

CITY OF BAXTER, MINNESOTA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

YEAR ENDED DECEMBER 31, 2014

PREPARED BY:
Department of Finance

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View from Oscar Kristofferson Park

**CITY OF BAXTER, MINNESOTA
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INTRODUCTORY SECTION



May 14, 2015

Honorable Mayor and Members of the City Council
City of Baxter

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Baxter (City) for the fiscal year ended December 31, 2014. *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. CliftonLarsonAllen LLP, a national certified public accounting firm, performed the audit for the fiscal year ended December 31, 2014. The unmodified (“clean”) opinion has been included as the first component of the financial section of this CAFR.

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 7,781. 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 CAFR presents the financial status of the City and its component unit. Component units are separate legal entities included in this report due to significant operational or financial relationships with the City. The Economic Development Authority (EDA) of Baxter is reported on a blended basis as part of the primary government because their board is composed of all City council members and they provide services entirely to the City. The City does not report any discretely presented component units.

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

The annual budget is prepared by fund, function, and department. Transfers between funds are approved by the council. Budget-to-actual comparisons are provided in this report for the general fund, debt service fund and each individual special revenue fund for which an annual budget has been adopted. Major fund budget comparisons begin on page 56; nonmajor special revenue fund budgetary comparisons begin on page 70.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

Baxter is the regional retail and service center of the beautiful central lakes area of Minnesota with over half of its tax base comprising of the commercial sector. The region is the home to the Whitefish Chain of Lakes, Gull Lake and 475 other lakes and has a permanent population of more than 63,000. 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.

Baxter benefitted from significant housing and commercial growth in the early to mid-2000's. Similar to most municipalities in the state, the economic downturn impacted the City with a softening in residential and commercial valuations. The City responded by delaying new infrastructure development and reducing related operating expenditures. More recently, valuations within the City have stabilized and private building activity has returned. After a pause in major infrastructure spending, the City is once again planning for infrastructure investment, including the implementation of a pavement management plan to better preserve existing infrastructure.

Relevant Financial Policies and Long-term Financial Planning

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

The City has maintained 240 to 255 days expenditures in unassigned fund balance in its General Fund for the last seven 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 is refining its Capital Improvement Plan (CIP) to address planned infrastructure development and maintenance needs. In addition to the CIP, the City has recently completed or is planning to complete the following projects:

- Lift Station Rehabilitation – As existing infrastructure begins to age, the City has scheduled rehabilitations of sewer lift stations in order 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 2015, the City plans to rehabilitate an additional lift station and reroute sewer flows associated with another lift station to improve efficiencies within the system. The rehabilitation of the lift stations will be paid with related sewer utility revenues.
- Pavement Management Program – In 2014, the City began implementation of a plan to maintain City streets in a manner that will best preserve City and citizen resources. The program is expected to be ongoing.
- Woida/Wildflower/Franklin Improvements – In 2014, the City commenced construction of water, sewer, storm water, street, and pedestrian trail infrastructure improvements for Woida Road and street and utility improvements for the adjacent Wildflower Drive and Franklin Drive residential neighborhoods. Reconstructing Woida Road and paving Wildflower Drive and Franklin Drive is anticipated to reduce annual street maintenance operating costs. The project is being funded through a combination of special assessments, municipal state aid, and appropriations from the City’s General, Water, Sewer, and Storm Water Funds. Construction is expected to be completed by mid-2015.
- Isle Drive Extension Project – Preparation for the extension of Isle Drive from its current terminus south to Highland Scenic Road (CSAH 48) has been ongoing for the last decade with significant planning occurring in the last five years. With the project’s construction contract recently awarded, construction is anticipated to begin in May 2015, with substantial completion by the end of the year. In recent years, the area has seen significant private investment particularly in medical field with five facilities constructed. Completion of the street will create a city frontage road paralleling the interregional corridor of Highway 371. Traffic safety improvements are being incorporated into the project with a roundabout at the Isle Drive and Highland Scenic Road intersection and access control with a new street to serve the residential area. Construction of a water main connecting the city’s water treatment plant to the new water tower will also be completed within the project’s corridor. The project is being financed with a combination of special assessments to benefiting property, funding from Crow Wing County, tax increment from two tax increment financing districts, and appropriations from the City’s debt service levy and its enterprise funds.
- Excelsior Road Improvements – The City will be improving Excelsior Road from Cypress Drive to the east city limits in 2015. Reconstruction of Excelsior Road will address the street’s pavement condition, improve traffic safety in the corridor, and enhance storm water management in the area. Excelsior Road serves as a parallel corridor and alternative to Highway 210. The project is being funded with a combination of special assessments and cash on hand from municipal state aid, local option sales tax, and contributions from the City’s Collector Street Fund and its enterprise funds.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Baxter for its comprehensive annual financial report for the fiscal year ended December 31, 2013. This was the third consecutive year that the City has achieved this prestigious award.

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

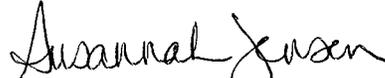
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for a Certificate of Achievement.

The City of Baxter and the Finance Department take great pride in the preparation of this report. The professionalism, commitment and effort of each member of the Finance Department have made this presentation possible. We also wish to thank the individuals in other City departments who assisted and contributed to the preparation of this report. Finally, we thank the Mayor and City Council for their interest and continuing support in planning and conducting the City's financial operations in a responsible manner.

Respectfully submitted,



Jeremy S. Vacinek
Finance Director



Susannah Jensen, CPA
Assistant Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

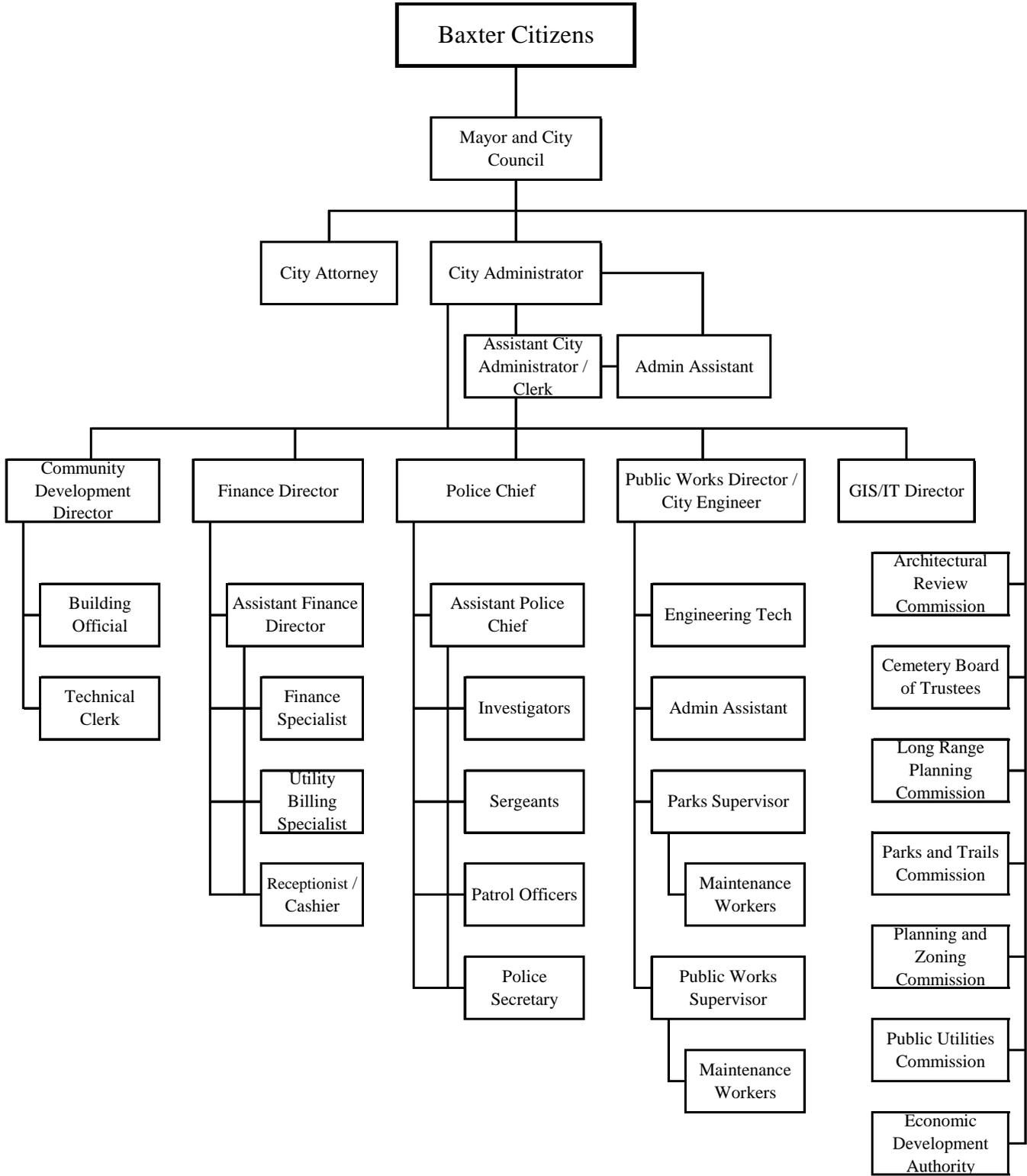
**City of Baxter
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

**CITY OF BAXTER, MINNESOTA
ORGANIZATIONAL CHART
DECEMBER 31, 2014**



**CITY OF BAXTER, MINNESOTA
PRINCIPAL CITY OFFICIALS
DECEMBER 31, 2014**

Office	Name	Elected Term Expires*
Elected		
Mayor	Darrel Olson	2017
City Council	Mark Cross	2017
	Todd Holman**	2017
	Jim Klein	2015
	Rob Moser	2015
Appointed		
City Administrator	Gordon Heitke	
Assistant City Administrator/Clerk	Kelly Steele	
Community Development Director	Joshua Doty	
Finance Director	Jeremy S. Vacinek	
Police Chief	James Exsted	
Public Works Director	Trevor Walter	
Contractual		
City Attorney	J. Brad Person	
Auditor	CliftonLarsonAllen LLP	

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

**2014 Vice-Mayor

FINANCIAL SECTION



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

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 (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Honorable Mayor and
Members of the City Council
City of Baxter

Opinions

In our opinion, the financial statements referred to above 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 as of December 31, 2014, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, and budgetary comparison information on pages 4 through 14 and 55 through 60, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Honorable Mayor and
Members of the City Council
City of Baxter

Other Matters (Continued)

Other Information (Continued)

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



CliftonLarsonAllen LLP

Baxter, Minnesota
May 14, 2015

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

This section of the City of Baxter's (City) comprehensive annual financial report presents a discussion and analysis of the City's financial performance during the fiscal year that ended on December 31, 2014. 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 2014 include the following:

- City-wide net position increased 4.7% over the prior year due to the timing of sales tax and other receipts versus outlays and the scheduled repayment and refunding of long-term debt.
- Total revenues for the year increased \$2,300,587 from 2013; total expenses increased \$80,966 from the prior year.
- Governmental fund-level revenues totaled \$12,139,327 and were \$1,055,242 less than expenditures.
- Governmental funds' fund balance increased \$1,102,325 from 2013.
- The Water Enterprise Fund net position increased \$292,998 from the prior year; the Sewer Enterprise Fund net position decreased \$159,609 from the prior year; the Storm Water Enterprise Fund net position decreased \$57,814 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.

