u>	<u>\$ 678,212</u>
Fund Balance - Beginning of Year			<u>5,746,749</u>	
FUND BALANCE - END OF YEAR			<u>\$ 6,105,561</u>	

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

Annual Comprehensive Financial Report
December 31, 2023

	Water	Sewer	Storm Water	Total Enterprise Funds
ASSETS				
Current Assets				
Cash and Investments	\$ 5,548,581	\$ 6,007,874	\$ -	\$ 11,556,455
Due From Other Funds	-	663,648	-	663,648
Accounts Receivable	1,923,576	216,351	108,172	2,248,099
Due from Other Governments	-	-	912,657	912,657
Special Assessments	277	5,227	1,786	7,290
Total Current Assets	7,472,434	6,893,100	1,022,615	15,388,149
Noncurrent Assets				
Non-Depreciable Capital Assets				
Land	352,932	85,166	1,474,655	1,912,753
Construction In Progress	36,401	70,016	2,119,968	2,226,385
Depreciable Capital Assets (Net)				
Intangible	-	6,784,028	-	6,784,028
Buildings	8,474,394	-	-	8,474,394
Distribution Systems	18,910,032	19,504,654	11,717,547	50,132,233
Land Improvements	-	-	205,379	205,379
Machinery, Vehicles, Furniture and Equipment	431,784	280,730	31,262	743,776
Total Noncurrent Assets	28,205,543	26,724,594	15,548,811	70,478,948
Total Assets	35,677,977	33,617,694	16,571,426	85,867,097
DEFERRED OUTFLOWS OF RESOURCES				
Pension Plan Deferments	55,459	25,504	13,518	94,481
Total Assets and Deferred Outflows of Resources	\$ 35,733,436	\$ 33,643,198	\$ 16,584,944	\$ 85,961,578
LIABILITIES				
Current Liabilities				
Accounts and Contracts Payable	96,297	166,262	109,073	371,632
Due To Other Governments	911	111,867	253	113,031
Salaries Payable	6,026	2,549	1,701	10,276
Accrued Liabilities	9,570	-	-	9,570
Retainage Payable	-	-	52,873	52,873
Due To Other Funds	-	-	265,384	265,384
Compensated Absences Payable	3,298	1,291	1,393	5,982
Total Current Liabilities	116,102	281,969	430,677	828,748
Noncurrent Liabilities				
Compensated Absences Payable	22,594	12,976	11,038	46,608
Net Pension Liability - PERA	192,981	88,746	47,038	328,765
Total Noncurrent Liabilities	215,575	101,722	58,076	375,373
Total Liabilities	331,677	383,691	488,753	1,204,121
DEFERRED INFLOWS OF RESOURCES				
Pension Plan Deferments	60,311	27,735	14,700	102,746
Total Deferred Inflows of Resources	60,311	27,735	14,700	102,746
NET POSITION				
Net Investment in Capital Assets	28,205,543	26,724,594	15,495,938	70,426,075
Unrestricted	7,135,905	6,507,178	585,553	14,228,636
Total Net Position	35,341,448	33,231,772	16,081,491	84,654,711
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 35,733,436	\$ 33,643,198	\$ 16,584,944	\$ 85,961,578

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, 2023

	Water	Sewer	Storm Water	Total Enterprise Funds
OPERATING REVENUES				
Charges For Services				
User Charges	\$ 1,952,111	\$ 1,554,802	\$ 738,852	\$ 4,245,765
Meter Sales	38,493	-	-	38,493
Non-User Sales	822	956	-	1,778
Penalties	19,360	15,732	7,492	42,584
Permits and Hookup Charges	1,732	1,732	-	3,464
Miscellaneous	1,041,416	8,769	41,134	1,091,319
Total Operating Revenues	3,053,934	1,581,991	787,478	5,423,403
OPERATING EXPENSES				
Personnel Services	512,499	202,650	141,358	856,507
Supplies and Fees	229,481	48,178	25,551	303,210
Other Services and Charges	677,260	1,160,164	385,907	2,223,331
Depreciation	1,221,408	1,108,930	373,275	2,703,613
Total Operating Expenses	2,640,648	2,519,922	926,091	6,086,661
OPERATING INCOME (LOSS)	413,286	(937,931)	(138,613)	(663,258)
NONOPERATING REVENUES (EXPENSES)				
Special Assessments	27	579	475	1,081
Water Plant Fee	177,061	-	-	177,061
Intergovernmental	5,013	3,518	1,373,006	1,381,537
Investment Earnings	132,082	165,506	22,465	320,053
Net Increase (Decrease) in Fair Value of Investments	114,913	141,956	17,778	274,647
Gain/(Loss) on Disposal of Capital Assets	3,500	-	2,627	6,127
Other Income	674,415	748	-	675,163
Total Nonoperating Revenues (Expenses)	1,107,011	312,307	1,416,351	2,835,669
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	1,520,297	(625,624)	1,277,738	2,172,411
Capital Contributions from Developers	173,059	27,309	40,128	240,496
Capital Contributions from Governmental Activities	1,535,081	1,008,539	1,656,779	4,200,399
Capital Contributions from Availability Charges	271,637	266,562	-	538,199
Transfers In	46,919	20,863	329,300	397,082
Transfers Out	(638,936)	(441,658)	(176,925)	(1,257,519)
CHANGE IN NET POSITION	2,908,057	255,991	3,127,020	6,291,068
Net Position - Beginning of Year	32,433,391	32,975,781	12,954,471	78,363,643
NET POSITION - END OF YEAR	\$ 35,341,448	\$ 33,231,772	\$ 16,081,491	\$ 84,654,711

Net changes in net position reported above:	\$ 6,291,068
Amounts reported for business-type activities in the statement of activities are different because:	
Transfer in of capital assets from governmental activities	4,200,399
Governmental activities contribution revenue reported above	<u>(4,200,399)</u>
Change in net position of business-type activities	<u>\$ 6,291,068</u>

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, 2023

	Water	Sewer	Storm Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 2,016,573	\$ 1,557,568	\$ 730,848	\$ 4,304,989
Payments to Suppliers	(904,959)	(1,136,754)	(327,717)	(2,369,430)
Payments to Employees	(427,983)	(199,962)	(112,604)	(740,549)
Miscellaneous Revenue	1,246	748	-	1,994
Net Cash Flows - Operating Activities	684,877	221,600	290,527	1,197,004
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Change in Due to Other Funds	-	-	265,384	265,384
Change in Due from Other Funds	-	(137,038)	-	(137,038)
Grants Received	5,013	3,518	-	8,531
Special Assessments	-	3,060	59	3,119
Transfers In	46,919	20,863	329,300	397,082
Transfers Out	(638,936)	(441,658)	(176,925)	(1,257,519)
Net Cash Flows - Noncapital Financing Activities	(587,004)	(551,255)	417,818	(720,441)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Availability Charges	271,637	266,562	-	538,199
Water Plant Fee	177,061	-	-	177,061
Grants Received	-	-	500,006	500,006
Purchases of Capital Assets	(86,088)	(102,741)	(1,927,546)	(2,116,375)
Proceeds from the Sale of Capital Assets	3,500	-	2,627	6,127
Net Cash Provided (Used) by Capital and Related Financing Activities	366,110	163,821	(1,424,913)	(894,982)
CASH FLOWS - INVESTING ACTIVITIES				
Investment Earnings Received	246,995	307,462	40,243	594,700
Net Cash Provided (Used) by Investing Activities	246,995	307,462	40,243	594,700
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	710,978	141,628	(676,325)	176,281
Cash and Cash Equivalents - Beginning of Year	4,837,603	5,866,246	676,325	11,380,174
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,548,581	\$ 6,007,874	\$ -	\$ 11,556,455

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

Annual Comprehensive Financial Report
Year Ended December 31, 2023

	Water	Sewer	Storm Water	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 413,286	\$ (937,931)	\$ (138,613)	\$ (663,258)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	1,221,408	1,108,930	373,275	2,703,613
Miscellaneous Revenue	1,246	748	-	1,994
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	(1,037,835)	(25,948)	(17,668)	(1,081,451)
Due from Other Governments	474	1,525	(38,962)	(36,963)
Increase (Decrease) in Liabilities and Deferred Inflows				
Accounts Payable	2,320	19,934	83,659	105,913
Salaries and Wages Payable	3,633	138	492	4,263
Compensated Absences Payable	8,999	3,323	4,973	17,295
Due to Other Governments	(538)	51,654	82	51,198
Pension Plan Deferments	71,884	(773)	23,289	94,400
Total Adjustments	271,591	1,159,531	429,140	1,860,262
Net Cash Provided (Used) by Operating Activities	\$ 684,877	\$ 221,600	\$ 290,527	\$ 1,197,004
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions from Developers	\$ 173,059	\$ 27,309	\$ 40,128	\$ 240,496
Capital Contributions from Governmental Activities	1,535,081	1,008,539	1,656,779	4,200,399
Total Noncash Capital and Related Financing Activities	\$ 1,708,140	\$ 1,035,848	\$ 1,696,907	\$ 4,440,895

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 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 2022 which was collected during the year ended December 31, 2023. 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 (Continued)

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 \$2,818,334 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)

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

14. Lease Receivable

The City is a lessor for numerous noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date.

Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term in a systematic and rational manner.

Key estimates and judgments include how the City determines (1) the discount rate, (2) lease term, (3) lease receipts, and (4) amortization.

The City determines the discount rate for leases based on the applicable State and Local Government Securities (SLGS) rate. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

15. Subscription-Based Information Technology Arrangements

The City recorded subscription assets as a result of implementing GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any payments made prior to the subscription term, less subscription incentives, and plus ancillary charges necessary to place the subscription into service. The subscription assets are amortized on a straight-line basis over the life of the related subscription.

Key estimates and judgements related to the subscriptions include (1) the discount rate, (2) subscription term, (3) subscription payments, and (4) amortization.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City determines its estimated borrowing rate based on the applicable State and Local Government Securities rate. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a re-measurement of the subscriptions and will remeasure the subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liability.

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. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

G. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgetary Information

5. Expenditures may not legally exceed budgeted appropriations at the total fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., personnel, supplies, services and charges, and capital outlay) within each program or department (i.e., administration, finance, public works maintenance, information systems, police, public works, parks maintenance, and community development). All amounts over budget have been approved by the City Council through the disbursement process. The City is not legally required to adopt an annual budget for the capital project fund or subfunds. Project-length financial plans are adopted for the capital projects subfunds.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures over Appropriations

Expenditures exceeded budgeted amounts in the following funds:

	Expenditures	Budget	Excess
Sales Tax Collections Fund	\$ 787,117	\$ 680,200	\$ 106,917
Nonmajor Special Revenue Fund			
Lodging Tax Administration Fund	499,965	448,900	51,065
Combined Tax Increment Financing Funds	308,241	278,300	29,941

The Sales Tax Collections Fund's and Lodging Tax Administration Fund's excesses were a result of higher expenditures that are proportionate to the revenues collected during the year. Sales tax and lodging tax revenues were higher than budgeted also. The Combined Tax Increment Financing Funds' excess was primarily the result of previously approved housing activities accounted for in TIF District 6, Clearwater Estates.

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, 2023, of \$192,823, \$122,137, and \$267,188, 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.

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	\$ 20,050	\$ 20,050	\$ -	\$ -
Negotiable CD's	15,226,835	10,577,466	4,649,369	-
US Government Securities	7,523,384	4,185,994	2,399,740	937,650
Municipal Bonds	18,547,891	3,211,462	14,048,119	1,288,310
Money Market	38,197	38,197	-	-
Total	\$ 41,356,357	\$ 18,033,169	\$ 21,097,228	\$ 2,225,960

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;

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

3. General obligations of the State of Minnesota and its municipalities and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
4. Bankers' Acceptances of United States Banks;
5. Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less;
6. With certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Concentration Credit Risk

The City places no official limit on the amount the City may invest in any one issuer, however its policy states that the investment portfolio must be diversified by individual issuer to reduce the exposure to risk of loss. The City's investments in Federal Home Loan Bank government securities were 6.6% 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, 2023, the principal of all City deposits were covered by insurance or collateral.

	<u>Balance</u>
Deposits	\$ 1,414,768
Investments	<u>41,356,357</u>
Total Cash and Investments	<u>\$ 42,771,125</u>
	<u>Balance</u>
Cash and Investments	
Governmental Funds	\$ 31,214,670
Proprietary Funds	<u>11,556,455</u>
Total Cash and Investments	<u>\$ 42,771,125</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
US Government Securities	\$ 7,523,384	\$ -	\$ 7,523,384
Municipal Bonds	18,547,891	-	18,547,891
CD's	15,226,835	-	15,226,835
MM MF	38,197	38,197	-
Total	<u>\$ 41,336,307</u>	<u>\$ 38,197</u>	<u>\$ 41,298,110</u>

Investments at Amortized Cost

4M	<u>\$ 20,050</u>
Total	<u>\$ 41,356,357</u>

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 2023 was \$2,920 per month and will increase by the greater of 3% or CPI each year. The City received payments of \$25,660 in principal and \$8,789 in interest payments in 2023. The deferred inflow and lease receivable balance was \$263,417 and \$278,874 respectively, as of December 31, 2023.

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 2023 was \$2,361 per month and will increase by the greater of 4% or CPI each year. The City received payments of \$13,865 in principal and \$14,285 in interest payments in 2023. The deferred inflow and lease receivable balance was \$323,987 and \$349,504 respectively, as of December 31, 2023.

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 2023 was \$3,606 per month and will increase by the greater of 3% or CPI each year. The City received payments of \$20,287 in principal and \$22,247 in interest payments in 2023. The deferred inflow and lease receivable balance was \$689,877 and \$730,360 respectively, as of December 31, 2023.

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 2023 was \$38,645 and will increase by the greater of 3% or CPI each year. The City received payments of \$118 in principal and \$38,527 in interest payments in 2023. The deferred inflow and lease receivable balance was \$1,212,210 and \$1,266,554 respectively, as of December 31, 2023.

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, 2023, is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
GOVERNMENTAL ACTIVITIES					
Capital Assets not being Depreciated					
Land	\$ 8,145,967	\$ -	\$ 5,656	\$ -	\$ 8,140,311
Construction in Progress	6,778,834	11,404,150	10,097,223	(4,200,399)	3,885,362
Total Capital Assets not being Depreciated	14,924,801	11,404,150	10,102,879	(4,200,399)	12,025,673
Capital Assets being Depreciated					
Intangible	6,960	-	-	-	6,960
Buildings	2,093,360	16,911	-	-	2,110,271
Infrastructure	80,465,610	8,656,099	-	-	89,121,709
Land Improvements	5,543,521	1,915,490	-	-	7,459,011
Machinery, Vehicles, Furniture and Equipment	3,744,188	514,661	164,836	-	4,094,013
Subscription asset	-	71,322	-	-	71,322
Total Capital Assets being Depreciated/Amortized	91,853,639	11,174,483	164,836	-	102,863,286
Less: Accumulated Depreciation/Amortization for					
Intangible	6,960	-	-	-	6,960
Buildings	1,265,352	95,652	-	-	1,361,004
Infrastructure	42,004,563	2,823,450	-	-	44,828,013
Land Improvements	2,772,614	442,929	-	-	3,215,543
Machinery, Vehicles, Furniture and Equipment	2,665,568	327,253	161,236	-	2,831,585
Subscription asset	-	6,071	-	-	6,071
Total Accumulated Depreciation/Amortization	48,715,057	3,695,355	161,236	-	52,249,176
Total Capital Assets being Depreciated/Amortized, Net	43,138,582	7,479,128	3,600	-	50,614,110
Governmental Activities Capital Assets, Net	\$ 58,063,383	\$ 18,883,278	\$ 10,106,479	\$ (4,200,399)	\$ 62,639,783

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets (Continued)

The following is a summary of the proprietary funds' capital assets at December 31, 2023:

	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	359,604	2,120,515	253,734	-	2,226,385
Total Capital Assets not being Depreciated	2,272,357	2,120,515	253,734	-	4,139,138
Capital Assets being Depreciated					
Intangible	9,867,726	-	-	-	9,867,726
Buildings	12,415,205	-	-	-	12,415,205
Distribution System	74,267,706	240,496	-	4,200,399	78,708,601
Land Improvements	559,134	-	-	-	559,134
Machinery, Vehicles, Furniture and Equipment	2,235,417	292,498	26,184	-	2,501,731
Total Capital Assets being Depreciated	99,345,188	532,994	26,184	4,200,399	104,052,397
Less: Accumulated Depreciation for					
Intangible	2,837,005	246,693	-	-	3,083,698
Buildings	3,597,157	343,654	-	-	3,940,811
Distribution System	26,662,866	1,913,502	-	-	28,576,368
Land Improvements	334,903	18,852	-	-	353,755
Machinery, Vehicles, Furniture and Equipment	1,603,227	180,912	26,184	-	1,757,955
Total Accumulated Depreciation	35,035,158	2,703,613	26,184	-	37,712,587
Total Capital Assets being Depreciated, Net	64,310,030	(2,170,619)	-	4,200,399	66,339,810
Business-Type Activities Capital Assets, Net	\$ 66,582,387	\$ (50,104)	\$ 253,734	\$ 4,200,399	\$ 70,478,948

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

3. Capital Assets (Continued)

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

Governmental Activities		
General Government		\$ 72,748
Public Safety		82,308
Public Works		2,940,004
Culture and Recreation		594,700
Economic and Community Development		5,595
Total Depreciation/Amortization Expense - Governmental Activities		<u>\$ 3,695,355</u>
Business-Type Activities		
Water		\$ 1,221,408
Sewer		1,108,930
Storm Water		373,275
Total Depreciation Expense - Business-Type Activities		<u>\$ 2,703,613</u>

B. Interfund Receivables, Payables, and Transfers

1. Due to/from Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Capital Project Fund	\$ 151,589	Cash Deficit
Sewer Fund	Capital Project Fund	398,264	Cash Deficit
Sewer Fund	Storm Water Fund	265,384	Cash Deficit
Total		<u>\$ 815,237</u>	

2. Advances from/to Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 765,400	TIF and Cemetery IFL's
Economic Development Fund	Nonmajor Governmental Funds	44,400	TIF 13 IFL
Capital Project Fund	Nonmajor Governmental Funds	81,000	TIF 13 IFL
Total		<u>\$ 890,800</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	\$ 176,548	Capital project administrative costs
Nonmajor Governmental	30,000	Administrative costs
Nonmajor Governmental	-	Equipment appropriations
Water	138,000	Administrative costs
Sewer	138,000	Administrative costs
Storm Water	80,000	Administrative costs
Transfer to Economic Development Fund from		
General	40,300	EDA Fund annual appropriation
Transfer to Debt Service Fund from		
General	302,172	Debt service appropriation
Sales Tax Collections	583,701	Annual appropriation
Nonmajor Governmental	133,411	TIF contributions for debt service payment
Transfer to Capital Project Fund from		
General	387,000	Collector Street appropriation
General	441,900	IT, vehicle and equipment annual appropriations
General	138,554	Project appropriations
Debt Service	280,358	Project appropriations
Sales Tax Collections	1,965,000	Project appropriations
Nonmajor Governmental	20,397	IT, vehicle and equipment annual appropriations
Water	22,000	IT, vehicle and equipment annual appropriations
Water	478,936	Project appropriations
Sewer	19,100	IT, vehicle and equipment annual appropriations
Sewer	284,558	Project appropriations
Storm Water	16,200	IT, vehicle and equipment annual appropriations
Storm Water	80,725	Project appropriations
Transfer to Nonmajor Governmental Funds from		
General	15,000	Cemetery appropriation
General	100,000	Community Development annual appropriation
General	34,800	Capital park appropriation
Transfer to Water Fund from		
General Fund	35,337	Project appropriations
Capital Project Fund	11,582	WAC Fees
Transfer to Sewer Fund from		
Capital Project Fund	20,863	SAC Fees
Transfer to Storm Water Fund from		
Capital Project Fund	29,300	Appropriation of funding for capital equipment
Sales Tax Collections Fund	300,000	Project appropriations
Total Transfers	<u>\$ 6,303,742</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 2024	
				Principal	Interest
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds					
General Obligation Improvement Bonds, Series 2014; 0.50 to 3.00%; Issued 12/22/2014; Final Maturity 02/01/2027	\$ 1,925,000	\$ 1,925,000	\$ -	\$ -	\$ -
General Obligation Improvement Bonds, Series 2015; 2.00 to 2.75%; Issued 12/22/2015; Final Maturity 02/01/2028	7,130,000	4,290,000	2,840,000	545,000	61,513
General Obligation Tax Increment Bonds, Series 2015; 2.00 to 2.75%; Issued 12/22/2015; Final Maturity 02/01/2028	1,400,000	1,245,000	155,000	30,000	3,362
General Obligation Improvement Bonds, Series 2016; 2.00%; Issued 12/15/2016; Final Maturity 02/01/2024	2,225,000	2,060,000	165,000	165,000	1,650
General Obligation Improvement Bonds, Series 2018; 3.00 to 5.00%; Issued 11/27/2018; Final Maturity 02/01/2029	4,930,000	1,700,000	3,230,000	480,000	123,600
General Obligation Tax Increment Bonds, Series 2018; 3.00 to 5.00%; Issued 11/27/2018; Final Maturity 02/01/2036	1,210,000	180,000	1,030,000	60,000	37,048
General Obligation Improvement Bonds, Series 2019; 2.00 to 5.00%; Issued 12/18/19; Final Maturity 02/01/2030	2,470,000	775,000	1,695,000	255,000	63,275
General Obligation Improvement Bonds, Series 2020; 1.00 to 3.00%; Issued 12/21/20; Final Maturity 02/01/2036	5,760,000	700,000	5,060,000	370,000	88,935
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	490,000	211,250
General Obligation Improvement Bonds, Series 2023; 4.00 to 5.00%; Issued 10/18/23; Final Maturity 2/1/2036	7,775,000	-	7,775,000	-	295,696
Total General Obligation Bonds	39,575,000	12,875,000	26,700,000	2,395,000	886,329
Add: Unamortized Premium	-	-	1,420,811	-	-
Total General Obligation Bonds, Net	\$ 39,575,000	\$ 12,875,000	\$ 28,120,811	\$ 2,395,000	\$ 886,329
Notes from Direct Borrowing					
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	\$ 5,837,262	\$ 2,818,334	\$ 528,333	\$ 91,117
Total General Obligation Revenue Notes	8,655,596	5,837,262	2,818,334	528,333	91,117
Intergovernmental Long-Term Debt (to Crow Wing County); 0.000% Issued 08/04/21; Final Maturity 07/15/31	347,471	69,494	277,977	34,747	-
Subscription Liability; 3.000% Issued 09/01/23; Final Maturity 09/01/26	71,322	24,490	46,832	23,065	1,424
Total Governmental Activities Long-Term Debt	\$ 48,649,389	\$ 18,806,246	\$ 31,263,954	\$ 2,981,145	\$ 978,870

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

3. Changes in Long-Term Debt

	December 31, 2022	Additions	Retirements	December 31, 2023	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds	\$ 21,425,000	\$ 7,775,000	\$ 2,500,000	\$ 26,700,000	\$ 2,395,000
Issuance Premium (Discount)	1,182,454	354,769	116,412	1,420,811	-
Total General Obligation Bonds Payable	22,607,454	8,129,769	2,616,412	28,120,811	2,395,000
Notes from Direct Borrowing	3,330,334	-	512,000	2,818,334	528,333
Intergovernmental Long-Term Debt	312,724	-	34,747	277,977	34,747
Subscription Liability	-	71,322	24,490	46,832	23,065
Compensated Absences	477,747	405,006	346,348	536,405	21,962
Governmental Activity Long-Term Liabilities	<u>\$ 26,728,259</u>	<u>\$ 8,606,097</u>	<u>\$ 3,533,997</u>	<u>\$ 31,800,359</u>	<u>\$ 3,003,107</u>
BUSINESS-TYPE ACTIVITIES					
Compensated Absences	35,295	69,345	52,050	52,590	5,982
Business Activity Long-Term Liabilities	<u>\$ 35,295</u>	<u>\$ 69,345</u>	<u>\$ 52,050</u>	<u>\$ 52,590</u>	<u>\$ 5,982</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

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
2024	\$ 2,395,000	\$ 886,328	\$ 3,281,328	\$ 528,333	\$ 91,117	\$ 619,450
2025	2,605,000	871,076	3,476,076	545,667	74,036	619,703
2026	2,750,000	761,026	3,511,026	563,000	56,394	619,394
2027	3,965,000	616,708	4,581,708	581,334	38,192	619,526
2028	2,920,000	476,795	3,396,795	600,000	19,398	619,398
2029-2033	8,350,000	1,330,232	9,680,232	-	-	-
2034-2038	3,715,000	167,154	3,882,154	-	-	-
Total	\$ 26,700,000	\$ 5,109,319	\$ 31,809,319	\$ 2,818,334	\$ 279,137	\$ 3,097,471

Year Ending December 31,	Governmental Activities					
	Intergovernmental Long-Term Debt			Subscription Liability		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 34,747	\$ -	\$ 34,747	\$ 23,065	\$ 1,424	\$ 24,489
2025	34,747	-	34,747	23,767	755	24,522
2026	34,747	-	34,747	-	-	-
2027	34,747	-	34,747	-	-	-
2028	34,747	-	34,747	-	-	-
2029-2031	104,242	-	104,242	-	-	-
Total	\$ 277,977	\$ -	\$ 277,977	\$ 46,832	\$ 2,179	\$ 49,011

5. Subscription Liability

On September 1st, 2023, the City entered into a subscription-based information technology arrangement (SBITA) with Microsoft for subscription services. The arrangement expires on September 1st, 2026. Variable payments not included in the subscription liability include \$24,490, which are based on a 3.0% interest rate. Variable payments made during 2023, totaled \$24,490.

6. 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, 2023:

	General Fund	Economic Development	Sales Tax Collections	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable							
Prepaid Items	\$ 368	\$ -	\$ -	\$ -	\$ -	\$ 140	\$ 508
Perpetual Care	-	-	-	-	-	60,677	60,677
Advances to Other Funds	765,400	-	-	-	-	-	765,400
Total Nonspendable	765,768	-	-	-	-	60,817	826,585
Restricted							
Debt Service	-	-	-	6,492,162	-	-	6,492,162
Economic Development	-	3,635,191	-	-	-	-	3,635,191
Sales Tax	-	-	6,105,561	-	-	-	6,105,561
Public Safety Aid	-	-	-	-	275,005	-	275,005
Tax Increment Financing	-	-	-	-	-	572,444	572,444
Police Activity	-	-	-	-	-	9,084	9,084
Total Restricted	-	3,635,191	6,105,561	6,492,162	275,005	581,528	17,089,447
Committed							
Culture and Recreation	-	-	-	-	-	313,238	313,238
Economic and Community Development	-	-	-	-	-	906,103	906,103
Total Committed	-	-	-	-	-	1,219,341	1,219,341
Assigned							
Infrastructure	160,400	-	-	-	-	-	160,400
Capital Projects	-	-	-	-	7,396,918	-	7,396,918
Total Assigned	160,400	-	-	-	7,396,918	-	7,557,318
Unassigned							
	3,968,076	-	-	-	-	(611,452)	3,356,624
Total Fund Balance	\$ 4,894,244	\$ 3,635,191	\$ 6,105,561	\$ 6,492,162	\$ 7,671,923	\$ 1,250,234	\$ 30,049,315

NOTE 4 DEFINED BENEFIT PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2023, was \$812,223. 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.

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

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 2023 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, 2023, were \$190,511. 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 2023 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, 2023, were \$245,557. 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, 2023, the City reported a liability of \$1,644,015 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 \$45,304.

The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0294% at the end of the measurement period and 0.0300% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 1,644,015
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>45,304</u>
Total	<u><u>\$ 1,689,319</u></u>

For the year ended December 31, 2023, the City recognized pension expense of \$295,241 for its proportionate share of the General Employees Plan's pension expense. Included in the amount, the City recognized \$204 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, 2023, 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	\$ 54,256	\$ 10,632
Changes in actuarial assumptions	250,715	450,611
Net difference between projected and actual investment earnings	-	16,907
Changes in proportion	72,230	35,640
Contributions paid to PERA subsequent to the measurement date	95,255	-
Total	<u><u>\$ 472,456</u></u>	<u><u>\$ 513,790</u></u>

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

1. General Employees Retirement Plan Pension Costs (Continued)

The \$95,255 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, 2024. 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
2024	\$ 78,231
2025	(209,958)
2026	30,802
2027	(35,664)
Total	<u>\$ (136,589)</u>

2. Police and Fire Fund Pension Costs

At December 31, 2023, the City reported a liability of \$1,728,597 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1001% at the end of the measurement period and 0.1088% 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, 2023. The contribution consisted of \$9 million in direct state aid that meets 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, 2022. 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's proportionate share of the net pension liability associated with the City totaled \$69,608.

City's proportionate share of the net pension liability	\$ 1,728,597
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>69,608</u>
Total	<u>\$ 1,798,205</u>

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

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, 2023, the City recognized pension expense of \$516,982 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized (\$4,192) 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.

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 \$9,009 for the year ended December 31, 2023, 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, 2023, 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	\$ 491,872	\$ -
Changes in actuarial assumptions	2,158,450	2,431,186
Net difference between projected and actual investment earnings	-	48,687
Changes in proportion	32,812	322,436
Contributions paid to PERA subsequent to the measurement date	122,779	-
Total	<u>\$ 2,805,913</u>	<u>\$ 2,802,309</u>

The \$122,779 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, 2024. 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
2024	\$ 81,567
2025	5,346
2026	428,850
2027	(142,962)
2028	(491,976)
Total	<u>\$ (119,175)</u>

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	33.5%	5.10%
Private Markets	25.0%	5.90%
Fixed Income	25.0%	0.75%
International Equity	16.5%	5.30%
Total	100.0%	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, 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 7.0%. 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 7.0% 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 Plan and 1% for the Police and Fire Plan.

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 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, 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 2023:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Fund

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.
- The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net positions of the General Employees and Police and Fire Plans were projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 (6%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proportionate share of the GERF net pension liability	\$ 2,908,395	\$ 1,644,015	\$ 604,015
	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proportionate share of the PEPFF net pension liability	3,429,742	1,728,597	330,028

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.

NOTE 5 POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

C. Members

As of January 1, 2023, the following were covered by the benefit terms:

Active employees electing coverage	43
Retirees receiving payments	<u>2</u>
Total	<u><u>45</u></u>

D. Contributions

Retirees contribute to the health care plan at the same rate as City employees, with no direct subsidy from the City. However, this results in retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on contract terms with Sourcewell. The required contributions are based on projected pay-as-you-go financing requirements. For 2023, the City contributed \$23,441 to the plan.