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

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

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

The government-wide financial statements can be found on pages 15-17 of this report.

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

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 of the funds of the City can be divided into two categories:

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

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

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

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

The basic governmental fund financial statements can be found on pages 18-23 of this report.

- **Proprietary Funds** – The City reports three proprietary funds, all of which are considered to be 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 24-27 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 28-54 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 progress in funding its obligation to provide other postemployment health care benefits to its employees. Required supplementary information can be found on pages 55-60 of this report.

Combining and individual fund schedules can be found on pages 61-88 of this report.

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's overall net position was \$100,232,262 on December 31, 2014 (see Table A-1).

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 37,086,504	\$ 35,246,799	\$ 15,572,565	\$ 17,384,523	\$ 52,659,069	\$ 52,631,322
Capital Assets	32,220,643	29,628,283	49,872,627	50,867,919	82,093,270	80,496,202
Total Assets	<u>69,307,147</u>	<u>64,875,082</u>	<u>65,445,192</u>	<u>68,252,442</u>	<u>134,752,339</u>	<u>133,127,524</u>
Current Liabilities	7,364,258	3,324,577	4,388,975	722,387	11,753,233	4,046,964
Long-Term Liabilities	16,786,977	20,858,490	5,979,867	12,529,280	22,766,844	33,387,770
Total Liabilities	<u>24,151,235</u>	<u>24,183,067</u>	<u>10,368,842</u>	<u>13,251,667</u>	<u>34,520,077</u>	<u>37,434,734</u>
Net Position						
Net Investment in Capital Assets	21,024,796	18,567,059	43,430,296	44,021,212	57,139,494	54,714,808
Restricted	21,150,458	18,972,735	-	-	21,150,458	18,972,735
Unrestricted	2,980,658	3,152,221	11,646,054	10,979,563	21,942,310	22,005,247
Total Net Position	<u>\$ 45,155,912</u>	<u>\$ 40,692,015</u>	<u>\$ 55,076,350</u>	<u>\$ 55,000,775</u>	<u>\$ 100,232,262</u>	<u>\$ 95,692,790</u>

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)

Changes in Net Position

The City-wide total revenues were \$16,728,915 for the year ended December 31, 2014. Property taxes and special assessments accounted for 41.6% of total revenue for the year; sales tax accounted for 13.9% of total revenue for the year. Governmental activities fees, charges, fines, and other revenues increased \$14,332 primarily due to an increase of approximately residential building permits and general government charges for services (see Table A-2).

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

	Governmental Activities		Total % Change	Business-Type Activities		Total % Change	Total		Total % Change
	2014	2013		2014	2013		2014	2013	
Revenues									
<u>Program Revenues</u>									
Fees, Charges, Fines, and Other	\$ 1,218,072	\$ 1,203,740	1.2 %	\$ 3,590,037	\$ 3,847,894	(6.7) %	\$ 4,808,109	\$ 5,051,634	(4.8) %
Operating Grants and Contributions	231,786	235,669	(1.6)	37,344	84,294	(55.7)	269,130	319,963	(15.9)
Capital Grants and Contributions	2,367,570	509,946	364.3	329,375	95,020	246.6	2,696,945	604,966	345.8
<u>General Revenues</u>									
Property Taxes	5,355,718	5,479,108	(2.3)	-	-	-	5,355,718	5,479,108	(2.3)
Lodging Tax	321,994	291,331	10.5	-	-	-	321,994	291,331	10.5
Sales Tax	2,332,743	2,216,167	5.3	-	-	-	2,332,743	2,216,167	5.3
Tax Increment	358,473	354,610	1.1	-	-	-	358,473	354,610	1.1
Unrestricted State Aid	2,423	2,556	(5.2)	-	-	-	2,423	2,556	(5.2)
Investment Earnings	288,085	136,094	111.7	143,879	73,895	94.7	431,964	209,989	105.7
Change in Fair Value of Investments	35,901	(153,737)	-	17,445	(75,267)	-	53,346	(229,004)	-
Other	98,067	127,008	(22.8)	-	-	-	98,067	127,008	(22.8)
Total Revenues	12,610,832	10,402,492		4,118,080	4,025,836		16,728,912	14,428,328	
Expenses									
General Government	1,522,265	1,373,321	10.8	-	-	-	1,522,265	1,373,321	10.8
Public Safety	2,020,278	1,894,095	6.7	-	-	-	2,020,278	1,894,095	6.7
Public Works	2,518,595	2,352,349	7.1	-	-	-	2,518,595	2,352,349	7.1
Sanitation	37,970	34,944	8.7	-	-	-	37,970	34,944	8.7
Water	-	-	-	1,793,208	1,968,324	(8.9)	1,793,208	1,968,324	(8.9)
Sewer	-	-	-	1,739,067	1,731,740	0.4	1,739,067	1,731,740	0.4
Storm Water	-	-	-	302,180	322,326	(6.3)	302,180	322,326	(6.3)
Culture and Recreation	777,891	723,667	7.5	-	-	-	777,891	723,667	7.5
Economic & Community Development	781,557	827,988	(5.6)	-	-	-	781,557	827,988	(5.6)
Investment Earnings	696,429	879,723	(20.8)	-	-	-	696,429	879,723	(20.8)
Total Expenses	8,354,985	8,086,087		3,834,455	4,022,390		12,189,440	12,108,477	
Increase in Net Position Before Transfers	4,255,847	2,316,405	83.7	283,625	3,446	8,130.6	4,539,472	2,319,851	95.7
Transfers	208,050	(191,031)	(208.9)	(208,050)	191,031	(208.9)	-	-	-
Change in Net Position	4,463,897	2,125,374	110.0	75,575	194,477	(61.1)	4,539,472	2,319,851	95.7
Net Position - Beginning of Year	40,692,015	38,566,641	5.5	55,000,775	54,806,298	0.4	95,692,790	93,372,939	2.5
Net Position - End of Year	\$ 45,155,912	\$ 40,692,015	11.0	\$ 55,076,350	\$ 55,000,775	0.1	\$ 100,232,262	\$ 95,692,790	4.7

* Aggregated with Investment Earnings prior to 2013.

Total revenues surpassed expenses, increasing net position \$4,539,472 over last year.

The City-wide cost of all activities this year was \$12,189,440. Governmental activities and business-type activities comprised of \$8,354,985 and \$3,834,455, respectively.

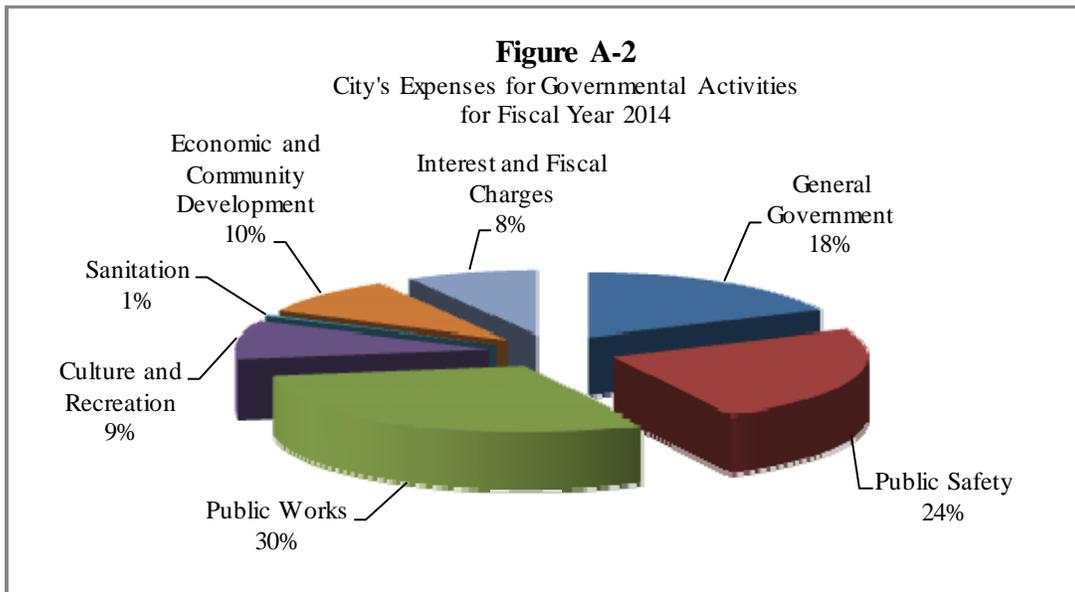
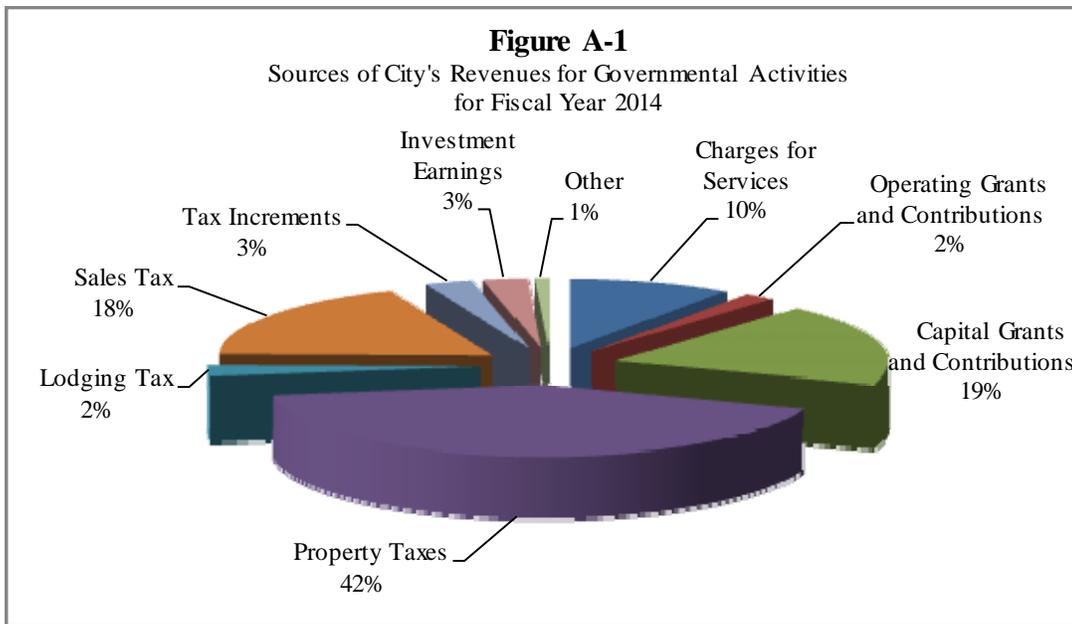
- \$4,808,109 of the cost was paid by the users of the City's programs, comprising of: \$1,218,072 for governmental activities and \$3,590,037 for business-type activities.