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2023, 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	2.50%
Healthcare cost trend increases	6.50% as of January 1, 2023, decreasing to 5.00% then 4.00%.
Mortality Assumption	Pub-2010 Public Retirement Plans Headcount - Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.

The actuarial assumptions used in the January 1, 2023, valuation were based on results of an actuarial experience study for the period January 1, 2022 – December 31, 2022.

The discount rate used to measure the total OPEB liability was 4.00% based on the 20-year municipal bond yield.

NOTE 5 POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB Liability

The City's total OPEB liability of \$459,210 was measured as of January 1, 2023, and was determined by an actuarial analysis as of January 1, 2023.

	<u>Total OPEB Liability</u>
Balances at January 1, 2022	\$ 212,453
Changes for the year	
Service Cost	6,571
Interest Cost	4,147
Assumption Changes	(51,953)
Differences between Expected and Actual Experience	311,433
Benefit Payments	<u>(23,441)</u>
Net Changes	<u>246,757</u>
Balances at January 1, 2023	<u>\$ 459,210</u>

Assumption changes:

- The inflation rate was changed from 2.00% to 2.50%
- The discount rate was changed from 2.00% to 4.00%
- The retirement, withdrawal and salary increase rates were updated
- The health care trend rates were changed

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 4.00% as well as the liability measured using 1% lower and 1% higher than the current discount rate:

<u>Net OPEB Liability (Asset)</u>		
<u>1% Decrease in Discount Rate (3.00%)</u>	<u>Current Discount Rate (4.00%)</u>	<u>1% Increase in Discount Rate (5.00%)</u>
\$ 488,581	\$ 459,210	\$ 432,328

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

<u>Net OPEB Liability (Asset)</u>		
<u>1% Decrease in Trend Rate (5.50%)</u>	<u>Current Trend Rate (6.50%)</u>	<u>1% Increase in Trend Rate (7.50%)</u>
\$ 430,718	\$ 459,210	\$ 490,928

NOTE 5 POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

For the year ended December 31, 2023, the City recognized OPEB expense of \$38,592. At December 31, 2023, 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	\$ 319,314	\$ 64,259
Subsequent contributions	60,444	-
Assumption changes	12,188	50,062
Total	\$ 391,946	\$ 114,321

I. OPEB Liability Sensitivity

\$60,444 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, 2024. 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
2024	\$ 27,874
2025	27,874
2026	27,874
2027	27,874
2028	27,877
Thereafter	77,808
Total	\$ 217,181

NOTE 6 TAX INCREMENT FINANCING

The City has entered into six 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.

NOTE 6 TAX INCREMENT FINANCING (CONTINUED)

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, 2023, the City generated \$264,917 in tax increment revenue on the six TIF districts with TIF pay-as-you-go notes and incurred \$194,316 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, 2023, the City generated \$69,355 of tax increment revenue and made payments on the Note of \$41,613. The Note's balance at year end was \$128,776.
- 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, 2023, the City generated \$76,764 of tax increment revenue and made payments on the Note of \$46,059. The Note's balance at year end was \$193,989.
- 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, 2023, the City generated \$67,312 of tax increment revenue and made payments on the Note of \$60,581. The Note's balance at year end was \$70,896.

NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

A. Construction Commitments

At year-end, the City had approximately \$561,000 of outstanding construction commitments related to construction services for the 2022 Inglewood RR/TH210 street project, 2023 FDR & RR Quiet Zone project, 2023 Knollwood FDR project, 2023 Cypress and Douglas Fir project, and Lift Station #13 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 2023, the City has paid \$4,999,781 of its sales tax revenues to Brainerd. The City's liability is limited to 20% of its net sales tax revenue collected through 2037, up to \$8,000,000 total.

D. Related Organization

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

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

E. Subsequent Events

In March 2024, the City approved a contract for approximately \$119,342 related to the Whiskey Creek Stormwater Improvement Project.

In March 2024, the City approved a contract for approximately \$567,128 for the 2024 Micro Surfacing Project.

In March 2024, the City approved a contract for approximately \$5,857,405 for the 2024 South Forestview Area Improvements Project.

In April 2024, the City approved a \$120,000 contract for the 2024 Well Rehabilitation Project.

In April 2024, the City approved a contract for approximately \$98,624 for the Street Crack Sealing project.

NOTE 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

E. Subsequent Events (Continued)

In May 2024, the City approved a contract for approximately \$3,843,673 for 2024 Mill & Overlay and Full Depth Reclamation Improvements Project Municipal Project No. 4424.

In May 2024, the City approved a contract for approximately \$97,200 for the Lift Station No. 15 Reconstruction Project.

In May 2024, the City approved an engineering contract for \$487,800 for the 2024 Mill & Overlay and Full Depth Reclamation Improvements Project.

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

Schedule of Changes in Total OPEB Liability and Related Ratios

December 31, 2023

	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Total OPEB Liability					
Service Cost	\$ 7,746	\$ 9,324	\$ 7,671	\$ 7,901	\$ 6,571
Interest	8,437	12,273	9,326	4,378	4,147
Assumption Changes	(7,767)	14,078	5,617	-	(51,953)
Differences between Expected and Actual Experience	84,970	-	(96,389)	-	311,433
Benefit Payments	(21,192)	(34,250)	(36,540)	(21,554)	(23,441)
Net change in total OPEB liability	72,194	1,425	(110,315)	(9,275)	246,757
Beginning of year	258,424	330,618	332,043	221,728	\$ 212,453
End of Year	\$ 330,618	\$ 332,043	\$ 221,728	\$ 212,453	\$ 459,210
Covered-employee payroll	\$ 2,849,493	\$ 2,934,978	\$ 3,078,938	\$ 3,171,306	\$ 3,570,705
Total OPEB liability as a percentage of covered-employee payroll	11.6%	11.3%	7.2%	6.7%	12.9%

Note: Schedule is intended to show a ten-year trend. Additional years will be reported as they become available. No assets are accumulated in a trust to pay related benefits.

Changes in Actuarial Assumptions

- The inflation rate was changed from 2.00% to 2.50%
- The discount rate was changed from 2.00% to 4.00%
- The retirement, withdrawal and salary increase rates were updated.
- The health care trend rates were changed.

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 - Employee Payroll (d)	Contributions as a Percentage of Covered - Employee Payroll (b/d)
<u>General Employees Plan</u>					
12/31/2023	\$ 190,511	\$ 190,511	\$ -	\$ 2,540,143	7.5%
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>					
12/31/2023	\$ 245,557	\$ 245,557	\$ -	\$ 1,387,328	17.7%
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, 2023

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 - Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered - Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>General Employees Plan</u>							
6/30/2023	0.0294%	\$ 1,644,015	\$ 45,304	\$ 1,689,319	\$ 2,334,947	70.4%	83.1%
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>							
6/30/2023	0.1001%	\$ 1,728,597	\$ 69,608	1,798,205	\$ 1,314,147	131.5%	86.5%
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

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million was contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

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.

GENERAL EMPLOYEES FUND (CONTINUED)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

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.
- Annual 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 annual 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.

GENERAL EMPLOYEES FUND (CONTINUED)

2017 Changes (Continued)

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.5% to 7.0%.
- The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023

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.

POLICE AND FIRE FUND (CONTINUED)

2021 Changes (Continued)

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

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

POLICE AND FIRE FUND (CONTINUED)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

Budget and Actual – Debt Service Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
General Property Taxes	\$ 1,076,000	\$ 1,076,000	\$ 1,074,996	\$ (1,004)
Special Assessments	1,555,100	1,555,100	2,072,243	517,143
Intergovernmental	35,500	35,500	35,968	468
Investment Earnings	51,600	51,600	102,452	50,852
Net Increase (Decrease) in Fair Value of Investments	-	-	91,607	91,607
Total Revenues	<u>2,718,200</u>	<u>2,718,200</u>	<u>3,377,266</u>	<u>659,066</u>
EXPENDITURES				
DEBT SERVICE				
Principal	3,012,000	3,012,000	3,012,000	-
Interest and Fiscal Charges	664,600	718,900	718,229	(671)
Total Expenditures	<u>3,676,600</u>	<u>3,730,900</u>	<u>3,730,229</u>	<u>(671)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(958,400)	(1,012,700)	(352,963)	659,737
OTHER FINANCING SOURCES/(USES)				
Transfers In	717,600	717,600	1,019,283	301,683
Transfers Out	-	-	(280,358)	(280,358)
Total Other Financing Sources/(Uses)	<u>717,600</u>	<u>717,600</u>	<u>738,925</u>	<u>21,325</u>
NET CHANGE IN FUND BALANCE	<u>\$ (240,800)</u>	<u>\$ (295,100)</u>	<u>385,962</u>	<u>\$ 681,062</u>
Fund Balance - Beginning of Year			<u>6,106,200</u>	
FUND BALANCE - END OF YEAR			<u>\$ 6,492,162</u>	

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, 2023

	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	\$ 66,525	\$ 1,345,330	\$ 812,543	\$ 604,304	\$ 24,142	\$ 322,414	\$ 28,415	\$ 20,168
Accounts Receivable	-	-	-	26,000	34,207	-	-	-
Due From Other Governments	-	-	-	-	-	-	-	-
Prepaid Items	-	140	-	-	-	-	-	-
Special Assessments Receivable	-	13,234	-	-	-	-	-	-
Total Assets	\$ 66,525	\$ 1,358,704	\$ 812,543	\$ 630,304	\$ 58,349	\$ 322,414	\$ 28,415	\$ 20,168
LIABILITIES								
Accounts Payable	\$ 152	\$ 3,043	\$ 9,716	\$ 1,688	\$ 58,349	\$ 20,807	\$ -	\$ -
Due to Other Governments	-	1,597	-	-	-	-	-	-
Salaries Payable	-	7,233	-	-	-	-	-	-
Unearned Revenue	-	-	3,505	-	-	-	-	-
Advances to Other Funds	35,000	-	-	-	-	-	-	-
Escrow Deposits	-	1,020,219	-	521,835	-	-	-	-
Total Liabilities	35,152	1,032,092	13,221	523,523	58,349	20,807	-	-
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue								
Special Assessments	-	13,234	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	13,234	-	-	-	-	-	-
FUND BALANCES								
Nonspendable	60,677	140	-	-	-	-	-	-
Restricted	-	-	-	-	-	301,607	28,415	20,168
Committed	-	313,238	799,322	106,781	-	-	-	-
Unassigned	(29,304)	-	-	-	-	-	-	-
Total Fund Balances	31,373	313,378	799,322	106,781	-	301,607	28,415	20,168
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 66,525	\$ 1,358,704	\$ 812,543	\$ 630,304	\$ 58,349	\$ 322,414	\$ 28,415	\$ 20,168

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

Annual Comprehensive Financial Report
 December 31, 2023

	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	\$ 216,955	\$ 36,017	\$ 24,710	\$ 26,603	\$ 63,844	\$ 243,812	\$ 13,360
Accounts Receivable	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	303
Prepaid Items	-	-	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-	-
Total Assets	\$ 216,955	\$ 36,017	\$ 24,710	\$ 26,603	\$ 63,844	\$ 243,812	\$ 13,663
LIABILITIES							
Accounts Payable	\$ 46,059	\$ -	\$ 10,952	\$ 26	\$ 60,581	\$ -	\$ 12,080
Due to Other Governments	-	-	-	-	-	-	-
Salaries Payable	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
Advances to Other Funds	-	-	-	219,400	125,400	511,000	-
Escrow Deposits	-	-	-	-	-	-	-
Total Liabilities	46,059	-	10,952	219,426	185,981	511,000	12,080
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue							
Special Assessments	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	170,896	36,017	13,758	-	-	-	1,583
Committed	-	-	-	-	-	-	-
Unassigned	-	-	-	(192,823)	(122,137)	(267,188)	-
Total Fund Balances	170,896	36,017	13,758	(192,823)	(122,137)	(267,188)	1,583
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 216,955	\$ 36,017	\$ 24,710	\$ 26,603	\$ 63,844	\$ 243,812	\$ 13,663

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

Annual Comprehensive Financial Report
 December 31, 2023

	Alcohol Seizure	Drug Seizure	Total Nonmajor Special Revenue Funds
ASSETS			
Cash and Pooled Investments	\$ 5,482	\$ 15,460	\$ 3,870,084
Accounts Receivable	-	-	60,207
Due From Other Governments	-	-	303
Prepaid Items	-	-	140
Special Assessments Receivable	-	-	13,234
Total Assets	<u>\$ 5,482</u>	<u>\$ 15,460</u>	<u>\$ 3,943,968</u>
LIABILITIES			
Accounts Payable	\$ -	\$ 1,603	\$ 225,056
Due to Other Governments	-	-	1,597
Salaries Payable	-	-	7,233
Unearned Revenue	-	-	3,505
Advances to Other Funds	-	-	890,800
Escrow Deposits	-	10,255	1,552,309
Total Liabilities	<u>-</u>	<u>11,858</u>	<u>2,680,500</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue			
Special Assessments	-	-	13,234
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>13,234</u>
FUND BALANCES			
Nonspendable	-	-	60,817
Restricted	5,482	3,602	581,528
Committed	-	-	1,219,341
Unassigned	-	-	(611,452)
Total Fund Balances	<u>5,482</u>	<u>3,602</u>	<u>1,250,234</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 5,482</u>	<u>\$ 15,460</u>	<u>\$ 3,943,968</u>

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	\$ -	\$ -	\$ -	\$ -	\$ 499,965	\$ -	\$ -	\$ -
Tax Increments	-	-	-	-	-	69,355	-	15,256
Licenses, Permits, and Fees	-	241,517	-	-	-	-	-	-
Intergovernmental	-	30	-	-	-	-	-	-
Charges for Services	-	119,845	-	-	-	-	-	-
Fines and Forfeits	-	40	-	-	-	-	-	-
Investment Earnings	1,463	17,382	19,737	10,419	-	7,002	2,352	214
Net Increase (Decrease) in Fair Value of Investments	1,297	16,167	16,812	9,569	-	6,035	2,009	213
Miscellaneous	15,300	5	21,600	-	-	-	-	-
Total Revenues	18,060	394,986	58,149	19,988	499,965	82,392	4,361	15,683
EXPENDITURES								
CURRENT								
General Government	13,104	-	-	-	-	-	-	-
Public Safety	-	178,232	-	-	-	-	-	-
Culture and Recreation	-	-	19,603	-	-	-	-	-
Economic and Community Development	-	341,220	-	201	499,965	43,008	67,951	1,074
CAPITAL OUTLAY								
Culture and Recreation	-	-	6,440	-	-	-	-	-
DEBT SERVICE								
Principal	-	-	34,747	-	-	-	-	-
Interest and Fiscal Charges	370	-	-	-	-	-	-	-
Total Expenditures	13,474	519,452	60,790	201	499,965	43,008	67,951	1,074
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,586	(124,466)	(2,641)	19,787	-	39,384	(63,590)	14,609
OTHER FINANCING SOURCES (USES)								
Transfers In	15,000	100,000	34,800	-	-	-	-	-
Transfers Out	-	(42,000)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	15,000	58,000	34,800	-	-	-	-	-
NET CHANGE IN FUND BALANCES	19,586	(66,466)	32,159	19,787	-	39,384	(63,590)	14,609
Fund Balance - Beginning of Year	11,787	379,844	767,163	86,994	-	262,223	92,005	5,559
FUND BALANCE - END OF YEAR	\$ 31,373	\$ 313,378	\$ 799,322	\$ 106,781	\$ -	\$ 301,607	\$ 28,415	\$ 20,168

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

Year Ended December 31, 2023

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	76,764	16,071	24,337	36,836	67,312	204,091	27,148
Licenses, Permits, and Fees	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-
Investment Earnings	4,051	592	372	245	1,062	3,008	105
Net Increase (Decrease) in Fair Value of Investments	3,573	538	323	256	898	2,869	98
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	84,388	17,201	25,032	37,337	69,272	209,968	27,351
EXPENDITURES							
CURRENT							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Economic and Community Development	47,435	1,292	23,835	657	61,472	1,082	26,081
CAPITAL OUTLAY							
Culture and Recreation	-	-	-	-	-	-	-
DEBT SERVICE							
Principal	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	8,773	5,003	20,573	5
Total Expenditures	47,435	1,292	23,835	9,430	66,475	21,655	26,086
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	36,953	15,909	1,197	27,907	2,797	188,313	1,265
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	(33,963)	-	(99,448)	-
Total Other Financing Sources (Uses)	-	-	-	(33,963)	-	(99,448)	-
NET CHANGE IN FUND BALANCES	36,953	15,909	1,197	(6,056)	2,797	88,865	1,265
Fund Balance - Beginning of Year	133,943	20,108	12,561	(186,767)	(124,934)	(356,053)	318
FUND BALANCE - END OF YEAR	\$ 170,896	\$ 36,017	\$ 13,758	\$ (192,823)	\$ (122,137)	\$ (267,188)	\$ 1,583

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Other Governmental Funds (Continued)

Year Ended December 31, 2023

	Alcohol Seizure	Drug Seizure	Total Other Governmental Funds
REVENUES			
Lodging Tax	\$ -	\$ -	\$ 499,965
Tax Increments	-	-	537,170
Licenses, Permits, and Fees	-	-	241,517
Intergovernmental	-	-	30
Charges for Services	-	968	120,813
Fines and Forfeits	-	1,857	1,897
Investment Earnings	629	693	69,326
Net Increase (Decrease) in Fair Value of Investments	502	547	61,706
Miscellaneous	-	-	36,905
Total Revenues	1,131	4,065	1,569,329
EXPENDITURES			
CURRENT			
General Government	-	-	13,104
Public Safety	30,039	1,603	209,874
Culture and Recreation	-	-	19,603
Economic and Community Development	-	-	1,115,273
CAPITAL OUTLAY			
Culture and Recreation	-	-	6,440
DEBT SERVICE			
Principal	-	-	34,747
Interest and Fiscal Charges	-	-	34,724
Total Expenditures	30,039	1,603	1,433,765
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(28,908)	2,462	135,564
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	149,800
Transfers Out	-	(8,397)	(183,808)
Total Other Financing Sources (Uses)	-	(8,397)	(34,008)
NET CHANGE IN FUND BALANCES	(28,908)	(5,935)	101,556
Fund Balance - Beginning of Year	34,390	9,537	1,148,678
FUND BALANCE - END OF YEAR	\$ 5,482	\$ 3,602	\$ 1,250,234

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2023

Budget and Actual – Cemetery Special Revenue Fund

	Budgeted		
	Original and Final	Actual Amounts	Variance with Final Budget
REVENUES			
Investment Earnings	\$ 100	\$ 1,463	\$ 1,363
Net Increase (Decrease) in Fair Value of Investments	-	1,297	1,297
Miscellaneous			
Other Miscellaneous Revenues	4,800	15,300	10,500
Total Revenues	<u>4,900</u>	<u>18,060</u>	<u>13,160</u>
EXPENDITURES			
CURRENT			
General Government			
Cemetery	15,900	13,104	(2,796)
DEBT SERVICE			
Interest	-	370	370
Total Expenditures	<u>15,900</u>	<u>13,474</u>	<u>(2,426)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,000)	4,586	15,586
OTHER FINANCING SOURCES			
Transfers In	15,000	15,000	-
NET CHANGE IN FUND BALANCE	<u>\$ 4,000</u>	<u>19,586</u>	<u>\$ 15,586</u>
Fund Balance - Beginning of Year		11,787	
FUND BALANCE - END OF YEAR		<u>\$ 31,373</u>	

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses, Permits, and Fees	\$ 255,500	\$ 255,500	\$ 241,517	\$ (13,983)
Intergovernmental				
State and Local	-	-	30	30
Charges for Services	153,800	153,800	119,845	(33,955)
Fines and Forfeits	-	-	40	40
Investment Earnings	2,400	2,400	17,382	14,982
Net Increase (Decrease) in Fair Value of Investments	-	-	16,167	16,167
Miscellaneous				
Other Miscellaneous Revenues	-	-	5	5
Total Revenues	411,700	411,700	394,986	(16,714)
EXPENDITURES				
CURRENT				
Public Safety				
Building Inspection	205,200	204,400	178,232	(26,168)
Economic and Community Development Planning	358,200	356,600	341,220	(15,380)
Total Expenditures	563,400	561,000	519,452	(41,548)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(151,700)	(149,300)	(124,466)	24,834
OTHER FINANCING SOURCES (USES)				
Transfers In	100,000	100,000	100,000	-
Transfers Out	(42,000)	(42,000)	(42,000)	-
Total Other Financing Sources (Uses)	58,000	58,000	58,000	-
NET CHANGE IN FUND BALANCE	\$ (93,700)	\$ (91,300)	(66,466)	\$ 24,834
Fund Balance - Beginning of Year			379,844	
FUND BALANCE - END OF YEAR			\$ 313,378	

Budget and Actual – Capital Park Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Investment Earnings	700	700	19,737	19,037
Net Increase (Decrease) in Fair Value of Investments	-	-	16,812	16,812
Miscellaneous Park Dedication	-	-	21,600	21,600
Total Revenues	700	700	58,149	57,449
EXPENDITURES				
CURRENT				
Culture and Recreation Capital Park	7,900	22,000	19,603	(2,397)
CAPITAL OUTLAY				
Culture and Recreation	10,000	10,000	6,440	(3,560)
DEBT SERVICE				
Principal	34,800	34,800	34,747	(53)
Total Expenditures	52,700	66,800	60,790	(6,010)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(52,000)	(66,100)	(2,641)	63,459
OTHER FINANCING SOURCES				
Transfers In	34,800	34,800	34,800	-
Total Other Financing Sources	34,800	34,800	34,800	-
NET CHANGE IN FUND BALANCE	\$ (17,200)	\$ (31,300)	32,159	\$ 63,459
Fund Balance - Beginning of Year			767,163	
FUND BALANCE - END OF YEAR			\$ 799,322	

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2023

Budget and Actual – Lodging Tax Administration Special Revenue Fund

	Budgeted Amounts		
	Original and Final	Actual Amounts	Variance With Final Budget
REVENUES			
Lodging Tax	\$ 448,900	\$ 499,965	\$ 51,065
Total Revenues	<u>448,900</u>	<u>499,965</u>	<u>51,065</u>
EXPENDITURES			
CURRENT			
Economic and Community Development	<u>448,900</u>	<u>499,965</u>	<u>51,065</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance - Beginning of Year		<u>-</u>	
FUND BALANCE - END OF YEAR		<u>\$ -</u>	

	Budgeted		Variance With
	Original and Final	Actual Amounts	
REVENUES			
Tax Increments	\$ 547,100	\$ 537,170	\$ (9,930)
Investment Earnings	2,200	19,003	16,803
Net Increase (Decrease) in Fair Value of Investments	-	16,812	16,812
Total Revenues	549,300	572,985	23,685
EXPENDITURES			
CURRENT			
Economic and Community Development	244,000	273,887	29,887
DEBT SERVICE			
Interest and Fiscal Charges	34,300	34,354	54
Total Expenditures	278,300	308,241	29,941
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	271,000	264,744	(6,256)
OTHER FINANCING USES			
Transfers Out	(133,500)	(133,411)	89
NET CHANGE IN FUND BALANCE	\$ 137,500	131,333	\$ (6,167)
Fund Balance - Beginning of Year		(141,037)	
FUND BALANCE - END OF YEAR		\$ (9,704)	

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

Annual Comprehensive Financial Report
 December 31, 2023

	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	2023 G.O. Improvement Bonds	Combined Totals
ASSETS								
Cash and Pooled Investments	\$ 1,928,594	\$ 196,564	\$ 1,574,521	\$ 588,709	\$ 1,002,353	\$ 789,021	\$ 327,926	\$ 6,407,688
Investments								
Accounts Receivable	-	-	-	-	-	-	37,770	37,770
Due From Other Governments	14,664	429	6,464	3,717	5,199	21,441	1,050,537	1,102,451
Delinquent Taxes Receivable	7,191	2,474	3,301	326	257	1,787	-	15,336
Special Assessments Receivable	1,593,138	505,261	2,907,187	1,033,365	2,953,214	2,249,851	3,656,356	14,898,372
Total assets	\$ 3,543,587	\$ 704,728	\$ 4,491,473	\$ 1,626,117	\$ 3,961,023	\$ 3,062,100	\$ 5,072,589	\$ 22,461,617
LIABILITIES								
Accounts Payable	\$ 474	\$ 500	\$ 3,186	\$ 550	\$ 500	\$ -	\$ -	\$ 5,210
Total Liabilities	474	500	3,186	550	500	-	-	5,210
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue								
Taxes	7,191	2,474	3,301	326	257	1,787	-	15,336
Special Assessments	1,593,138	505,261	2,907,187	1,033,365	2,953,214	2,249,851	3,656,356	14,898,372
Other	-	-	-	-	-	-	1,050,537	1,050,537
Total Deferred Inflows of Resources	1,600,329	507,735	2,910,488	1,033,691	2,953,471	2,251,638	4,706,893	15,964,245
FUND BALANCES								
Restricted	1,942,784	196,493	1,577,799	591,876	1,007,052	810,462	365,696	6,492,162
Total Fund Balances	1,942,784	196,493	1,577,799	591,876	1,007,052	810,462	365,696	6,492,162
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 3,543,587	\$ 704,728	\$ 4,491,473	\$ 1,626,117	\$ 3,961,023	\$ 3,062,100	\$ 5,072,589	\$ 22,461,617

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

Year Ended December 31, 2023

Debt Service Fund – by Bond Issue

	2009B G.O. Sales Tax Wastewater Note	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	2023 G.O. Improvement Bonds	Internal Eliminations	Combined Totals
REVENUES											
Taxes	\$ -	\$ -	\$ 196,721	\$ (113)	\$ 176,739	\$ 177,445	\$ 176,391	\$ 347,813	\$ -	\$ -	\$ 1,074,996
Special Assessments	-	692	433,269	176,274	428,983	163,394	412,270	393,956	63,405	-	2,072,243
Intergovernmental	35,968	-	-	-	-	-	-	-	-	-	35,968
Investment Earnings	-	-	37,233	1,924	29,895	9,530	15,667	8,155	48	-	102,452
Net Increase (Decrease) in Fair Value of Investments	-	-	32,504	1,953	26,311	8,583	14,361	7,824	71	-	91,607
Total Revenues	35,968	692	699,727	180,038	661,928	358,952	618,689	757,748	63,524	-	3,377,266
EXPENDITURES											
DEBT SERVICE											
Principal	512,000	640,000	560,000	160,000	520,000	260,000	360,000	-	-	-	3,012,000
Interest and Fiscal Charges	107,669	9,060	76,698	5,400	182,265	76,699	100,385	160,053	-	-	718,229
Total Expenditures	619,669	649,060	636,698	165,400	702,265	336,699	460,385	160,053	-	-	3,730,229
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(583,701)	(648,368)	63,029	14,638	(40,337)	22,253	158,304	597,695	63,524	-	(352,963)
OTHER FINANCING SOURCES (USES)											
Transfers In	583,701	3,186	33,962	-	99,448	-	-	-	302,172	(3,186)	1,019,283
Transfers Out	-	(280,358)	-	-	(3,186)	-	-	-	-	3,186	(280,358)
Total Other Financing Sources (Uses)	583,701	(277,172)	33,962	-	96,262	-	-	-	302,172	-	738,925
NET CHANGE IN FUND BALANCES	-	(925,540)	96,991	14,638	55,925	22,253	158,304	597,695	365,696	-	385,962
Fund Balance - Beginning of Year	-	925,540	1,845,793	181,855	1,521,874	569,623	848,748	212,767	-	-	6,106,200
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 1,942,784	\$ 196,493	\$ 1,577,799	\$ 591,876	\$ 1,007,052	\$ 810,462	\$ 365,696	\$ -	\$ 6,492,162

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

Annual Comprehensive Financial Report
 December 31, 2023

	Collector Street	Street Replacement	Capital Equipment	Trails Construction	City Center Building	Cypress Town Center	Eagle Drive
ASSETS							
Cash and Pooled Investments	\$ 3,259,068	\$ 2,333,495	\$ 2,180,667	\$ 440,550	\$ 471,369	\$ 52,495	\$ -
Due from Other Funds	945,843	-	-	-	-	-	-
Accounts Receivable	-	75,323	-	-	-	-	-
Due From Other Governments	67,358	-	-	-	-	-	-
Special Assessments Receivable	311,184	6,291	-	20,956	-	-	-
Advances to Other Funds	81,000	-	-	-	-	-	-
Total Assets	\$ 4,664,453	\$ 2,415,109	\$ 2,180,667	\$ 461,506	\$ 471,369	\$ 52,495	\$ -
LIABILITIES							
Accounts and Contracts Payable	\$ -	\$ 5,799	\$ 59,261	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	8,315
Retainage Payable	12,224	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
Total Liabilities	12,224	5,799	59,261	-	-	-	8,315
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue							
Special Assessments	311,184	6,291	-	20,956	-	-	-
Advanced Appropriations - State Shared Taxes	944,829	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	1,256,013	6,291	-	20,956	-	-	-
FUND BALANCES							
Restricted	-	-	275,005	-	-	-	-
Assigned	3,396,216	2,403,019	1,846,401	440,550	471,369	52,495	-
Unassigned	-	-	-	-	-	-	(8,315)
Total Fund Balances	3,396,216	2,403,019	2,121,406	440,550	471,369	52,495	(8,315)
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 4,664,453	\$ 2,415,109	\$ 2,180,667	\$ 461,506	\$ 471,369	\$ 52,495	\$ -

Capital Project Fund – by Project (Continued)

	Cypress Dr- Hastings to 48	Fairview Extension 371 NW	Inglewood - 77 Utilities	Inglewood Railroad Crossing	Cypress- Woida	Mapleton Realign	Knollwood FDR
ASSETS							
Cash and Pooled Investments	\$ 432,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,291
Due from Other Funds	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	806,929	-	-	-
Special Assessments Receivable	-	-	-	-	-	-	-
Advances to Other Funds	-	-	-	-	-	-	-
Total Assets	\$ 432,046	\$ -	\$ -	\$ 806,929	\$ -	\$ -	\$ 45,291
LIABILITIES							
Accounts and Contracts Payable	\$ 356,182	\$ -	\$ 225	\$ -	\$ -	\$ -	\$ 12,264
Due to Other Funds	-	135,294	16,085	945,843	16,296	5,340	-
Retainage Payable	59,808	-	-	22,830	-	-	32,862
Unearned Revenue	-	-	-	-	-	-	-
Total Liabilities	415,990	135,294	16,310	968,673	16,296	5,340	45,126
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-
Advanced Appropriations - State Shared Taxes	-	-	-	-	-	-	-
Other	-	-	-	415,063	-	-	-
Total Deferred Inflows of Resources	-	-	-	415,063	-	-	-
FUND BALANCES							
Restricted	-	-	-	-	-	-	-
Assigned	16,056	-	-	-	-	-	165
Unassigned	-	(135,294)	(16,310)	(576,807)	(16,296)	(5,340)	-
Total Fund Balances	16,056	(135,294)	(16,310)	(576,807)	(16,296)	(5,340)	165
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 432,046	\$ -	\$ -	\$ 806,929	\$ -	\$ -	\$ 45,291