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

- Certain programs in the governmental activities received federal, state, and local support with operating grants and contributions of \$231,786. State assistance for police services, a county grant for recycling, and an interest rebate for Build America Bonds comprised a majority of the revenue in this classification. Capital grants (special assessments, federal and state grants, and capital contributed from developers) accounted for \$2,367,570 of the revenues. Current year special assessments comprised over \$1,600,000 of the amount and state construction aid comprised over \$644,000.
- The City's governmental activities' program expenses exceeded program revenues by \$4,537,560 (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.



**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

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

	Total Cost of Services		Percentage Change	Net Revenue from (Cost of) Services		Percentage Change
	2014	2013		2014	2013	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 1,522,265	\$ 1,373,321	10.8 %	\$ (1,058,746)	\$ (895,976)	(18.2) %
Public Safety	2,020,278	1,894,095	6.7	(1,460,059)	(1,357,449)	(7.6)
Public Works	2,518,595	2,352,349	7.1	(211,881)	(1,866,726)	88.6
Sanitation	37,970	34,944	8.7	(16,108)	(2,400)	(571.2)
Culture and Recreation	777,891	723,667	7.5	(426,922)	(446,105)	4.3
Economic and Community Development	781,557	827,988	(5.6)	(743,784)	(771,100)	3.5
Interest	696,429	879,723	(20.8)	(620,057)	(796,976)	22.2
Total	<u>\$ 8,354,985</u>	<u>\$ 8,086,087</u>	3.3	<u>\$ (4,537,557)</u>	<u>\$ (6,136,732)</u>	26.1
BUSINESS-TYPE ACTIVITIES						
Water	\$ 1,793,208	\$ 1,968,324	(8.9) %	\$ 118,300	\$ (45,369)	360.8 %
Sewer	1,739,067	1,731,740	0.4	(13,189)	25,379	152.0
Storm Water	302,180	322,326	(6.3)	17,190	24,808	30.7
Total	<u>\$ 3,834,455</u>	<u>\$ 4,022,390</u>	(4.7)	<u>\$ 122,301</u>	<u>\$ 4,818</u>	(2,438.4)

FINANCIAL ANALYSIS OF THE CITY AT THE FUND LEVEL

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 \$30,964,560.

Revenues for the City's governmental funds were \$12,139,327, while total expenditures were \$13,194,569. The excess expenditures over revenues before other financing sources and uses is due mostly to large expenditures related to capital outlay, primarily the Woida, Wildflower, and Franklin infrastructure project, which was funded in the short-term via the 2014 bond issuance.

GENERAL FUND

The General Fund includes the primary operations of the City in providing services to its residents. Fund balance in the General Fund decreased \$16,089 over 2013 due to approved one-time transfers to the Capital Project Fund. Days Expenditures in Unassigned Fund Balance for the General Fund remained stable at 240 days.

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

GENERAL FUND

The following schedule presents a summary of General Fund Revenues:

**Table A-4
General Fund Revenues**

Fund	Year Ended		Change	
	December 31, 2014	December 31, 2013	Increase (Decrease)	Percent
Taxes and Special Assessments	\$ 4,325,437	\$ 4,334,706	\$ (9,269)	(0.2) %
Licenses and Permits	150,703	143,501	7,202	5.0
Intergovernmental	137,724	156,153	(18,429)	(11.8)
Charges for Services	427,290	443,813	(16,523)	(3.7)
Fines and Forfeits	67,121	71,462	(4,341)	(6.1)
Investment Earnings	36,914	20,755	16,159	77.9
Net Increase (Decrease) in				
Fair Value of Investments	5,018	(23,316)	28,334	121.5
Miscellaneous and Other	137,519	101,757	35,762	35.1
Total General Fund Revenue	<u>\$ 5,287,726</u>	<u>\$ 5,248,831</u>	<u>\$ 38,895</u>	<u>0.7</u>

Total General Fund revenue remained reasonably stable, increasing by \$38,895, or 0.7%, from the previous year. Property taxes and special assessments continue to be the significant source of funding in the general fund, comprising 81.8% of the total general fund revenues for 2014. The 2014 decrease in property taxes and special assessments is the result of slightly lower than expected property tax collection; actual collection was \$64,863 less than budgeted. The City is less reliant upon intergovernmental revenues which make up only 2.6% of general fund revenues for 2014.

The following schedule presents a summary of General Fund Expenditures:

**Table A-5
General Fund Expenditures**

	Year Ended		Change	
	December 31, 2014	December 31, 2013	Increase (Decrease)	Percent
General Government	\$ 1,393,559	\$ 1,243,767	\$ 149,792	12.0 %
Public Safety	1,797,206	1,702,519	94,687	5.6
Public Works	479,454	524,917	(45,463)	(8.7)
Culture and Recreation	534,889	527,088	7,801	1.5
Debt Service	25,000	25,000	-	-
Total Expenditures	<u>\$ 4,230,108</u>	<u>\$ 4,023,291</u>	<u>\$ 206,817</u>	<u>5.1</u>

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

GENERAL FUND (CONTINUED)

General Fund Budgetary Highlights

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

- Actual revenues were \$75,526 more than expected due primarily to conservative budget practices and higher than anticipated franchise fees, public safety grants, charges for services, donations, and other miscellaneous revenues.
- Actual expenditures were \$215,492 less than budgeted primarily due to unused contingency funds; an unfilled position for most of the year; planned purchases and projects not completed; and lower than expected costs related to legal services, election services, and insurance.

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. The EDA is also the owner and financier of the 2000 City Hall addition.

In 2014, the EDA's fund balance increased \$89,642 due to higher than expected special assessment collections and decreased property tax payments. An increase in fund balance was planned to replenish prior land acquisition and related development activities.

SALES TAX COLLECTIONS FUND

The Sales Tax Collections fund year-end fund balance was \$8,455,351, an increase from the prior year of \$1,407,873. The increase is attributable to the timing of collections over funding of budgeted projects and debt payments for the year. Sales tax funded debt service payments for the 2007A General Obligation Water and Sales Tax Revenue Bonds and the 2009A and 2009B General Obligation Sales Tax and Sewer Revenue Bonds. It is anticipated that sales tax proceeds will accumulate for future capital needs and will also be utilized for future debt service payments on the previously mentioned bond issues.

CONSTRUCTION PROJECTS AND DEBT SERVICE

The Debt Service Fund consists of the City's General Obligation Improvement Bonds issued to finance street, utility, and trail improvements. The Fund also includes General Obligation Sales Tax Wastewater Revenue Notes issued to finance the City's share of the wastewater treatment plant financed primarily with sales tax revenues. In addition, the Fund includes the Capital Improvement Plan Bonds issued to finance projects approved as part of the City's five-year Capital Improvement Plan (CIP). A majority of the improvement bonds debt is financed with special assessments to the benefited property owners, with the CIP bonds funded with property tax levy over the next 12 years.

In 2014, the City issued General Obligation Improvement Bonds, Series 2014 (\$1,925,000) in order to finance street, utility, and trail related improvements for Falcon Drive and the Woida, Wildflower, Franklin area. This debt will be repaid through special assessments and a debt service property tax levy.

In 2013, the City issued refunding bonds that will crossover and refund \$2,865,000 outstanding on 2006A CIP Bonds and \$1,110,000 on 2006B General Obligation Improvements Bonds in 2015. Until this time, all three issuances remain liabilities of the City.

Primarily due to the final payment of 2005A General Obligation Refunding Bonds from existing fund balance, overall fund balance for the Debt Service Fund decreased \$73,009.

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

CONSTRUCTION PROJECTS AND DEBT SERVICE (CONTINUED)

The Capital Project Fund accounts for the majority of the City's construction projects and acquisition of capital assets. Fund balance decreased \$297,362 primarily because the City expended significant amounts related to the planning of the South Isle Drive Extension and Excelsior – Cypress to East City Limits projects. The Capital Project Fund is expected to be reimbursed for these costs from various funding sources in 2015.

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 \$292,998 primarily due to water availability charges and contributions from developers for new commercial development. Net position in the Sewer and Storm Water Funds decreased \$159,609 and \$57,814, respectively, primarily due to transfers to the Capital Project Fund to pay for Woida, Wildflower, and Franklin area sewer and storm water infrastructure improvements.

Operating revenues in the proprietary funds remained relatively stable, decreasing \$6,574 or 0.3% from 2013. Utility user rates were not increased in 2014. Rates are reviewed annually and will continue to be reviewed in the future. A steady number of residential utility connections and commercial construction generated \$711,676 of water and sewer availability charge revenues for 2014. The availability charges were down \$250,262 or 26.0% from the prior year. Availability charges include those certified through special assessment agreements for collection with Crow Wing County.

Water operating expenses decreased 5.3%, sewer operating expenses decreased 0.5%, and storm water expenses decreased 6.3% from 2013. The overall decrease in Water Fund operating expenses was due to a significant decrease in maintenance costs; in 2013 the City capped several obsolete wells and removed the obsolete water plant. The overall decrease in Storm Water Fund operating expenses was due primarily to a reduction in storm water pond cleaning activity.

CAPITAL ASSETS

By the end of 2014, the City had invested approximately \$128,000,000 in a broad range of capital assets, including: buildings, improvements, equipment, and infrastructure (see Table A-6). (More detailed information about capital assets can be found in Note 3.A.2 to the financial statements.) Total depreciation expense for the year was \$3,674,614 (including the enterprise funds).

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

	Governmental Activities		Percentage Change	Business-Type Activities		Percentage Change	Total		Percentage Change
	2014	2013		2014	2013		2014	2013	
Land	\$ 5,905,283	\$ 5,905,283	- %	\$ 1,027,445	\$ 1,027,445	- %	\$ 6,932,728	\$ 6,932,728	- %
Construction in Progress	3,660,973	7,848	46,548.5	225,121	30,698	633.3	3,886,094	38,546	9,981.7
Intangible	6,960	6,960	-	9,867,725	9,867,725	-	9,874,685	9,874,685	-
Buildings	1,564,957	1,235,170	26.7	9,708,299	9,708,299	-	11,273,256	10,943,469	3.0
Infrastructure and Distribution System	44,977,712	44,943,250	0.1	45,604,786	45,408,108	0.4	90,582,498	90,351,358	0.3
Land Improvements	1,666,076	1,525,176	9.2	559,134	559,134	-	2,225,210	2,084,310	6.8
Machinery, Vehicles, Furniture and Equipment	2,496,625	2,197,904	13.6	890,090	866,759	2.7	3,386,715	3,064,663	10.5
Less: Accumulated Depreciation	(28,057,943)	(26,193,308)	7.1	(18,009,973)	(16,600,249)	8.5	(46,067,916)	(42,793,557)	7.7
Total	\$ 32,220,643	\$ 29,628,283	8.7	\$ 49,872,627	\$ 50,867,919	(2.0)	\$ 82,093,270	\$ 80,496,202	2.0

In 2014, no capital was contributed to proprietary funds by the governmental activities of the City.