Capital Project Fund – by Project (Continued)

	Fairview-W Conservation	Design-Dellwood	RR Quiet Zone	2023 FDR - Reconstruction	Evergreen-S Hastings	South Forestview	2024 M&O- FDR
ASSETS							
Cash and Pooled Investments	\$ -	\$ -	\$ 78,192	\$ 453,138	\$ -	\$ -	\$ -
Due from Other Funds	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-	-
Advances to Other Funds	-	-	-	-	-	-	-
Total Assets	\$ -	\$ -	\$ 78,192	\$ 453,138	\$ -	\$ -	\$ -
LIABILITIES							
Accounts and Contracts Payable	\$ -	\$ 52,247	\$ 10,237	\$ 142,155	\$ 17,892	\$ 268,133	\$ 45,270
Due to Other Funds	18,475	71,532	-	-	37,909	224,968	15,639
Retainage Payable	-	-	2,487	95,377	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
Total Liabilities	18,475	123,779	12,724	237,532	55,801	493,101	60,909
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	-	-	-	-	-	-	-
Special Assessments	-	-	-	-	-	-	-
Advanced Appropriations - State Shared Taxes	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
FUND BALANCES							
Restricted	-	-	-	-	-	-	-
Assigned	-	-	65,468	215,606	-	-	-
Unassigned	(18,475)	(123,779)	-	-	(55,801)	(493,101)	(60,909)
Total Fund Balances	(18,475)	(123,779)	65,468	215,606	(55,801)	(493,101)	(60,909)
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ -	\$ -	\$ 78,192	\$ 453,138	\$ -	\$ -	\$ -

Capital Project Fund – by Project (Continued)

	Internal Eliminations	Combined Totals
ASSETS		
Cash and Pooled Investments	\$ -	\$ 9,746,311
Due from Other Funds	(945,843)	-
Accounts Receivable	-	75,323
Due From Other Governments	-	874,287
Special Assessments Receivable	-	338,431
Advances to Other Funds	-	81,000
	<hr/>	<hr/>
Total Assets	\$ (945,843)	\$ 11,115,352
LIABILITIES		
Accounts and Contracts Payable	\$ -	\$ 969,665
Due to Other Funds	(945,843)	549,853
Retainage Payable	-	225,588
Unearned Revenue	-	-
Total Liabilities	<hr/>	<hr/>
	(945,843)	1,745,106
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue		
Special Assessments	-	338,431
Advanced Appropriations - State Shared Taxes	-	944,829
Other	-	415,063
Total Deferred Inflows of Resources	<hr/>	<hr/>
	-	1,698,323
FUND BALANCES		
Restricted	-	275,005
Assigned	-	8,907,345
Unassigned	-	(1,510,427)
Total Fund Balances	<hr/>	<hr/>
	-	7,671,923
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<hr/>	<hr/>
	\$ (945,843)	\$ 11,115,352

Capital Project Fund – by Project

	Collector Street	Street Replacement	Capital Equipment	Trails Construction	City Center Building	Cypress Town Center	Eagle Drive
REVENUES							
Franchise Fees	\$ -	\$ 304,442	\$ -	\$ 75,200	\$ -	\$ -	\$ -
Special Assessments	49,994	-	-	7,695	-	-	-
Intergovernmental	606,647	179,763	389,948	-	-	-	-
Investment earnings	115,020	61,866	46,956	9,890	11,551	1,286	-
Net Increase (Decrease) in Fair Value of Investments	92,725	52,630	40,933	8,404	9,874	1,100	(174)
Miscellaneous	-	-	100	-	-	-	-
Total Revenues	864,386	598,701	477,937	101,189	21,425	2,386	(174)
EXPENDITURES							
CURRENT							
General Government	-	-	87,010	-	-	-	-
Public Safety	-	-	1,639	-	-	-	-
Public Works	-	488,509	360	-	-	-	204
Culture and Recreation	-	-	640	52,063	-	-	-
CAPITAL OUTLAY							
General Government	-	-	98,754	-	-	-	-
Public Safety	-	-	114,943	-	-	-	-
Public Works	-	-	307,378	-	-	-	-
Culture and Recreation	-	-	64,986	-	-	-	-
DEBT SERVICE							
Principal	-	-	24,490	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-
Total Expenditures	-	488,509	700,200	52,063	-	-	204
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	864,386	110,192	(222,263)	49,126	21,425	2,386	(378)
OTHER FINANCING SOURCES (USES)							
Sale of Capital Assets	-	-	59,931	-	-	-	-
Issuance of GO Bonds	-	-	-	-	-	-	-
Issuance of GO Bonds - Premium	-	-	-	-	-	-	-
Issuance of subscription liability	-	-	71,322	-	-	-	-
Transfers In	667,358	-	519,597	-	-	-	-
Transfers Out	(908,745)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(241,387)	-	650,850	-	-	-	-
NET CHANGE IN FUND BALANCES	622,999	110,192	428,587	49,126	21,425	2,386	(378)
Fund Balance - Beginning of Year	2,773,217	2,292,827	1,692,819	391,424	449,944	50,109	(7,937)
FUND BALANCE - END OF YEAR	\$ 3,396,216	\$ 2,403,019	\$ 2,121,406	\$ 440,550	\$ 471,369	\$ 52,495	\$ (8,315)

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

December 31, 2023

Capital Project Fund – by Project (Continued)

	Cypress Dr- Hastings to 48	Fairview Extension 371 NW	Inglewood/ Forthun/Foley	Inglewood - 77 Utilities	Inglewood Railroad Crossing	Cypress- Woida	Mapleton Realign
REVENUES							
Franchise Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	83,476	-	45,487	-	-	-	-
Intergovernmental	-	-	-	-	1,558,182	-	-
Investment earnings	-	-	-	-	-	-	-
Net Increase (Decrease) in Fair Value of Investments	(12,779)	(2,835)	(1,219)	(326)	-	(342)	(111)
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	<u>70,697</u>	<u>(2,835)</u>	<u>44,268</u>	<u>(326)</u>	<u>1,558,182</u>	<u>(342)</u>	<u>(111)</u>
EXPENDITURES							
CURRENT							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	1,717,598	3,315	(66)	3,875	203,377	399	131
Culture and Recreation	-	-	-	-	-	-	-
CAPITAL OUTLAY							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	2,876,648	-	690,251	-	1,478,540	-	-
Culture and Recreation	-	-	-	-	-	-	-
DEBT SERVICE							
Principal	-	-	-	-	-	-	-
Interest and Fiscal Charges	51,430	-	-	-	-	-	-
Total Expenditures	<u>4,645,676</u>	<u>3,315</u>	<u>690,185</u>	<u>3,875</u>	<u>1,681,917</u>	<u>399</u>	<u>131</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,574,979)	(6,150)	(645,917)	(4,201)	(123,735)	(741)	(242)
OTHER FINANCING SOURCES (USES)							
Sale of Capital Assets	-	-	-	-	-	-	-
Issuance of GO Bonds	3,693,903	-	-	-	-	-	-
Issuance of GO Bonds - Premium	168,551	-	-	-	-	-	-
Issuance of subscription liability	-	-	-	-	-	-	-
Transfers In	1,240,300	-	697,173	-	30,000	-	-
Transfers Out	(89,344)	-	(52,145)	-	-	-	-
Total Other Financing Sources (Uses)	<u>5,013,410</u>	<u>-</u>	<u>645,028</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	438,431	(6,150)	(889)	(4,201)	(93,735)	(741)	(242)
Fund Balance - Beginning of Year	(422,375)	(129,144)	889	(12,109)	(483,072)	(15,555)	(5,098)
FUND BALANCE - END OF YEAR	\$ 16,056	\$ (135,294)	\$ -	\$ (16,310)	\$ (576,807)	\$ (16,296)	\$ (5,340)

Capital Project Fund – by Project (Continued)

	Knollwood FDR	Fairview-W Conservation	Design-Dellwood	2022 FDR- Reconstruction	RR Quiet Zone	2023 FDR - Reconstruction	Evergreen-S Hastings
REVENUES							
Franchise Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	282,725	-	-	-	-	74,484	-
Intergovernmental	-	-	-	-	-	-	-
Investment earnings	-	-	-	3,194	-	-	-
Net Increase (Decrease) in Fair Value of Investments	(4,820)	(386)	(1,399)	2,706	(129)	552	(319)
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	277,905	(386)	(1,399)	5,900	(129)	75,036	(319)
EXPENDITURES							
CURRENT							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	2,343	453	1,599	12,309	179,553	2,126	55,482
Culture and Recreation	-	-	-	-	-	-	-
CAPITAL OUTLAY							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	2,007,972	-	70,418	-	-	3,686,360	-
Culture and Recreation	-	-	-	-	-	-	-
DEBT SERVICE							
Principal	-	-	-	-	-	-	-
Interest and Fiscal Charges	21,120	-	-	-	-	35,701	-
Total Expenditures	2,031,435	453	72,017	12,309	179,553	3,724,187	55,482
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,753,530)	(839)	(73,416)	(6,409)	(179,682)	(3,649,151)	(55,801)
OTHER FINANCING SOURCES (USES)							
Sale of Capital Assets	-	-	-	-	-	-	-
Issuance of GO Bonds	1,516,902	-	-	-	-	2,564,195	-
Issuance of GO Bonds - Premium	69,215	-	-	-	-	117,003	-
Issuance of subscription liability	-	-	-	-	-	-	-
Transfers In	344,119	-	-	-	250,000	1,413,354	-
Transfers Out	(36,858)	-	-	(118,427)	-	(59,946)	-
Total Other Financing Sources (Uses)	1,893,378	-	-	(118,427)	250,000	4,034,606	-
NET CHANGE IN FUND BALANCES	139,848	(839)	(73,416)	(124,836)	70,318	385,455	(55,801)
Fund Balance - Beginning of Year	(139,683)	(17,636)	(50,363)	124,836	(4,850)	(169,849)	-
FUND BALANCE - END OF YEAR	\$ 165	\$ (18,475)	\$ (123,779)	\$ -	\$ 65,468	\$ 215,606	\$ (55,801)

Capital Project Fund – by Project (Continued)

	South Forestview	2024 M&O- FDR	Internal Eliminations	Combined Totals
REVENUES				
Franchise Fees	\$ -	\$ -	\$ -	\$ 379,642
Special Assessments	-	-	-	543,861
Intergovernmental	-	-	-	2,734,540
Investment earnings	-	-	-	249,763
Net Increase (Decrease) in Fair Value of Investments	(867)	(185)	-	183,033
Miscellaneous	-	-	-	100
Total Revenues	<u>(867)</u>	<u>(185)</u>	<u>-</u>	<u>4,090,939</u>
EXPENDITURES				
CURRENT				
General Government	-	-	-	87,010
Public Safety	-	-	-	1,639
Public Works	669	163	-	2,672,399
Culture and Recreation	-	-	-	52,703
CAPITAL OUTLAY				
General Government	-	-	-	98,754
Public Safety	-	-	-	114,943
Public Works	491,565	60,561	-	11,669,693
Culture and Recreation	-	-	-	64,986
DEBT SERVICE				
Principal	-	-	-	24,490
Interest and Fiscal Charges	-	-	-	108,251
Total Expenditures	<u>492,234</u>	<u>60,724</u>	<u>-</u>	<u>14,894,868</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(493,101)	(60,909)	-	(10,803,929)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	-	59,931
Issuance of GO Bonds	-	-	-	7,775,000
Issuance of GO Bonds - Premium	-	-	-	354,769
Issuance of subscription liability	-	-	-	71,322
Transfers In	-	-	(1,027,172)	4,134,729
Transfers Out	-	-	1,027,172	(238,293)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,157,458</u>
NET CHANGE IN FUND BALANCES	(493,101)	(60,909)	-	1,353,529
Fund Balance - Beginning of Year	-	-	-	6,318,394
FUND BALANCE - END OF YEAR	\$ (493,101)	\$ (60,909)	\$ -	\$ 7,671,923

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION (UNAUDITED)

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

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

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

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

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

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

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

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

Annual Comprehensive Financial Report
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 33,968,575
Restricted for:										
Debt Service	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	22,084,746
Economic Development	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	3,635,191
Sales Tax Funded Infrastructure	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	6,125,793
Revolving Loans	425,702	430,601	434,670	-	-	-	-	-	-	-
Public Safety Aid	-	-	-	-	-	-	-	-	-	275,005
Tax Increment Financing	801,698	552,442	441,859	337,937	245,004	450,552	436,438	479,261	526,717	572,444
Police Activity	43,951	52,358	51,351	45,520	56,879	75,526	60,968	56,816	43,927	9,084
Unrestricted	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	7,529,871
Total Governmental Activities Net Position	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	74,200,709
Business-Type Activities										
Net Investment in Capital Assets	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	70,426,075
Unrestricted	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	14,228,636
Total Business-Type Activities Net Position	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	84,654,711
Primary Government										
Net Investment in Capital Assets	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	101,576,316
Restricted for:										
Debt Service	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	22,084,746
Economic Development	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	3,635,191
Sales Tax Funded Infrastructure	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	6,125,793
Revolving Loans	425,702	434,670	-	-	-	-	-	-	-	-
Public Safety Aid	-	-	-	-	-	-	-	-	-	275,005
Tax Increment Financing	801,698	441,859	337,937	337,937	245,004	450,552	436,438	479,261	526,717	572,444
Police Activity	43,951	51,351	45,520	45,520	56,879	75,526	60,968	56,816	43,927	9,084
Unrestricted	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	24,576,841
Total Primary Government Net Position	\$ 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	\$ 158,855,420

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

Annual Comprehensive Financial Report
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities										
General Government	\$ 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	\$ 2,284,468
Public Safety	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	3,402,227
Public Works	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	6,373,074
Sanitation	37,970	35,114	31,520	32,105	31,174	32,983	10,617	-	-	-
Culture and Recreation	777,891	847,953	943,075	910,191	1,065,834	1,223,138	1,339,968	1,476,241	1,716,508	1,724,627
Economic and Community Development	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	1,967,895
Interest	696,429	505,783	530,054	460,144	498,992	641,116	722,625	627,203	578,277	845,997
Total Governmental Activities Expenses	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	16,598,288
Business-Type Activities										
Water	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	2,640,648
Sewer	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	2,519,922
Storm Water	302,180	302,516	394,181	455,475	421,596	548,619	513,061	654,338	612,382	926,091
Total Business-Type Activities Expenses	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	6,086,661
Total Primary Government Expenses	\$ 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	\$ 22,684,949
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 462,537	\$ 475,694	\$ 474,708	\$ 481,839	\$ 178,140	\$ 182,313	\$ 240,650	\$ 203,568	\$ 172,814	\$ 121,194
Public Safety	426,505	368,760	351,049	484,646	454,912	628,295	419,356	444,643	708,955	498,192
Public Works	525	600	153,974	399,278	429,435	419,156	414,244	413,211	411,887	405,654
Sanitation	162	276	242	365	283	290	373	-	-	-
Culture and Recreation	301,626	69,638	111,931	31,718	36,595	109,441	55,850	213,989	749,581	104,651
Economic and Community Development	26,717	400,285	31,801	42,686	169,676	22,391	18,417	38,837	29,836	23,067
Operating Grants and Contributions	231,786	289,696	260,933	266,915	259,945	279,642	802,905	990,694	450,799	892,803
Capital Grants and Contributions	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	8,276,286
Total Governmental Activities Program Revenues	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	10,321,847
Business-Type Activities										
Charges for Services										
Water	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	2,198,840
Sewer	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	1,581,991
Storm Water	318,857	321,866	345,328	368,286	421,401	466,640	524,961	563,718	652,895	787,478
Operating Grants and Contributions	37,344	18,527	18,185	15,155	4,537	11,207	17,896	23,116	114,888	1,041,773
Capital Grants and Contributions	329,375	35,135	73,725	443,718	796,372	1,011,863	525,079	563,578	1,478,281	2,826,858
Total Business-Type Activities Program Revenues	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	8,436,940
Total Primary Government Program Revenues	\$ 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	\$ 18,758,787
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (6,276,441)
Business-Type Activities	122,301	(166,356)	(86,712)	133,694	46,160	119,934	(308,956)	(1,165,388)	186,384	2,350,279
Total Primary Government Net (Expense)/Revenue	\$ (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)	\$ (3,926,162)