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

LONG-TERM LIABILITIES

At year-end, the City had \$32,806,176 in long-term liabilities outstanding, including bond discounts and premiums. The City issued General Obligation Improvement Bonds, Series 2014, to be repaid through special assessments and a debt service property tax levy collected in the debt service fund. 2005C General Obligation Improvement Bonds were refunded from proceeds of 2013A General Obligation Refunding Bonds. (More detailed information about long-term debt can be found in Note 3.C.1 to the financial statements.)

- The City's long-term debt decreased \$306,131 and \$3,029,652 for governmental and business-type activities, respectively, due to the repayment and refunding of existing debt and the issuance of the 2014 bonds.

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

	2014	2013	Percentage Change
GOVERNMENTAL ACTIVITIES			
General Obligation Bonds	\$ 15,336,356	\$ 15,191,857	1.0 %
General Obligation Revenue Notes	7,100,667	7,552,667	(6.0)
Capital Leases Payable	25,000	50,000	(50.0)
Other Postemployment Benefits	21,543	25,652	(16.0)
Compensated Absences Payable	332,202	301,723	10.1
Total	<u>\$ 22,815,768</u>	<u>\$ 23,121,899</u>	(1.3)
BUSINESS-TYPE ACTIVITIES			
General Obligation Bonds	\$ 9,946,754	\$ 12,981,869	(23.4)
Compensated Absences Payable	43,654	38,191	14.3
Total	<u>\$ 9,990,408</u>	<u>\$ 13,020,060</u>	(23.3)

FACTORS BEARING ON THE CITY'S FUTURE

In 2014, the City began implementing planned infrastructure and maintenance projects to match the increased infrastructure needs and to promote continued economic development within the City. In 2015 and beyond, the City will continue to plan future activities cautiously and monitor the activity of City services, but has planned increases in infrastructure maintenance and construction projects, the most significant of which is the construction of street and utility infrastructure to connect Isle Drive to Mapleton Road and Highland Scenic Road (CSAH 48). This project will be funded from a variety of sources, including: tax increment, special assessments, a property tax debt service levy, enterprise fund revenues, funding from Crow Wing County, and sales tax receipts.

A second project scheduled for 2015 is the reconstruction of Excelsior Road from Cypress Drive to the east city limits. Along with the traffic safety improvements and full-depth reclamation of the street, the City will be improving storm water management in the area. Funding for the improvements is obtained from special assessments, Minnesota Municipal State Aid, and contributions from the City's enterprise funds and Collector Street fund. The reconstruction of Excelsior Road is anticipated to reduce ongoing annual maintenance costs for the street.

The City continues to collect the local option sales tax of one-half percent (0.50%) and a 0.50% motor vehicle excise tax, up to \$20 per vehicle, approved by the Baxter voters and granted by the State of Minnesota. In 2014, the City sought and was granted Legislative approval to extend the existing local option sales tax through 2037 for an additional \$40 Million of infrastructure related projects; this authorization was finalized by voter approval in the 2014 general election.

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

FACTORS BEARING ON THE CITY'S FUTURE (CONTINUED)

The sales tax extension includes an \$8 million regional component for water and sewer improvements to the Brainerd Lakes Regional Airport and \$32 million for water, sewer, and storm water related infrastructure and traffic-safety related improvements.

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
DECEMBER 31, 2014

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and Pooled Investments	\$ 25,968,958	\$ 11,060,732	\$ 37,029,690
Cash and Investments with Escrow Agent	4,014,119	3,534,157	7,548,276
Internal Balances	(488,772)	488,772	-
Accrued Interest Receivable	104,023	-	104,023
Accounts Receivable - Net	148,562	349,547	498,109
Due from Other Governments	476,369	797	477,166
Prepaid Items	10,845	-	10,845
Delinquent Taxes Receivable	137,391	-	137,391
Special Assessments Receivable	4,862,925	138,560	5,001,485
Land Held for Resale	1,852,084	-	1,852,084
Non-Depreciable Capital Assets			
Land	5,905,283	1,027,445	6,932,728
Construction in Progress	3,660,973	225,121	3,886,094
Depreciable Capital Assets (Net)			
Intangible	3,480	9,004,266	9,007,746
Buildings	903,165	8,130,700	9,033,865
Infrastructure and Distribution System	20,153,050	30,927,412	51,080,462
Land Improvements	874,678	375,048	1,249,726
Machinery, Vehicles, Furniture and Equipment	720,014	182,635	902,649
Total Assets	69,307,147	65,445,192	134,752,339
LIABILITIES			
Accounts Payable	454,631	250,051	704,682
Due to Other Governments	98,698	1,382	100,080
Salaries Payable	74,804	7,732	82,536
Accrued Liabilities	53,980	3,802	57,782
Contracts Payable	244,543	3,220	247,763
Accrued Interest Payable	248,773	112,247	361,020
Unearned Revenue	12,311	-	12,311
Escrow Deposits	147,727	-	147,727
Long-term Liabilities:			
Due Within One Year			
Compensated Absences Payable	13,124	541	13,665
General Obligation Bonds Payable	5,525,000	4,010,000	9,535,000
General Obligation Revenue Notes Payable	465,667	-	465,667
Capital Leases Payable	25,000	-	25,000
Due In More than One Year			
Compensated Absences Payable	319,078	43,113	362,191
Other Postemployment Benefits Payable	21,543	-	21,543
General Obligation Bonds Payable	9,811,356	5,936,754	15,748,110
General Obligation Revenue Notes Payable	6,635,000	-	6,635,000
Total Liabilities	24,151,235	10,368,842	34,520,077
NET POSITION			
Net Investment in Capital Assets	21,024,796	43,430,296	57,139,494
Restricted for			
Debt Service	8,395,615	-	8,395,615
Economic Development	3,016,196	-	3,016,196
Sales Tax Funded Infrastructure	8,467,296	-	8,467,296
Revolving Loans	425,702	-	425,702
Tax Increment Financing	801,698	-	801,698
Police Activity	43,951	-	43,951
Unrestricted	2,980,658	11,646,054	21,942,310
Total Net Position	\$ 45,155,912	\$ 55,076,350	\$ 100,232,262

See accompanying Notes to Financial Statements.

**CITY OF BAXTER, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014**

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES				
General Government	\$ 1,522,265	\$ 462,537	\$ -	\$ 982
Public Safety	2,020,278	426,505	133,714	-
Public Works	2,518,595	525	-	2,306,189
Sanitation	37,970	162	21,700	-
Culture and Recreation	777,891	301,626	-	49,343
Economic and Community Development	781,557	26,717	-	11,056
Interest and Fiscal Charges	696,429	-	76,372	-
Total Governmental Activities	8,354,985	1,218,072	231,786	2,367,570
BUSINESS-TYPE ACTIVITIES				
Water	1,793,208	1,721,660	2,220	187,628
Sewer	1,739,067	1,549,520	34,611	141,747
Storm Water	302,180	318,857	513	-
Total Business-Type Activities	3,834,455	3,590,037	37,344	329,375
Total Primary Government	\$ 12,189,440	\$ 4,808,109	\$ 269,130	\$ 2,696,945

GENERAL REVENUES

Property Taxes
Lodging Tax
Sales Tax
Tax Increments
Grants and Contributions not Restricted for a Particular Purpose
Investment Earnings
Net Increase (Decrease) in Fair Value of Investments
Miscellaneous
Gain on Sale of Capital Assets

TRANSFERS

Total General Revenues and Transfers

CHANGE IN NET POSITION

Net Position - Beginning of Year

NET POSITION - END OF YEAR

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,058,746)	\$ -	\$ (1,058,746)
(1,460,059)	-	(1,460,059)
(211,881)	-	(211,881)
(16,108)	-	(16,108)
(426,922)	-	(426,922)
(743,784)	-	(743,784)
(620,057)	-	(620,057)
(4,537,557)	-	(4,537,557)
-	118,300	118,300
-	(13,189)	(13,189)
-	17,190	17,190
-	122,301	122,301
(4,537,557)	122,301	(4,415,256)
5,355,718	-	5,355,718
321,994	-	321,994
2,332,743	-	2,332,743
358,473	-	358,473
2,423	-	2,423
288,085	143,879	431,964
35,901	17,445	53,346
89,538	-	89,538
8,529	-	8,529
208,050	(208,050)	-
9,001,454	(46,726)	8,954,728
4,463,897	75,575	4,539,472
40,692,015	55,000,775	95,692,790
<u>\$ 45,155,912</u>	<u>\$ 55,076,350</u>	<u>\$ 100,232,262</u>

FUND FINANCIAL STATEMENTS

**CITY OF BAXTER, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	Major Funds		
	General Fund	Economic Development	Sales Tax Collections
ASSETS			
Cash and Pooled Investments	\$ 3,428,568	\$ 1,053,952	\$ 8,075,827
Cash and Investments with Escrow Agent	-	-	-
Due from Other Funds	4,168	-	-
Accrued Interest Receivable	104,023	-	-
Accounts Receivable	96,800	-	9,701
Due From Other Governments	46,252	657	389,592
Prepaid Items	9,780	-	-
Delinquent Taxes Receivable	108,511	-	-
Special Assessments Receivable	1,295	109,854	-
Advances to Other Funds	101,100	-	-
Land Held For Resale	-	1,852,084	-
	<u>\$ 3,900,497</u>	<u>\$ 3,016,547</u>	<u>\$ 8,475,120</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 95,294	\$ 14	\$ 1,797
Due to Other Governments	78,614	337	6,027
Salaries Payable	68,394	-	-
Accrued Liabilities	53,980	-	-
Due to Other Funds	-	-	-
Contracts Payable	568	-	-
Unearned Revenues	970	-	-
Advances from Other Funds	-	-	-
Escrow Deposits	-	-	-
	<u>297,820</u>	<u>351</u>	<u>7,824</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue			
Taxes	108,511	-	-
Special Assessments	1,295	109,854	-
Other	1,496	-	11,945
	<u>111,302</u>	<u>109,854</u>	<u>11,945</u>
FUND BALANCES			
Nonspendable	110,880	-	-
Restricted	-	2,906,342	8,455,351
Committed	-	-	-
Assigned	601,800	-	-
Unassigned	2,778,695	-	-
	<u>3,491,375</u>	<u>2,906,342</u>	<u>8,455,351</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,900,497</u>	<u>\$ 3,016,547</u>	<u>\$ 8,475,120</u>

See accompanying Notes to Financial Statements.

Major Funds		Other	Total
Debt Service Fund	Capital Project Fund	Governmental Funds	Governmental Funds
\$ 4,361,240	\$ 6,050,223	\$ 2,999,148	\$ 25,968,958
4,014,119	-	-	4,014,119
-	-	-	4,168
-	-	-	104,023
-	21,493	20,568	148,562
37,352	2,516	-	476,369
-	-	1,065	10,845
28,310	570	-	137,391
4,380,256	358,252	13,268	4,862,925
-	-	-	101,100
-	-	-	1,852,084
<u>\$ 12,821,277</u>	<u>\$ 6,433,054</u>	<u>\$ 3,034,049</u>	<u>\$ 37,680,544</u>

\$ 450	\$ 195,290	\$ 161,786	\$ 454,631
10,931	-	2,789	98,698
-	-	6,410	74,804
-	-	-	53,980
-	492,940	-	492,940
-	207,697	36,278	244,543
-	-	11,341	12,311
-	-	101,100	101,100
-	-	147,727	147,727
11,381	895,927	467,431	1,680,734

28,310	570	-	137,391
4,380,256	358,252	13,268	4,862,925
-	21,493	-	34,934
4,408,566	380,315	13,268	5,035,250
-	-	1,065	111,945
8,401,330	-	1,271,351	21,034,374
-	-	1,366,512	1,366,512
-	5,156,812	14,928	5,773,540
-	-	(100,506)	2,678,189
<u>8,401,330</u>	<u>5,156,812</u>	<u>2,553,350</u>	<u>30,964,560</u>
<u>\$ 12,821,277</u>	<u>\$ 6,433,054</u>	<u>\$ 3,034,049</u>	<u>\$ 37,680,544</u>

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CITY OF BAXTER, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 30,964,560

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. 32,220,643

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the governmental funds. 5,035,250

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

General Obligation Bonds Payable	\$ (15,336,356)	
General Obligation Revenue Notes Payable	(7,100,667)	
Compensated Absences Payable	(332,202)	
Other Postemployment Benefits Payable	(21,543)	
Capital Leases Payable	(25,000)	
Accrued Interest Payable	(248,773)	
	(23,064,541)	(23,064,541)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 45,155,912

CITY OF BAXTER, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2014

	Major Funds		
	General Fund	Economic Development	Sales Tax Collections
REVENUES			
Taxes	\$ 4,317,982	\$ -	\$ -
Lodging Tax	-	-	-
Sales Tax	-	-	2,330,735
Tax Increments	-	-	-
Special Assessments	7,455	62,006	-
Licenses, Permits, and Fees	150,703	-	-
Intergovernmental	137,724	-	-
Charges for Services	427,290	1,309	-
Fines and Forfeits	67,121	-	-
Gifts and Contributions	9,352	-	-
Investment Earnings	36,914	13,149	87,286
Net Increase (Decrease) in Fair Value of Investments	5,018	1,725	11,775
Miscellaneous	128,167	-	-
Total Revenues	5,287,726	78,189	2,429,796
EXPENDITURES			
CURRENT			
General Government	1,393,559	-	54,673
Public Safety	1,797,206	-	-
Public Works	479,454	-	-
Sanitation	-	-	-
Culture and Recreation	534,889	-	-
Economic and Community Development	-	32,547	-
CAPITAL OUTLAY			
General Government	-	-	-
Public Safety	-	-	-
Public Works	-	-	-
Culture and Recreation	-	-	-
Economic and Community Development	-	-	-
DEBT SERVICE			
Principal	25,000	-	-
Interest and Fiscal Charges	-	-	-
Bond Issue Costs	-	-	-
Total Expenditures	4,230,108	32,547	54,673
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,057,618	45,642	2,375,123
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	-	-	-
Proceeds from Sale of Bonds	-	-	-
Premium on Bonds Issued	-	-	-
Transfers In	54,493	44,000	-
Transfers Out	(1,128,200)	-	(967,250)
Total Other Financing Sources (Uses)	(1,073,707)	44,000	(967,250)
NET CHANGE IN FUND BALANCES	(16,089)	89,642	1,407,873
Fund Balance - Beginning of Year	3,507,464	2,816,700	7,047,478
FUND BALANCE - END OF YEAR	\$ 3,491,375	\$ 2,906,342	\$ 8,455,351

See accompanying Notes to Financial Statements.

Major Funds		Other	Total
Debt Service Fund	Capital Project Fund	Governmental Funds	Governmental Funds
\$ 1,112,664	\$ 6	\$ -	\$ 5,430,652
-	-	321,994	321,994
-	-	-	2,330,735
-	-	358,473	358,473
901,795	14,610	109	985,975
-	-	204,019	354,722
76,372	644,075	21,700	879,871
-	120,909	111,511	661,019
-	-	19,187	86,308
-	-	-	9,352
51,163	66,256	33,317	288,085
5,078	7,930	4,375	35,901
-	8,303	259,770	396,240
<u>2,147,072</u>	<u>862,089</u>	<u>1,334,455</u>	<u>12,139,327</u>
-	26,652	5,734	1,480,618
-	24,512	160,354	1,982,072
-	456,063	-	935,517
-	-	37,970	37,970
-	27,047	31,278	593,214
-	-	774,608	807,155
-	86,446	-	86,446
-	80,234	-	80,234
-	3,750,906	-	3,750,906
-	53,781	340,314	394,095
-	-	86,527	86,527
2,227,000	-	-	2,252,000
660,081	-	-	660,081
-	47,734	-	47,734
<u>2,887,081</u>	<u>4,553,375</u>	<u>1,436,785</u>	<u>13,194,569</u>
(740,009)	(3,691,286)	(102,330)	(1,055,242)
-	8,529	-	8,529
-	1,925,000	-	1,925,000
-	15,988	-	15,988
667,000	1,580,700	104,400	2,450,593
-	(136,293)	(10,800)	(2,242,543)
<u>667,000</u>	<u>3,393,924</u>	<u>93,600</u>	<u>2,157,567</u>
(73,009)	(297,362)	(8,730)	1,102,325
<u>8,474,339</u>	<u>5,454,174</u>	<u>2,562,080</u>	<u>29,862,235</u>
<u>\$ 8,401,330</u>	<u>\$ 5,156,812</u>	<u>\$ 2,553,350</u>	<u>\$ 30,964,560</u>

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CITY OF BAXTER, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDING DECEMBER 31, 2014

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,102,325

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	\$ 4,398,208	
Capital Contributions from Developers	68,675	
Adjustment to Capitalized Item	60,114	
Current Year Depreciation	<u>(1,934,638)</u>	2,592,359

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 473,184

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. The net proceeds for debt issuance are: (1,925,000)

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

Principal Repayments		
General Obligation Bonds	1,775,000	
Revenue Bonds	452,000	
Capital Lease	<u>25,000</u>	2,252,000

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.

Bond Premium	(15,988)	
Change in Accrued Interest Payable	(10,102)	
Amortization of Discounts and Premiums	21,489	
Change in Compensated Absences	(30,479)	
Change in Postemployment Benefits	<u>4,109</u>	<u>(30,971)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 4,463,897

CITY OF BAXTER, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

	Water	Sewer	Storm Water	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 4,672,558	\$ 5,593,842	\$ 794,332	\$ 11,060,732
Cash and Investments with Escrow Agent	3,534,157	-	-	3,534,157
Receivables				
Due From Other Funds	207,461	281,311	-	488,772
Accounts	153,586	157,439	38,522	349,547
Due From Other Governments	243	427	127	797
Special Assessments	18,835	118,329	1,396	138,560
Total Current Assets	<u>8,586,840</u>	<u>6,151,348</u>	<u>834,377</u>	<u>15,572,565</u>
Noncurrent Assets:				
Non-Depreciable Capital Assets				
Land	352,932	62,598	611,915	1,027,445
Construction in Progress	225,121	-	-	225,121
Depreciable Capital Assets (Net)				
Intangible	-	9,004,266	-	9,004,266
Buildings	8,130,700	-	-	8,130,700
Distribution System	13,720,224	14,673,410	2,533,778	30,927,412
Land Improvements	-	-	375,048	375,048
Machinery, Vehicles, Furniture and Equipment	54,054	78,979	49,602	182,635
Total Noncurrent Assets	<u>22,483,031</u>	<u>23,819,253</u>	<u>3,570,343</u>	<u>49,872,627</u>
Total Assets	<u>31,069,871</u>	<u>29,970,601</u>	<u>4,404,720</u>	<u>65,445,192</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	210,717	33,935	5,399	250,051
Due To Other Governments	818	493	71	1,382
Salaries Payable	3,908	3,347	477	7,732
Accrued Liabilities	3,788	7	7	3,802
Contracts Payable	2,890	330	-	3,220
Accrued Interest Payable	112,247	-	-	112,247
Compensated Absences Payable	246	246	49	541
General Obligation Bonds Payable	4,010,000	-	-	4,010,000
Total Current Liabilities	<u>4,344,614</u>	<u>38,358</u>	<u>6,003</u>	<u>4,388,975</u>
Noncurrent Liabilities:				
Compensated Absences Payable	20,732	20,732	1,649	43,113
General Obligation Bonds Payable	5,936,754	-	-	5,936,754
Total Liabilities	<u>10,302,100</u>	<u>59,090</u>	<u>7,652</u>	<u>10,368,842</u>
NET POSITION				
Net Investment in Capital Assets	16,040,700	23,819,253	3,570,343	43,430,296
Unrestricted	4,727,071	6,092,258	826,725	11,646,054
Total Net Position	<u>\$ 20,767,771</u>	<u>\$ 29,911,511</u>	<u>\$ 4,397,068</u>	<u>\$ 55,076,350</u>

See accompanying Notes to Financial Statements.

CITY OF BAXTER, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	Water	Sewer	Storm Water	Total
OPERATING REVENUES				
Charges For Services				
User Charges	\$ 1,190,672	\$ 1,148,276	\$ 315,126	\$ 2,654,074
Meter Sales	32,376	-	-	32,376
Non-User Sales	3,094	4,479	-	7,573
Penalties	14,516	15,828	3,681	34,025
Permits and Hookup Charges	2,675	2,890	-	5,565
Miscellaneous	2,512	2,209	50	4,771
Total Operating Revenues	1,245,845	1,173,682	318,857	2,738,384
OPERATING EXPENSES				
Personnel Services	168,628	163,820	30,259	362,707
Supplies and Fees	116,697	23,037	12,764	152,498
Other Services and Charges	352,820	714,808	149,137	1,216,765
Depreciation	792,036	837,920	110,020	1,739,976
Total Operating Expenses	1,430,181	1,739,585	302,180	3,471,946
OPERATING INCOME (LOSS)	(184,336)	(565,903)	16,677	(733,562)
NONOPERATING REVENUES (EXPENSES)				
Special Assessments	2,220	34,611	513	37,344
Water Plant Fee	139,977	-	-	139,977
Availability Charges	335,838	375,838	-	711,676
Intergovernmental	7,055	-	-	7,055
Investment Earnings	66,356	68,196	9,327	143,879
Net Increase (Decrease) in Fair Value of Investments	7,192	8,984	1,269	17,445
Interest Expense and Fiscal Charges	(337,649)	-	-	(337,649)
Gain/(Loss) on Disposal of Capital Assets	(25,378)	518	-	(24,860)
Total Nonoperating Revenues (Expenses)	195,611	488,147	11,109	694,867
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	11,275	(77,756)	27,786	(38,695)
Capital Contributions from Developers	180,573	141,747	-	322,320
Transfers In	374,850	57,200	-	432,050
Transfers Out	(273,700)	(280,800)	(85,600)	(640,100)
CHANGE IN NET POSITION	292,998	(159,609)	(57,814)	75,575
Net Position - Beginning of Year	20,474,773	30,071,120	4,454,882	55,000,775
NET POSITION - END OF YEAR	<u>\$ 20,767,771</u>	<u>\$ 29,911,511</u>	<u>\$ 4,397,068</u>	<u>\$ 55,076,350</u>

See accompanying Notes to Financial Statements.