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

Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property Taxes	\$ 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	\$ 8,310,920
Lodging Tax	321,994	362,561	378,336	399,024	401,802	397,118	248,466	392,406	476,986	499,965
Sales Tax	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	3,717,107
Tax Increments	358,473	395,884	487,459	496,504	542,661	668,465	608,822	667,703	538,854	537,170
Grants and Contributions not Restricted for a Particular Purpose	2,423	32,819	4,924	2,631	3,188	2,685	24,000	19,283	59,288	5,732
Investment Earnings	288,085	270,251	165,800	345,168	453,927	641,260	511,983	295,746	392,781	726,018
Net Increase (Decrease) in Fair Value of Investments	35,901	16,151	59,444	(87,504)	(59)	154,521	329,532	(368,777)	(1,250,526)	598,985
Miscellaneous	89,538	106,833	94,124	93,740	108,019	158,049	105,236	130,302	215,137	277,827
Gain on Sale of Capital Assets	8,529	3,300	7,066	36,070	11,683	-	-	13,345	81,578	79,511
Transfers	208,050	(997,865)	(5,725,812)	(1,774,142)	(690,893)	(3,544,390)	(2,110,714)	(7,968,054)	(980,252)	(3,339,962)
Total Governmental Activities	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	11,413,273
Business-Type Activities										
Investment Earnings	143,879	134,613	82,894	178,121	222,657	318,170	263,919	163,429	196,577	320,053
Net Increase (Decrease) in Fair Value of Investments	17,445	8,126	29,987	(47,359)	-	80,546	185,183	(210,998)	(673,706)	274,647
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	10,192	6,127
Transfers	(208,050)	997,865	5,725,812	1,774,142	690,893	3,544,390	2,110,714	7,968,054	980,252	3,339,962
Total Business-Type Activities Program Revenues	(46,726)	1,140,604	5,838,693	1,904,904	913,550	3,943,106	2,559,816	7,920,485	513,315	3,940,789
Total Primary Government Program Revenues	\$ 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	\$ 15,354,062
Change in Net Position										
Governmental Activities										
Change in Net Position	\$ 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	\$ 5,136,832
Net Position -- Beginning of Year, as Restated	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	69,063,877
Net Position -- End of Year	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	74,200,709
Business-Type Activities										
Change in Net Position	75,575	974,248	5,751,981	2,038,598	959,710	4,063,040	2,250,860	6,755,097	699,699	6,291,068
Net Position -- Beginning of Year, as Restated	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	78,363,643
Net Position -- End of Year	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	84,654,711
Total Primary Government										
Change in Net Position	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	11,427,900
Net Position -- Beginning of Year, as Restated	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	147,427,520
Net Position -- End of Year	\$ 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	\$ 158,855,420

Fund Balances – Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 110,880	\$ 150,890	\$ 331,765	\$ 408,698	\$ 691,951	\$ 782,105	\$ 793,384	\$ 738,763	\$ 762,419	\$ 765,768
Assigned	601,800	509,300	404,200	360,000	56,000	-	-	22,200	158,300	160,400
Unassigned	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	3,968,076
Total General Fund	\$ 3,491,375	\$ 3,526,624	\$ 3,664,710	\$ 3,768,476	\$ 3,795,913	\$ 3,898,483	\$ 4,066,732	\$ 4,181,117	\$ 4,518,281	\$ 4,894,244
All Other Governmental Funds										
Nonspendable										
Special Revenue Funds	\$ 1,065	\$ 54,200	\$ 350	\$ 540	\$ -	\$ -	\$ 530	\$ 435	\$ 53,382	\$ 60,817
Restricted										
Special Revenue Funds	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	10,322,280
Debt Service Fund	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	6,492,162
Capital Project Fund	-	-	-	-	-	-	-	-	-	275,005
Committed										
Special Revenue Funds	1,366,512	1,188,972	911,908	936,258	924,809	772,883	561,344	536,265	1,233,646	1,219,341
Assigned										
Special Revenue Funds	14,928	17,830	8,144	8,759	3,192	2,017	1,417	26,638	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Capital Project Fund	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	7,396,918
Unassigned										
Special Revenue Funds	(100,506)	(197,627)	(209,077)	(280,725)	(523,560)	(511,698)	(530,185)	(730,794)	(708,994)	(611,452)
Total All Other Governmental Funds	\$ 27,473,185	\$ 24,777,697	\$ 23,731,914	\$ 23,712,908	\$ 23,482,871	\$ 24,688,127	\$ 22,329,027	\$ 23,137,303	\$ 22,923,600	\$ 25,155,071

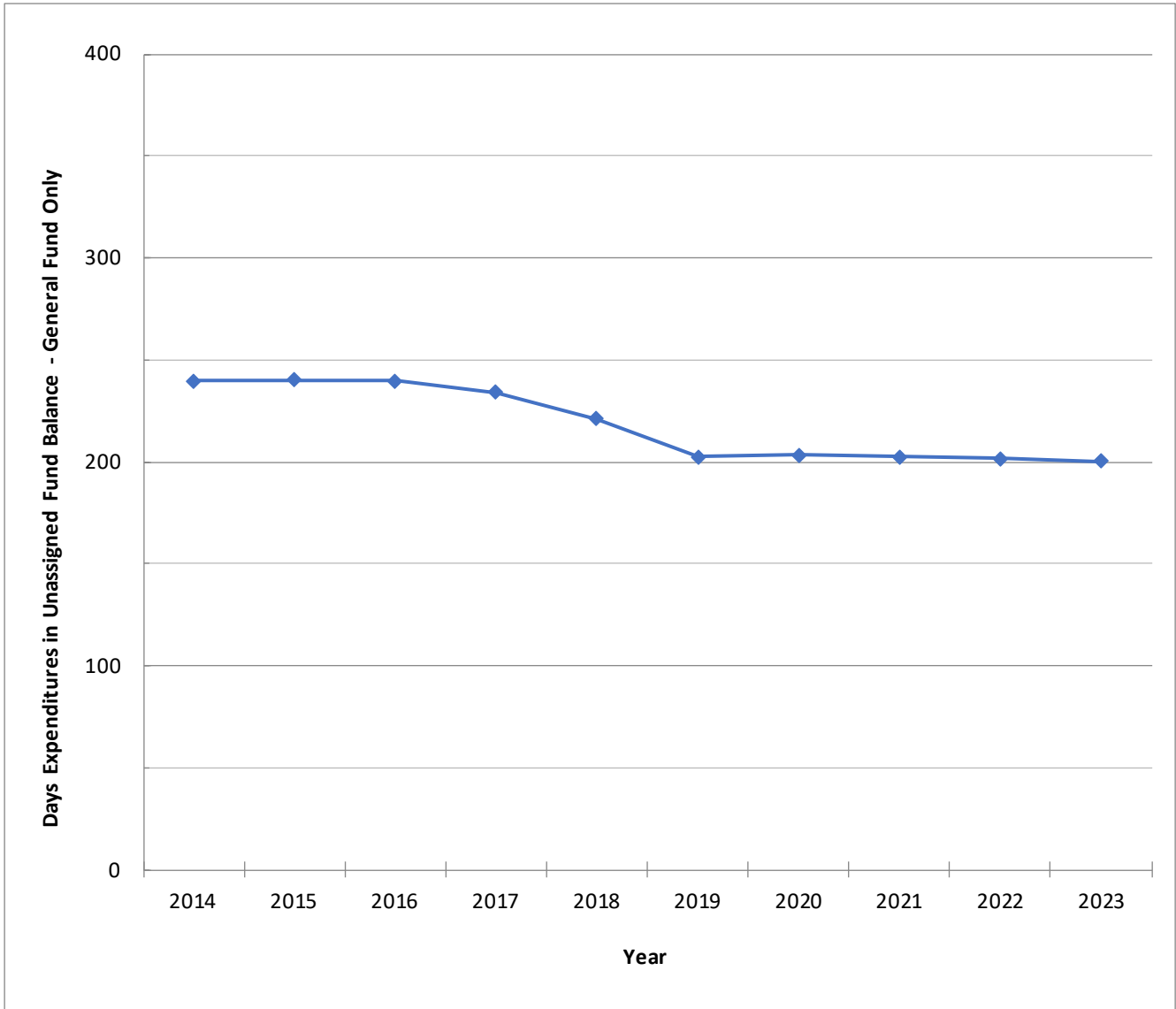
Changes in Fund Balances – Governmental Funds
(Modified Accrual Basis of Accounting)

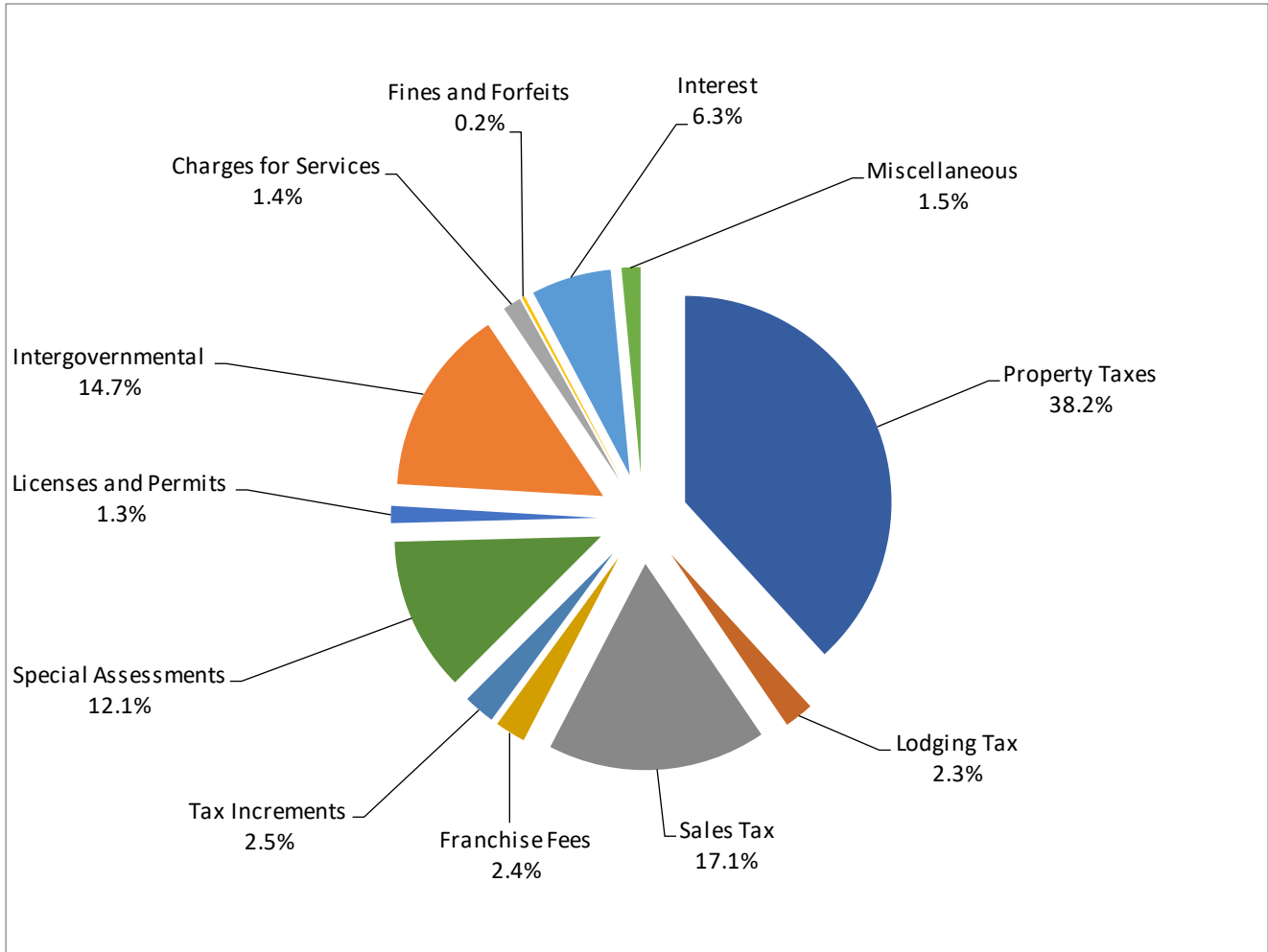
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 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	\$ 8,291,300
Lodging Tax	321,994	362,561	378,336	399,024	401,802	397,118	248,466	392,406	476,986	499,965
Sales Tax	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	3,717,107
Tax Increments	358,473	395,884	487,459	496,504	542,661	668,465	608,822	667,703	538,854	537,170
Franchise Fees**	-	-	253,065	487,723	557,163	555,107	634,232	578,372	587,695	521,621
Special Assessments	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	2,624,204
Licenses, Permits, and Fees	354,722	313,521	218,478	320,984	275,776	358,964	259,890	242,084	472,401	291,067
Intergovernmental	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	3,181,073
Charges for Services	661,019	809,615	1,066,261	877,973	449,018	3,550,772	249,776	334,003	351,643	310,875
Fines and Forfeits	86,308	88,196	79,602	80,800	84,277	84,170	53,588	64,581	43,827	51,403
Gifts and Contributions	9,352	7,500	3,800	5,350	5,345	14,492	993,100	16,700	7,275	4,616
Investment Earnings	288,085	275,415	177,926	361,593	475,474	674,391	545,660	328,076	430,742	760,583
Net Increase (Decrease) in Fair Value of Investments	35,901	16,151	59,444	(87,504)	(59)	154,521	329,532	(368,777)	(1,250,526)	598,985
Miscellaneous	396,240	557,872	213,711	106,176	253,822	234,841	107,333	280,098	888,686	317,042
Revolving Loans	-	-	-	-	-	-	-	-	-	-
Total Revenues	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	21,707,011
Expenditures										
Current										
General Government	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	2,214,856
Public Safety	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	3,069,098
Public Works	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	3,862,292
Sanitation	37,970	35,114	31,520	32,105	31,173	32,983	20,811	-	-	-
Culture and Recreation	593,214	628,965	642,157	672,448	747,899	861,822	931,719	1,048,880	1,212,368	1,146,352
Economic and Community Development	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	2,022,794
Capital Outlay	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	12,002,039
Debt Service										
Principal	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	3,071,237
Interest and Fiscal Charges	660,081	540,235	504,059	516,785	467,727	575,776	668,365	710,994	663,280	752,953
Bond Issue Costs	47,734	85,850	44,382	-	84,414	54,950	87,499	-	60,338	108,251
Total Expenditures	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	28,249,872
Excess (Deficiency) of Revenues Over Expenditures	(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)	(6,542,861)
Other Financing Sources (Uses)										
Sale of Capital Assets	8,529	3,300	7,066	36,070	37,113	655,650	-	13,345	81,578	88,767
Proceeds from intergovernmental long term d	-	-	-	-	-	-	-	347,471	-	-
Issuance of Bonds	1,925,000	8,530,000	2,225,000	-	6,140,000	2,470,000	5,760,000	-	4,750,000	7,775,000
Issuance of Bonds/Notes - Premium	15,988	195,304	39,350	-	379,008	299,788	277,822	-	320,422	354,769
Issuance of Subscription Liability	-	-	-	-	-	-	-	-	-	71,322
Principal Payment on Refunded Bonds	-	(3,975,000)	-	-	-	-	-	-	-	-
Transfers In	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	5,906,660
Transfers Out	(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)	(5,046,223)
Total Other Financing Sources (Uses)	2,157,567	5,704,249	963,388	(311,243)	7,007,437	3,737,428	6,855,512	(12,771)	4,284,004	9,150,295
Net Change in Fund Balances	\$ 1,102,325	\$ (2,660,238)	\$ (907,698)	\$ 84,760	\$ (202,600)	\$ 1,260,726	\$ (2,190,851)	\$ 922,661	\$ 123,461	\$ 2,607,434
Debt Service as a Percentage of Noncapital Expenditures*	33.1%	25.8%	38.3%	33.4%	29.1%	22.8%	24.8%	28.5%	32.0%	24.3%