**CITY OF BAXTER, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014**

	Water	Sewer	Storm Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,269,342	\$ 1,198,804	\$ 326,167	\$ 2,794,313
Payments to Suppliers	(294,013)	(759,158)	(169,134)	(1,222,305)
Payments to Employees	(164,579)	(160,910)	(29,898)	(355,387)
Net Cash Provided (Used) by Operating Activities	810,750	278,736	127,135	1,216,621
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Change in Due from Other Funds	(133,014)	(180,539)	-	(313,553)
Transfers In	204,850	57,200	-	262,050
Net Cash Provided (Used) by Noncapital and Related Financing Activities	71,836	(123,339)	-	(51,503)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest and Fiscal Charges Paid	(339,637)	-	-	(339,637)
Transfer In	170,000	-	-	170,000
Transfer Out	(273,700)	(280,800)	(85,600)	(640,100)
Availability Charges	335,838	375,838	-	711,676
Grants Received	7,055	-	-	7,055
Water Plant Fee	139,977	-	-	139,977
Special Assessments	10,877	250,783	206	261,866
Payments on General Obligation Bonds	(506,555)	-	-	(506,555)
Refunding of General Obligation Bonds	(2,528,560)	-	-	(2,528,560)
Purchases of Capital Assets	(215,053)	(176,258)	(31,053)	(422,364)
Proceeds from the Sale of Capital Assets	(25,378)	518	-	(24,860)
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,225,136)	170,081	(116,447)	(3,171,502)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of Investments	7,786,204	2,982,070	423,457	11,191,731
Purchase of Investments	(4,103,821)	(3,351,688)	(446,648)	(7,902,157)
Investment Earnings Received	66,356	68,196	9,327	143,879
Net Cash Provided (Used) by Investing Activities	3,748,739	(301,422)	(13,864)	3,433,453
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	1,406,189	24,056	(3,176)	1,427,069
Cash and Cash Equivalents - Beginning of Year	3,449,736	953,414	141,978	4,545,128
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,855,925	\$ 977,470	\$ 138,802	\$ 5,972,197

See accompanying Notes to Financial Statements.

CITY OF BAXTER, MINNESOTA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	Water	Sewer	Storm Water	Total
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED (USED) BY				
OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (184,336)	\$ (565,903)	\$ 16,677	\$ (733,562)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	792,036	837,920	110,020	1,739,976
(Increase) Decrease in Assets:				
Accounts Receivable	21,935	20,745	6,858	49,538
Due from Other Governments	1,562	4,377	452	6,391
Increase (Decrease) in Liabilities:				
Accounts Payable	175,381	(13,910)	(7,244)	154,227
Contracts Payable	-	(7,454)	-	(7,454)
Salaries and Wages Payable	805	320	78	1,203
Accrued Liabilities	654	-	-	654
Compensated Absences Payable	2,590	2,590	283	5,463
Due to Other Governments	123	51	11	185
Total Adjustments	<u>995,086</u>	<u>844,639</u>	<u>110,458</u>	<u>1,950,183</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 810,750</u>	<u>\$ 278,736</u>	<u>\$ 127,135</u>	<u>\$ 1,216,621</u>
NONCASH CAPITAL AND RELATED				
FINANCING ACTIVITIES				
Capital Contributions from Developers	\$ 180,573	\$ 141,747	\$ -	\$ 322,320
NONCASH INVESTING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	<u>7,192</u>	<u>8,984</u>	<u>1,269</u>	<u>17,445</u>
Total Noncash Transactions	<u>\$ 187,765</u>	<u>\$ 150,731</u>	<u>\$ 1,269</u>	<u>\$ 339,765</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
TO THE STATEMENT OF NET POSITION				
Cash and Investments	\$ 4,672,558	\$ 5,593,842	\$ 794,332	\$ 11,060,732
Cash and Investments with Escrow Agent	3,534,157	-	-	3,534,157
Less: Investments not Meeting the Definition of Cash Equivalents	<u>(3,350,790)</u>	<u>(4,616,372)</u>	<u>(655,530)</u>	<u>(8,622,692)</u>
Total Cash and Cash Equivalents	<u>\$ 4,855,925</u>	<u>\$ 977,470</u>	<u>\$ 138,802</u>	<u>\$ 5,972,197</u>

See accompanying Notes to Financial Statements.

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CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Financial Reporting Entity

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

Blended Component Unit

The financial statements of the Economic Development Authority (EDA) of Baxter have been included in the financial reporting entity as a blended component unit since members of the board are appointed by the City Council. The members of the EDA board act as an advisory board to the Council which is the governing board of the EDA.

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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements (Continued)

2. Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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.

D. Assets, Liabilities, Deferred 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.

The City considers all cash and investments under the classifications current assets and restricted assets to be cash and cash equivalents, except those held with fiscal agents. Cash and cash equivalents consist of checking and saving certificate accounts, cash on hand, and money market savings accounts.

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.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Prepaid Items

Payments made to vendors for services that will benefit future periods are recorded as prepaid items. 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.

Current year property tax revenues represent the tax levy certified to the County Auditor-Treasurer in December of 2013 which was collected during the year ended December 31, 2014. 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 represent 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.

**CITY OF BAXTER, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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) is 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 fair market 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.

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 30 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. In addition to the General Fund, the following funds are involved in paying compensated absences: the Community Development Special Revenue Fund, Water Fund, Sewer Fund, and Storm Water Fund.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Compensated Absences (Continued)

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.

11. Deferred Inflows of Resources

The City's governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in fund balance that applies to a future period. 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. The City does not have deferred inflows of resources to report in its proprietary fund financial statements in the current year.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Fund Balance/Net Position

Net position represents the difference between assets and liabilities 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 \$7,315,598 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 government's general fund and includes all spendable amounts not contained in the other classifications.

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.

E. Revenues, Expenditures, and Expenses

1. Revenues

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

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

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

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues, Expenditures, and Expenses (Continued)

1. Revenues (Continued)

Property Tax Collection Calendar

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

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

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

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

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

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

2. Expenditures

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

3. Expenses

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

**CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures over Appropriations

Expenditures exceeded budgeted amounts in the following funds:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Nonmajor Special Revenue Fund			
Community Development Fund	\$ 406,157	\$ 401,000	\$ 5,157
Lodging Tax Administration Fund	321,994	296,000	25,994
Recycling Fund	37,970	36,100	1,870

The Community Development Fund, Lodging Tax Administration Fund, and Recycling Fund excesses were the result of unbudgeted expenditures and were funded with related excess revenues.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

As of December 31, 2014, the City's investment balances were as follows:

<u>Investment Type</u>	<u>Balance</u>
Money Market Funds	\$ 293,967
Negotiable Certificates of Deposit	21,481,025
Federal Home Loan Mortgage Corporation	1,497,503
Federal National Mortgage Association	2,045,131
Execusweep Repo Business Account	2,344,953
Local Government Bonds	8,576,433
4M Fund	17,933
Treasury Securities – State and Local	
Government Series Bonds	7,548,276
Total	<u>\$ 43,805,221</u>

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. Its investments are valued at amortized cost, which approximates fair value in accordance with Rule 2a-7 of the Investment Company Act of 1940. 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 market value of instruments.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Interest Rate Risk

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

Investment Type	< 6 months	6 - 12 months	1 - 5 years	> 5 years	Fair Value
Money Market Funds	\$ 293,967	\$ -	\$ -	\$ -	\$ 293,967
Negotiable Certificates of Deposit	5,495,241	4,149,314	10,766,852	1,069,618	21,481,025
Federal Home Loan Mortgage Corporation	697,058	800,445	-	-	1,497,503
Federal National Mortgage Association	-	-	-	2,045,131	2,045,131
Execusweep Repo Business Account	2,344,953	-	-	-	2,344,953
Local Government Bonds	200,200	120,956	6,563,961	1,691,316	8,576,433
4M Fund	17,933	-	-	-	17,933
Treasury Securities – State and Local					
Government Series Bonds	4,039,440	3,508,836	-	-	7,548,276
Total	<u>\$ 13,088,792</u>	<u>\$ 8,579,551</u>	<u>\$ 17,330,813</u>	<u>\$ 4,806,065</u>	<u>\$ 43,805,221</u>

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 repurchase agreements and negotiable certificates of deposit, which do not have credit ratings, and Federal National Mortgage Association and Federal Home Loan Mortgage Corporation securities, which hold a credit rating of AA+ by Standard & Poor's. Local government bonds hold a credit rating of A or better. Cash held with escrow agent is invested in Treasury Securities – State and Local Government Series bonds, which hold a credit rating of AA+ by Standard & Poor's.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Credit Risk (Continued)

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

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

Concentration Credit Risk

The City places no official limit on the amount the City may invest in any one issuer, however its policy states that the investment portfolio must be diversified by individual issuer to reduce the exposure to risk of loss. The City invested 5.6% and 6.5% of its investment portfolio in Federal National Mortgage Association securities and Execusweep Repo Agreements, respectively, excluding cash with escrow agent.

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.

**CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

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.

As of December 31, 2014, all City deposits were covered by insurance or collateral.