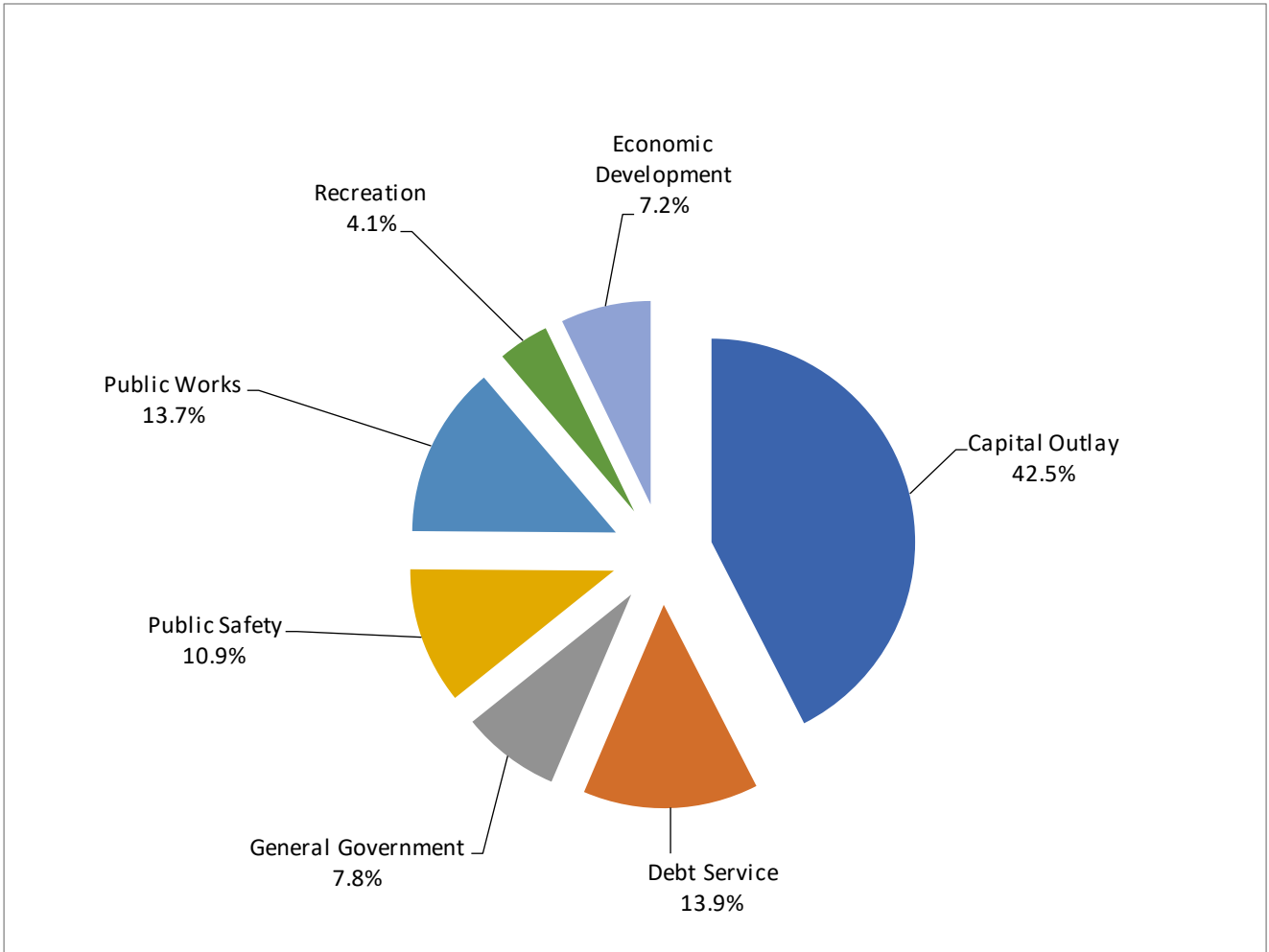
*For all years, calculated as follows:
$$\frac{\text{(Principal and Interest Debt Service Expenditures)}}{\text{(Total Expenditures - Capitalized Expenditures)}}$$

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

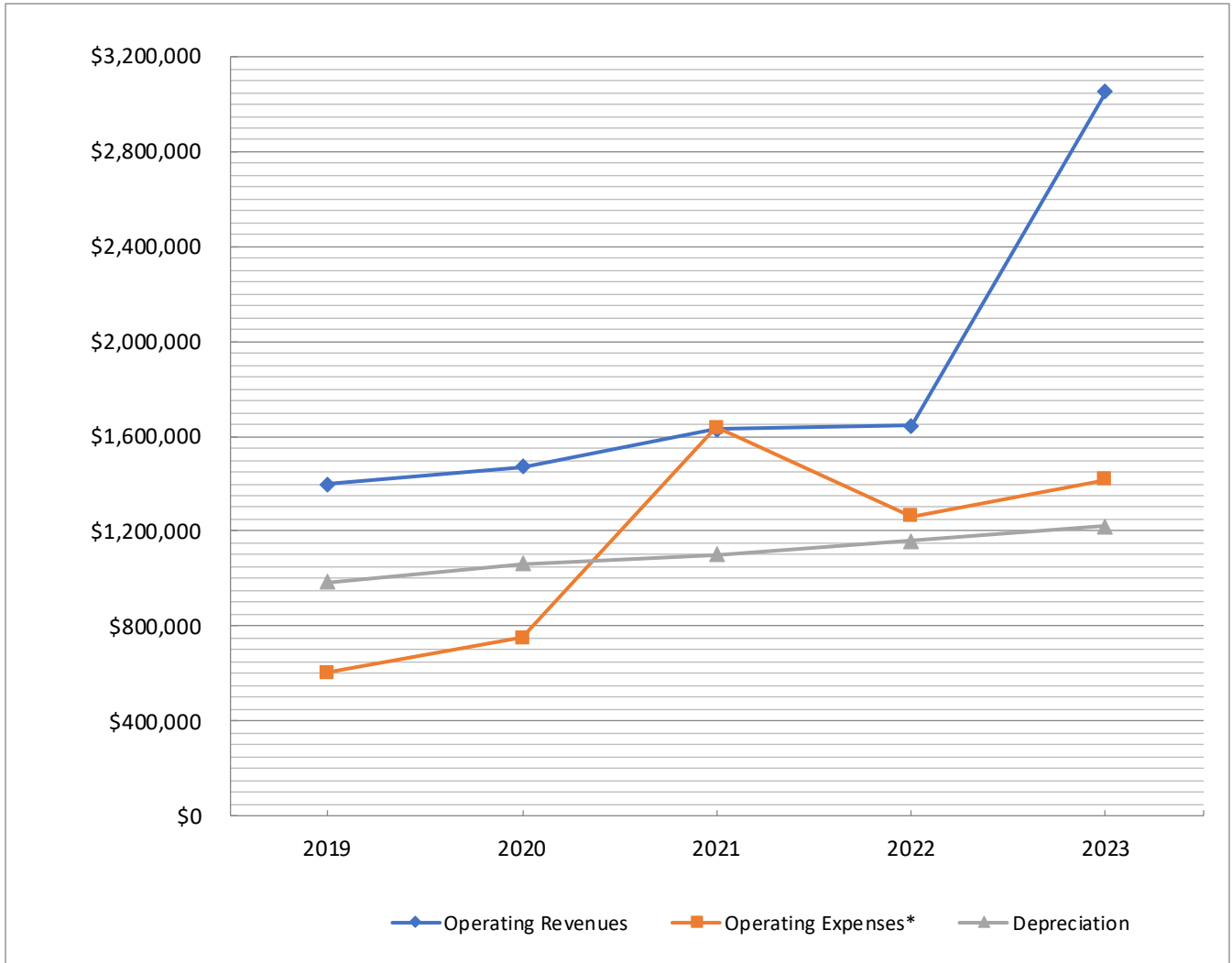




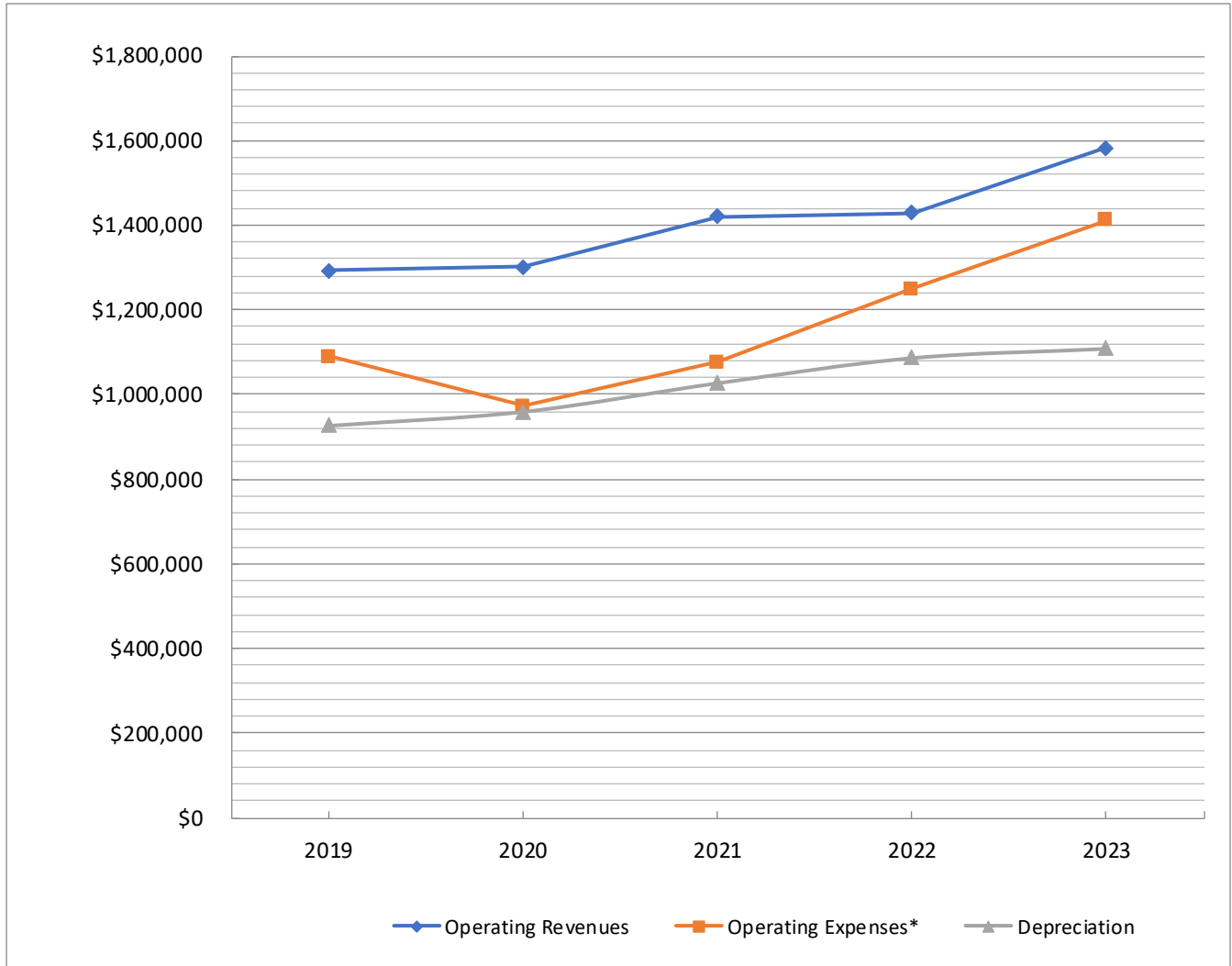
Percentages may not foot to 100% due to rounding.



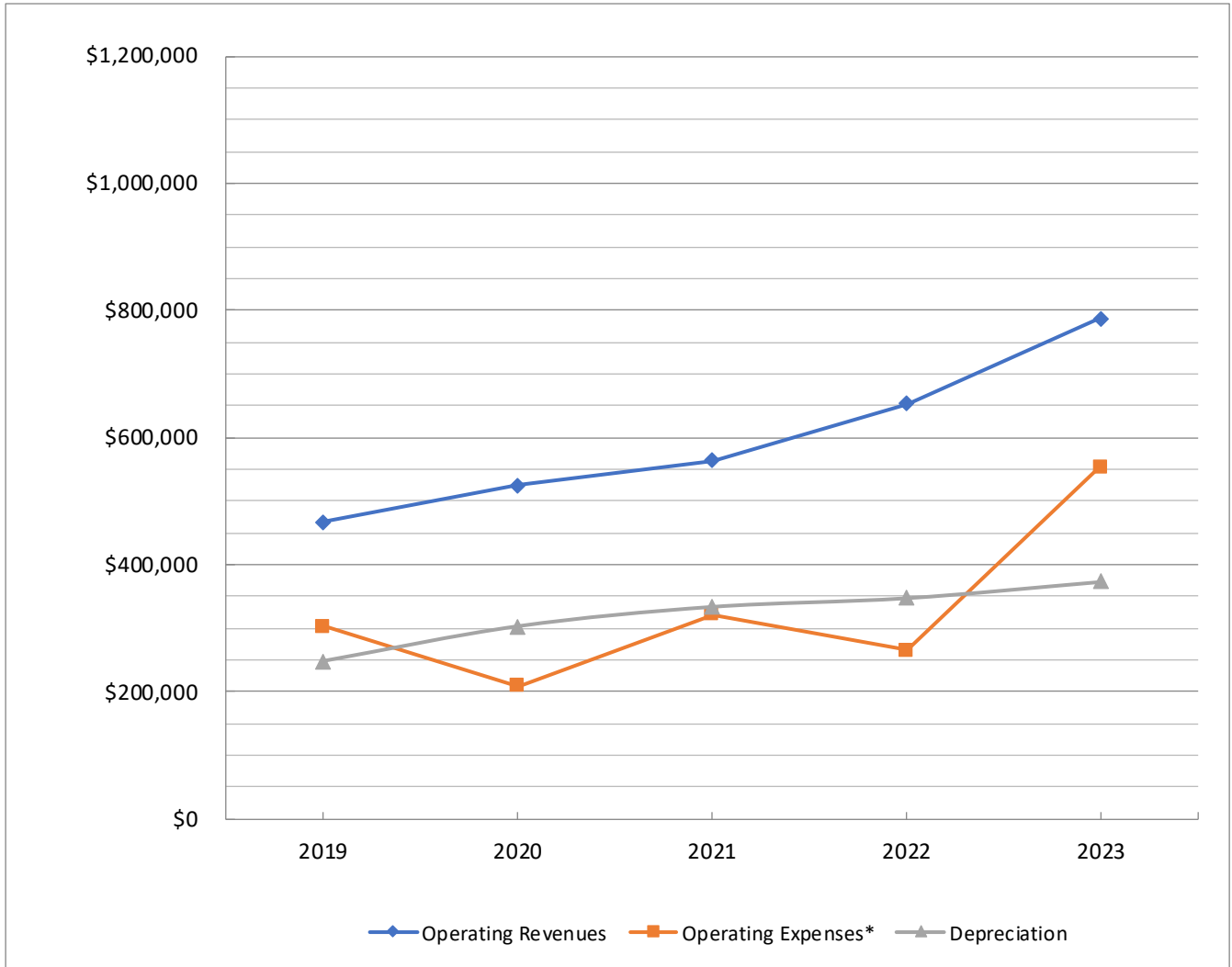
Percentages may not foot to 100% due to rounding.