	<u>Balance</u>
Deposits	\$ 772,745
Investments	43,805,221
Total Cash & Investments	<u>\$ 44,577,966</u>
	<u>Balance</u>
Cash & Investments	
Governmental Funds	\$ 25,968,958
Proprietary Funds	11,060,732
Cash with Escrow Agent	
Governmental Funds	4,014,119
Proprietary Funds	3,534,157
Total Cash & Investments	<u>\$ 44,577,966</u>

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Capital Assets

Capital asset activity of the City for the year ended December 31, 2014, is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets not being Depreciated				
Land	\$ 5,905,283	\$ -	\$ -	\$ 5,905,283
Construction in Progress	7,848	3,665,061	11,936	3,660,973
Total Capital Assets not being Depreciated	<u>5,913,131</u>	<u>3,665,061</u>	<u>11,936</u>	<u>9,566,256</u>
Capital Assets being Depreciated				
Intangible	6,960	-	-	6,960
Buildings	1,235,170	329,787	-	1,564,957
Infrastructure	44,943,250	34,462	-	44,977,712
Land Improvements	1,525,176	140,900	-	1,666,076
Machinery, Vehicles, Furniture and Equipment	<u>2,197,904</u>	<u>368,724</u>	<u>70,003</u>	<u>2,496,625</u>
Total Capital Assets being Depreciated	<u>49,908,460</u>	<u>873,873</u>	<u>70,003</u>	<u>50,712,330</u>
Less: Accumulated Depreciation for				
Intangible	2,088	1,392	-	3,480
Buildings	612,277	49,515	-	661,792
Infrastructure	23,228,268	1,596,394	-	24,824,662
Land Improvements	678,399	112,999	-	791,398
Machinery, Vehicles, Furniture and Equipment	<u>1,672,276</u>	<u>174,338</u>	<u>70,003</u>	<u>1,776,611</u>
Total Accumulated Depreciation	<u>26,193,308</u>	<u>1,934,638</u>	<u>70,003</u>	<u>28,057,943</u>
Total Capital Assets being Depreciated, Net	<u>23,715,152</u>	<u>(1,060,765)</u>	<u>-</u>	<u>22,654,387</u>
Governmental Activities Capital Assets, Net	<u>\$ 29,628,283</u>	<u>\$ 2,604,296</u>	<u>\$ 11,936</u>	<u>\$ 32,220,643</u>

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Capital Assets (Continued)

The following is a summary of the proprietary funds' capital assets at December 31, 2014:

	Beginning Balance	Additions	Disposals	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital Assets not being Depreciated				
Land	\$ 1,027,445	\$ -	\$ -	\$ 1,027,445
Construction in Progress	30,698	230,269	35,846	225,121
Total Capital Assets not being Depreciated	<u>1,058,143</u>	<u>230,269</u>	<u>35,846</u>	<u>1,252,566</u>
Capital Assets being Depreciated				
Intangible	9,867,725	-	-	9,867,725
Buildings	9,708,299	-	-	9,708,299
Distribution System	45,408,108	540,207	343,529	45,604,786
Land Improvements	559,134	-	-	559,134
Machinery, Vehicles, Furniture and Equipment	<u>866,759</u>	<u>35,952</u>	<u>12,621</u>	<u>890,090</u>
Total Capital Assets being Depreciated	<u>66,410,025</u>	<u>576,159</u>	<u>356,150</u>	<u>66,630,034</u>
Less: Accumulated Depreciation for				
Intangible	616,766	246,693	-	863,459
Buildings	1,334,891	242,708	-	1,577,599
Distribution System	13,840,794	1,154,211	317,631	14,677,374
Land Improvements	165,234	18,852	-	184,086
Machinery, Vehicles, Furniture and Equipment	<u>642,564</u>	<u>77,512</u>	<u>12,621</u>	<u>707,455</u>
Total Accumulated Depreciation	<u>16,600,249</u>	<u>1,739,976</u>	<u>330,252</u>	<u>18,009,973</u>
Total Capital Assets being Depreciated, Net	<u>49,809,776</u>	<u>(1,163,817)</u>	<u>25,898</u>	<u>48,620,061</u>
Business-Type Activities Capital Assets, Net	<u>\$ 50,867,919</u>	<u>\$ (933,548)</u>	<u>\$ 61,744</u>	<u>\$ 49,872,627</u>

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

Governmental Activities	
General Government	\$ 71,546
Public Safety	48,645
Public Works	1,640,773
Culture and Recreation	173,674
Total Depreciation Expense - Governmental Activities	<u>\$ 1,934,638</u>
Business-Type Activities	
Water	\$ 792,036
Sewer	837,920
Storm Water	110,020
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,739,976</u>

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Interfund Receivables, Payables, and Transfers

1. Due to/from Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Capital Project Fund	\$ 4,168	Cash Deficit
Water Fund	Capital Project Fund	207,461	Cash Deficit
Sewer Fund	Capital Project Fund	281,311	Cash Deficit
Total		<u>\$ 492,940</u>	

2. Advances from/to Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 101,100	Cover delayed receipts
		<u>\$ 101,100</u>	

3. Interfund Transfers

	Amount	Purpose
Transfer to General Fund from		
Capital Project Fund	\$ 54,493	Capital Project appropriations
Transfer to Economic Development Fund from		
General	44,000	EDA Fund annual appropriation
Transfer to Debt Service Fund from		
Sales Tax Collections	617,000	Annual appropriation
Sewer	50,000	Annual appropriation
Transfer to Capital Project Fund from		
General	337,000	Collector Street appropriation
	289,300	Street Replacement appropriation
	28,500	Trail Construction annual appropriation
	325,000	IT, vehicle and equipment annual appropriations
Nonmajor Governmental	10,800	IT, vehicle and equipment annual appropriations
Water	13,700	IT, vehicle and equipment annual appropriations
	260,000	Appropriation for Woida, Wildflower, Franklin project
Sewer	10,800	IT, vehicle and equipment annual appropriations
	220,000	Appropriation for Woida, Wildflower, Franklin project
Storm Water	10,600	IT, vehicle and equipment annual appropriations
	75,000	Appropriation for Woida, Wildflower, Franklin project
Transfer to Nonmajor Governmental Funds from		
General	104,400	Operations
Transfer to Water Fund from		
Sales Tax Collections Fund	350,250	Sales Tax Proceeds for Water Plant Debt Service
Capital Project Fund	24,600	Appropriation for Woida, Wildflower, Franklin project
Transfer to Sewer Fund from		
Capital Project Fund	57,200	Appropriation for Woida, Wildflower, Franklin project
Total Transfers	<u>\$ 2,882,643</u>	

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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.

2. Components of Long-Term Debt

	Authorized and Issued	Redeemed	Outstanding	Due in 2015	
				Principal	Interest
GOVERNMENTAL ACTIVITIES					
<u>General Obligation Bonds</u>					
General Obligation Capital Improvement Bonds, Series 2006A; 4.00 to 4.25%; Issued 06/01/2006; Final Maturity 02/01/2026. Scheduled to be refunded 02/01/2015.	\$ 4,230,000	\$ 1,170,000	\$ 3,060,000	\$ 3,060,000	\$ 63,197
General Obligation Improvement Bonds, Series 2006B; 4.00%; Issued 11/15/2006; Final Maturity 02/01/2019. Scheduled to be refunded 02/01/2015.	5,770,000	4,310,000	1,460,000	1,460,000	29,200
General Obligation Improvement Bonds, Series 2007B; 4.00 to 4.15%; Issued 12/05/2007; Final Maturity 02/01/2022	3,425,000	1,365,000	2,060,000	220,000	79,010
General Obligation Refunding Bonds, Series 2010; 1.00 to 2.15%; Issued 11/29/2010; Final Maturity 02/01/2018	4,465,000	1,850,000	2,615,000	785,000	38,806
General Obligation Refunding Bonds, Series 2013A; 2.00%; Issued 03/05/2013; Final Maturity 08/01/2026	4,045,000	-	4,045,000	-	80,900
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	-	20,133
Total General Obligation Bonds	23,860,000	8,695,000	15,165,000	5,525,000	311,246
Add: Unamortized Premium	-	-	195,655	-	-
Less: Unamortized Discount	-	-	(24,299)	-	-
Total General Obligation Bonds, Net	23,860,000	8,695,000	15,336,356	5,525,000	311,246

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

2. Components of Long-Term Debt (Continued)

	Authorized and Issued	Redeemed	Outstanding	Due in 2015	
				Principal	Interest
General Obligation Revenue Notes					
Taxable General Obligation Sales Tax Wastewater Revenue Note (to City of Brainerd), Series 2009A; 2.23%; Issued 02/27/2009; Final Maturity 08/15/2017.	\$ 655,033	\$ 443,033	\$ 212,000	\$ 69,000	\$ 4,728
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	1,766,929	6,888,667	396,667	222,711
Total General Obligation Revenue Notes	9,310,629	2,209,962	7,100,667	465,667	227,439
Total Governmental Activities Long-Term Debt	33,170,629	10,904,962	22,437,023	5,990,667	538,685
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds					
General Obligation Water and Sales Tax Revenue Bonds, Series 2007A; 3.88% to 4.00%; Issued 2/6/2007; Final Maturity 08/01/2026. Scheduled to be refunded 08/01/2015.	6,500,000	2,695,000	3,805,000	3,805,000	152,200
General Obligation Refunding Bonds, Series 2013A; 2.00%; Issued 03/05/2013; Final Maturity 08/01/2026	5,950,000	-	5,950,000	205,000	116,950
Total General Obligation Bonds, Net	12,450,000	2,695,000	9,755,000	4,010,000	269,150
Add: Unamortized Premium	-	-	191,754	-	-
Total Business-Type Activities	12,450,000	2,695,000	9,946,754	4,010,000	269,150
Total Long-Term Debt	\$ 45,620,629	\$ 13,599,962	\$ 32,383,777	\$ 10,000,667	\$ 807,835

3. Changes in Long-Term Debt

	December 31, 2013	Additions	Retirements	December 31, 2014	Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds	\$ 15,015,000	\$ 1,925,000	\$ 1,775,000	\$ 15,165,000	\$ 5,525,000
Issuance Premium (Discount)	176,857	15,988	21,489	171,356	-
Total General Obligation Bonds Payable	15,191,857	1,940,988	1,796,489	15,336,356	5,525,000
General Obligation Revenue Notes	7,552,667	-	452,000	7,100,667	465,667
Capital Lease	50,000	-	25,000	25,000	25,000
Compensated Absences	301,723	271,741	241,262	332,202	13,124
Other Postemployment Benefits	25,652	25,230	29,339	21,543	-
Governmental Activity Long-Term Liabilities	\$ 23,121,899	\$ 2,237,959	\$ 2,544,090	\$ 22,815,768	\$ 6,028,791
BUSINESS-TYPE ACTIVITIES					
General Obligation Bonds	\$ 12,790,000	\$ -	\$ 3,035,000	\$ 9,755,000	\$ 4,010,000
Issuance Premium (Discount)	191,869	-	115	191,754	-
Total General Obligation Bonds Payable	12,981,869	-	3,035,115	9,946,754	4,010,000
Compensated Absences	38,191	9,579	4,116	43,654	541
Business Activity Long-Term Liabilities	\$ 13,020,060	\$ 9,579	\$ 3,039,231	\$ 9,990,408	\$ 4,010,541

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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			Governmental Activities		
	General Obligation Bonds			General Obligation Revenue Notes		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 5,525,000	\$ 311,246	\$ 5,836,246	\$ 465,667	\$ 227,439	\$ 693,106
2016	1,620,000	205,541	1,825,541	480,334	213,075	693,409
2017	1,915,000	170,086	2,085,086	495,334	198,255	693,589
2018	1,300,000	136,749	1,436,749	436,666	182,966	619,632
2019	1,000,000	110,734	1,110,734	450,666	168,849	619,515
2020-2024	2,815,000	278,159	3,093,159	2,482,000	616,004	3,098,004
2025-2028	990,000	29,875	1,019,875	2,290,000	188,021	2,478,021
Total	<u>\$ 15,165,000</u>	<u>\$ 1,242,390</u>	<u>\$ 16,407,390</u>	<u>\$ 7,100,667</u>	<u>\$ 1,794,609</u>	<u>\$ 8,895,276</u>

Year Ending December 31,	Business-Type Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2015	\$ 4,010,000	\$ 269,150	\$ 4,279,150
2016	580,000	112,750	692,750
2017	590,000	101,150	691,150
2018	600,000	89,300	689,300
2019	485,000	77,250	562,250
2020-2024	2,610,000	234,800	2,844,800
2025-2026	880,000	21,300	901,300
Total	<u>\$ 9,755,000</u>	<u>\$ 905,700</u>	<u>\$ 10,660,700</u>

5. Advanced Crossover Refunding

On March 5, 2013, the City issued General Obligation Refunding Bonds, Series 2013A, in the amount of \$9,995,000 with a 2.0% interest rate to advance crossover refund the following debt issues:

General Obligation Water Revenue Bonds, Series 2005C – final maturity of 02/01/2025. The balance of outstanding maturities to be refunded is \$2,545,000 with an interest rate of 3.75 to 4.30 percent. The refunding was successfully completed on February 1, 2014.