* 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
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
2023	9,452,138	6,921,638	58,051	173,003	552,485	16,052,345	51.7	1,339,949,900	1.20

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
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
2023	45.0	6.7	51.7	21.5	24.1	0.5	46.1	97.8

Fiscal Year	Taxes Levied for the Fiscal Year				Collected within the Fiscal Year of the Levy			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	Collections in Subsequent Years	Amount	Percentage of Levy		
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	66,629	6,367,966	99.5	34,437	0.5
2020	5,803,600	1,076,000	(4,582)	6,875,018	6,789,500	98.8	694	6,790,194	98.8	84,824	1.2
2021	6,180,500	1,076,000	(468)	7,256,032	7,213,794	99.4	23,314	7,237,108	99.7	18,924	0.3
2022	6,663,000	1,076,000	(480)	7,738,520	7,699,916	99.5	25,687	7,725,603	99.8	12,917	0.2
2023	7,228,500	1,076,000	(629)	8,303,871	8,249,399	99.3	n/a	8,249,399	99.3	54,472	0.7

Taxpayer	2023			2014		
	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)	\$ 375,468	1	2.34 %	\$ 715,518	1	7.07 %
Brainerd Lakes Integrated Health	237,326	2	1.48	159,806	5	1.58
Baxter Real Estate LLC	210,312	3	1.31	-		-
TM Excelsior Inc.	185,910	4	1.16	-		-
T&E Properties LLC (2)	182,434	5	1.14	-		-
Juno Investment Corp.	156,534	6	0.97	-		-
Wal-Mart Stores, Inc.	147,056	7	0.92	177,742	2	1.76
Baxter PS 2016 LLC	140,490	8	0.87	-		-
Cypress Court Partners LLC	137,262	9	0.85	-		-
Menard, Inc.	123,732	10	0.77	174,633	3	1.73
Costco Wholesale Corp.	-		-	169,344	4	1.67
Dayton Hudson Corporation (Target)	-		-	109,394	6	1.08
Home Depot USA, Inc.	-		-	109,066	7	1.08
KTJ 243 LLC	-		-	99,551	8	0.98
Arnold S Johnson Properties	-		-	99,515	9	0.98
Winchester Properties	-		-	96,482	10	0.95
Total	\$ 1,896,524		11.81 %	\$ 1,911,051		18.88 %

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	Subscription Liability	General Obligation Bonds		%	\$	
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	5.5	2,907	
2023	28,120,811	2,818,334	277,977	-	46,832	-	31,263,954	6.6 *	3,462	

*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
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
2023	28,120,811	22,084,746	6,036,065	1,339,949,900	0.5	668

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	\$ -	8.75 %	\$ -
Brainerd I.S.D. No. 181	214,040,000	20.13	<u>43,086,252</u>
Total Overlapping			<u>43,086,252</u>
City of Baxter Direct Debt	31,263,954	100.00	<u>31,263,954</u>
Total Direct and Overlapping Debt			<u><u>\$ 74,350,206</u></u>

Source:

City of Baxter, Crow Wing County, and Bond Issue Official Statements.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 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	\$ 40,186,620
Total Net Debt Applicable to Limit	3,125,000	2,930,000	2,695,000	2,455,000	2,210,000	1,955,000	1,695,000	1,425,000	-	-
Legal Debt Margin	\$ 21,024,172	\$ 22,380,556	\$ 23,688,818	\$ 25,443,416	\$ 26,530,252	\$ 27,881,779	\$ 28,846,473	\$ 30,316,782	\$ 33,058,059	\$ 40,186,620
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	14.95%	11.58%	10.21%	8.80%	7.69%	6.55%	5.55%	4.49%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2023

Estimated Market Value	1,339,554,000
Debt Limit (3% of Estimated Market Value)	40,186,620
Debt Applicable to Limit	-
Legal Debt Margin	\$ 40,186,620

Source:
Bond Issue Official Statements and Crow Wing County.

City of Baxter, Minnesota
Pledged Revenue Coverage

Annual Comprehensive Financial Report
Last Ten Fiscal Years

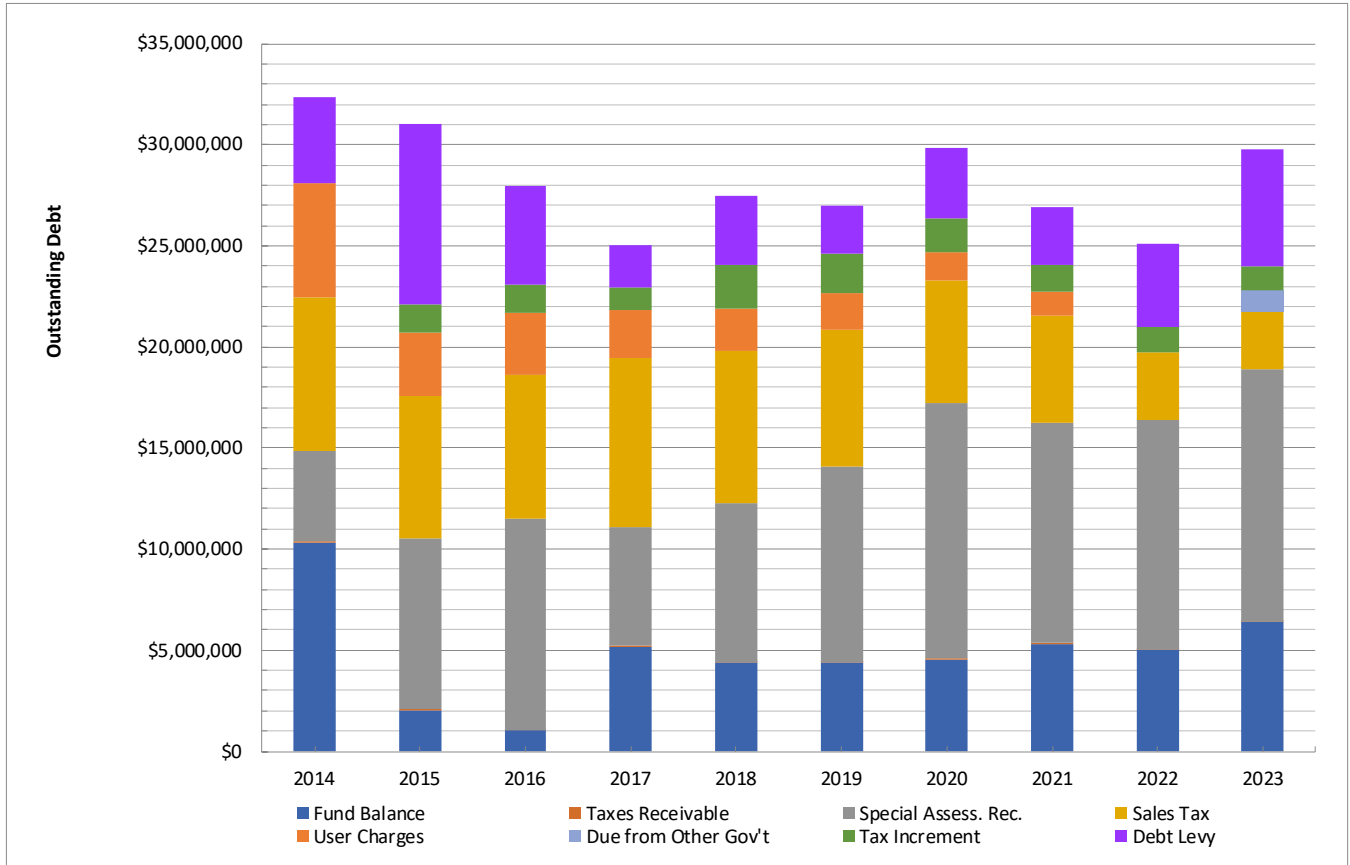
Special Assessment Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
2014	\$ 1,659,415	\$ (2,012)	\$ 1,657,403	\$ 1,455,000	\$ 225,063	98.7
2015	2,747,419	(1,450)	2,745,969	2,465,000	189,449	103.4
2016	3,050,954	(224,999)	2,825,955	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
2023	3,776,880	(2,941)	3,773,939	2,500,000	607,619	121.4

Water Utility Revenue Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
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
2023	-	-	-	-	-	-

Sewer Utility/Sales Tax Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
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
2023	619,669	-	619,669	512,000	107,669	100.0

Special Assessment/Water Revenue Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
2014	\$ -	\$ -	\$ -	\$ 130,000	\$ 2,178	- %

Water Utility/Local Option Sales Tax Revenue Bonds						
Fiscal Year	Revenue	Less:	Net	Debt Service		Coverage
		Operating Expense	Available Revenue	Principal	Interest	
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
2023	-	-	-	-	-	-



Fiscal Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (3)	School Enrollment (4)	Unemployment Rate (5)
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	477,118	52,837	6,234	4.7
2023	9,030 *	477,118 *	52,837 *	6,118	3.8

Notes:

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

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

(3) 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	2023			2014		
	Employees	Rank	Percentage of Total Population	Employees	Rank	Percentage of Total Population
Ascensus (1)	500	1	5.5 %			
Walmart	500	2	5.5	417	1	5.4 %
Costco	200	3	2.2	200	2	2.6
Arrowwood Lodge Hotel, Grill & Bar	200	4	2.2			
MN Department of Transportation	200	5	2.2	200	3	2.6
Just for Kix	191	6	2.1			
Brainerd Bus Lines (2)	150	7	1.7	130	6	1.7
Menards	150	8	1.7			
Target	140	9	1.6	140	4	1.8
The Home Depot	130	10	1.4	130	5	1.7
Mills Fleet Farm				120	8	1.5
Olive Garden				120	10	1.5
Good Neighbor Home Health Care				120	7	1.5
Minnesota Home Care				120	9	1.5
Total	2,361		26.1 %	1,697		21.8 %

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Administration	2.50	2.50	1.50	2.50	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	3.00	3.00	4.00	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	2.50	2.50	2.50	2.50	2.50	3.50	3.50	3.50	2.50	3.74
Cemetery	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.15	0.12
Public Safety										
Police	15.00	15.00	15.00	15.00	16.00	16.00	16.00	16.00	15.00	15.23
Building Inspections	1.00	1.00	1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Public Works										
Streets Maintenance	2.50	2.73	2.73	2.73	2.73	2.73	1.90	2.24	2.68	3.10
Culture and Recreation										
Park Maintenance/Recreation	6.82	7.05	6.99	7.01	7.01	7.01	8.11	8.10	7.26	8.60
Economic and Community Development										
Planning	2.00	3.00	3.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Water, Sewer, and Storm Water										
Water	2.79	3.02	3.02	3.02	3.02	3.02	2.20	2.53	3.36	4.59
Sewer	2.79	3.02	3.02	3.02	3.02	3.02	2.20	2.53	1.86	2.09
Storm Water	0.61	0.61	0.64	0.61	0.61	0.61	0.57	0.61	1.09	1.42

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	9	10	8	13	18	8	9	15	3	15
Police										
All Police Calls	7,268	7,175	8,194	8,010	8,421	7,907	7,071	7,655	7,038	7,497
Arrests	638	483	435	412	362	491	862	442	294	262
Arrest Charges										
Burglaries	13	-	20	6	4	5	25	7	15	12
Drug Arrests	147	95	100	123	117	129	94	96	91	79
DUI	31	38	46	39	60	105	49	72	51	81
Forgeries	8	1	11	-	2	-	-	-	6	5
Fraud	68	3	37	1	4	1	24	13	28	26
Larcenies/Thefts	379	269	420	161	195	196	323	163	188	212
Building Inspection										
Building permits	797	717	868	844	882	937	892	342	566	722
Planning										
Zoning applications	32	31	34	52	42	34	65	70	86	89
Building permits for new construction	26	21	27	29	29	31	18	19	25	20
Architectural review projects	8	6	7	4	3	2	4	9	7	5
Code enforcement cases	52	57	15	20	15	*	22	6	6	29
Public Works Streets Maintenance										
Road constructed (miles)	1	2	-	-	-	1	-	-	-	-
Parks										
Program participants	896	990	1,028	1,039	1,001	1,019	247	1,420	1,502	1,517
Water										
Number of accounts	2,680	2,740	2,766	2,487	2,871	2,864	2,968	2,694	2,747	2,777
Amount distributed (millions of gallons)	279	310	301	301	312	301	313	342	315	390
Sewer										
Number of accounts	2,411	2,464	2,515	2,549	2,568	2,591	2,627	2,678	2,727	2,759
Amount processed (millions of gallons)	194	203	205	192	217	209	201	220	212	232
Storm Water										
Residential accounts	2,545	2,566	2,601	2,614	2,636	2,652	2,666	2,684	2,707	2,729
Commercial accounts	358	356	382	393	394	396	402	390	409	409
Commercial square footage	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	27,621,027

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	8	8	8	8	9	9	10	12	10	11
Public Works										
Buildings	1	1	1	1	1	1	1	1	1	1
Trucks	6	7	7	8	8	8	9	9	10	10
Other Vehicles	8	8	8	7	7	7	7	7	7	7
Miles of streets	83	85	85	85	85	85.3	86.1	86.1	86.3	86.3
Street Lights	505	561	568	568	568	568	597	647	662	666
Culture and Recreation										
Number of parks	7	8	8	8	8	8	8	8	8	8
Acres of developed parks	64	65	65	65	65	65	65	69	69	69
Park structures	7	8	8	8	8	8	8	14	14	14
Playgrounds	5	6	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	2	2	2
Basketball courts	4	4	4	4	4	4	4	2	2	2
Soccer fields	2	2	2	2	2	2	2	2	2	2
Skating rinks	2	2	2	2	2	2	4	2	2	2
Fishing pier	1	1	1	1	1	1	1	1	1	1
Utilities										
Watermain (miles)	90	90	93.5	93.5	93.5	95.1	100.7	101.1	102.4	102.5
Fire hydrants	850	850	890	897	897	913	965	969	988	1,001
Water towers	3	3	3	3	3	3	3	3	3	2
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)	74	74	77.5	77.5	77.5	79.3	86.3	86.5	87.1	87.1
Manholes	1,370	1,370	1,448	1,459	1,459	1,479	1,592	1,600	1,611	1,611
Lift stations	22	22	22	22	22	22	24	24	24	24

Source:

City of Baxter, various departments.