General Obligation Capital Improvement Plan Bonds, Series 2006A – final maturity of 02/01/2026. The balance of outstanding maturities to be refunded is \$2,865,000 with interest rates of 4.00 to 4.25 percent.

General Obligation Improvement Bonds, Series 2006B – final maturity of 02/01/2019. The balance of outstanding maturities to be refunded is \$1,110,000 with an interest rate of 4.00 percent.

General Obligation Water and Sales Tax Revenue Bonds, Series 2007A – final maturity of 08/01/2026. The balance of outstanding maturities to be refunded is \$3,480,000 with an interest rate of 4.00 percent.

**CITY OF BAXTER, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

5. Advanced Crossover Refunding (Continued)

The General Obligation Refunding Bonds, Series 2013A sources of funds include \$9,995,000 par value, \$320,795 reoffering premium, and \$170,000 cash funded through local sales tax on-hand. After an underwriter's discount of \$66,049, debt issuance costs of \$50,000, and excess proceeds of \$5,526 deposited for future debt payments, the remaining \$10,364,220 of bond proceeds were placed with an escrow agent in an irrevocable trust from which U.S. Treasury Securities were purchased.

Series 2005C portion

The City was responsible for the principal and interest on the 2005C Series bonds through February 1, 2014. The refunded bonds were called and paid by the escrow agent on February 1, 2014. The escrow agent paid the \$25,400 interest due on the 2005C portion of the 2013A issue on February 1, 2014; thereafter, the City is responsible for the payment of debt service. The principal balance of both the original issue and the refunding was shown on the balance sheet until the call date of the refunded bonds, at which time, the 2005C Series bonds were paid and the liability for those bonds removed. The portion of the 2013A bonds that refunded the 2005C bonds is recorded in the Water Fund.

Series 2006A, 2006B, and 2007A portions

The City is responsible for the principal and interest on the 2006A and 2006B bonds through February 1, 2015 and the 2007A bond through August 1, 2015. Future principal on the refunded bonds will be called and paid by the escrow agent on their respective call dates.

The escrow agent paid the interest due related to the 2006A, 2006B, and 2007A portions of the 2013A issue in the amounts of \$74,550 due on February 1, 2014 and \$74,550 due on August 1, 2014 and will pay \$74,550 due February 1, 2015 and \$34,100 due on August 1, 2015. The City is responsible for the difference between the total payment of debt service and the amounts paid by the escrow agent. The principal balance of both of the original issues and the refunding issue is shown on the balance sheet until the call dates of the refunded bonds, at which time the respective bonds will be paid and the liability for those bonds removed. The portion of the 2013A bonds that will refund the 2006A and 2006B bonds are recorded in the Debt Service Fund and governmental activities; the portion that will refund the 2007A bonds is recorded in the Water Fund.

6. Capital Lease

During 2006, the City entered into a capital lease to purchase fiber optic infrastructure from Independent School District 181. The 10-year lease totals \$250,000 payable in ten \$25,000 annual installments commencing in 2006. The lease bears no interest. The historical cost of this asset is recorded at \$250,000 and the accumulated depreciation related to this asset, as of December 31, 2014, is \$103,750.

Remaining capital lease obligations are as follows:

<u>December 31,</u>	
2015	<u>\$ 25,000</u>

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

7. 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.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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, 2014:

	General Fund	Economic Development	Sales Tax Collections	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable							
Prepaid Items	\$ 9,780	\$ -	\$ -	\$ -	\$ -	\$ 1,065	\$ 10,845
Advances to Other Funds	101,100	-	-	-	-	-	101,100
Total Nonspendable	<u>110,880</u>	-	-	-	-	1,065	111,945
Restricted							
Debt Service	-	-	-	8,401,330	-	-	8,401,330
Economic Development	-	2,906,342	-	-	-	-	2,906,342
Sales Tax	-	-	8,455,351	-	-	-	8,455,351
Revolving Loans	-	-	-	-	-	425,702	425,702
Tax Increment Financing	-	-	-	-	-	801,698	801,698
Police Activity	-	-	-	-	-	43,951	43,951
Total Restricted	<u>-</u>	<u>2,906,342</u>	<u>8,455,351</u>	<u>8,401,330</u>	<u>-</u>	<u>1,271,351</u>	<u>21,034,374</u>
Committed							
Cemetery Care	-	-	-	-	-	40,139	40,139
Culture and Recreation	-	-	-	-	-	731,164	731,164
Economic and Community Development	-	-	-	-	-	594,716	594,716
Recycling	-	-	-	-	-	493	493
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,366,512</u>	<u>1,366,512</u>
Assigned							
Capital Replacement	176,700	-	-	-	-	-	176,700
Collector Street	425,100	-	-	-	-	-	425,100
Cemetery	-	-	-	-	-	14,928	14,928
Capital Projects	-	-	-	-	5,156,812	-	5,156,812
Total Assigned	<u>601,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,156,812</u>	<u>14,928</u>	<u>5,773,540</u>
Unassigned							
	<u>2,778,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,506)</u>	<u>2,678,189</u>
Total Fund Balance	<u><u>\$3,491,375</u></u>	<u><u>\$ 2,906,342</u></u>	<u><u>\$8,455,351</u></u>	<u><u>\$ 8,401,330</u></u>	<u><u>\$5,156,812</u></u>	<u><u>\$ 2,553,350</u></u>	<u><u>\$ 30,964,560</u></u>

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 4 EMPLOYMENT RETIREMENT SYSTEMS AND PENSION PLANS

A. Plan Description

All full-time and certain part-time employees of the City of Baxter are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are a cost-sharing, multiple-employer retirement plans. The plan is established and administered in accordance with *Minnesota Statutes* Chapters 353 and 356.

City GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security. All police officers, fire-fighters and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after five years of credited service. The defined retirement benefits are based on a member's highest average salary for any five 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 members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 1.7% for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0% for each year of service. For all PEPFF members and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree--no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

**CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

B. Funding Policy

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Coordinated Plan members were required to contribute 6.25% of their annual covered salary in 2014. PEPFF members were required to contribute 10.2% of their annual covered salary in 2014. In 2014, the City was required to contribute the following percentages of annual covered payroll: 7.25% for Coordinated Plan members and 15.3% for PEPFF members. The City's contributions to the General Employees Retirement Fund and the Public Employees Police and Fire Fund for the years ending December 31, 2014, 2013, and 2012 were:

	General Employees Retirement Fund	Public Employees Police and Fire Fund
	<hr/>	<hr/>
2014	\$ 113,039	\$ 139,686
2013	101,062	124,723
2012	98,267	124,799

The City's contributions were equal to the contractually required contributions for each year as set by state statute.

Contribution rates will increase on January 1, 2015 in the Coordinated Plan (6.5% for members and 7.5% for employers) and the Police and Fire Fund (10.8% for members and 16.2% for employers).

C. Defined Contribution Plan

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of 1 percent of the assets in each member's account annually.

The employer's contribution amounts for the years ending December 31, 2014, 2013, and 2012 were \$261, \$285, and \$285 respectively, equal to the contractually required contributions for each year as set by state statute.

**CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

D. Other Postemployment Benefit Disclosure

The City provides health insurance benefits for certain retired employees under a single-employer fully-insured plan, financed and administered by the City of Baxter and the National Joint Powers Alliance. Health Partners, under contract with National Joint Powers Alliance, is the claims administrator. 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. As of January 1, 2014, three retirees were receiving health benefits from the City's health plan.

As of year-end, the City has 39 eligible plan participants. The City finances the plan on a pay-as-you-go basis.

1. Annual OPEB Cost and Net OPEB Obligation

As of January 1, 2014, the City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 25. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for 2014, the amount contributed to the plan, and changes in the City's net OPEB obligation:

Annual Required Contribution (ARC):	\$ 25,672
Interest on Net OPEB Obligation	1,154
Adjustment to ARC	<u>(1,596)</u>
Annual OPEB Cost	25,230
Contributions during the year	<u>(29,339)</u>
Increase (Decrease) in Net OPEB Obligation	(4,109)
Net OPEB - Beginning of the Year	<u>25,652</u>
Net OPEB - End of the Year	<u><u>\$ 21,543</u></u>

Prior to 2011, the City had elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members.

For the governmental activities, other postemployment benefits are generally liquidated through the General Fund.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

D. Other Postemployment Benefit Disclosure (Continued)

1. Annual OPEB Cost and Net OPEB Obligation (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the years ended December 31, 2014, 2013, and 2012 were as follows:

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2014	\$ 25,230	\$ 29,339	116.3%	\$ 21,543
December 31, 2013	22,378	19,682	88.0%	25,652
December 31, 2012	22,467	17,847	79.4%	27,576

2. Funding Status and Funding Progress

The City currently has no assets that have been deposited into an irrevocable trust for future health benefits. Therefore, the actuarial value of assets is zero. No separate stand-alone financial report is issued for this plan.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2014	\$ -	\$306,715	\$ 306,715	0.0%	\$ 2,345,523	13.1%

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

3. Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 4 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

D. Other Postemployment Benefit Disclosure (Continued)

3. Actuarial Methods and Assumptions (Continued)

In the January 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.50% discount rate, which is based on the estimated long-term investment yield of the City and is net of investment expenses. The inflation rate is 2.5%. The annual medical trend rate is 7.5% initially, grading to 5.00% over 10 years. Projected salary increases and post-retirement benefit increases are not applicable. The unfunded actuarial accrued liability is being amortized over thirty years on a closed basis.

NOTE 5 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

A. Construction Commitments

At year-end, the City had approximately \$322,234 of outstanding construction commitments related to construction services for the Woida, Wildflower, Franklin infrastructure project. The City also had \$23,500 remaining on a contract for a new hypochlorite generation system at the water treatment plant.

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. 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.

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

**CITY OF BAXTER, MINNESOTA
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS
DECEMBER 31, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2014	\$ -	\$306,715	\$ 306,715	0.0%	\$ 2,345,523	13.1%
1/1/2011	-	251,469	251,469	0.0%	2,314,405	10.9%
1/1/2009	-	182,763	182,763	0.0%	2,376,701	7.7%

CITY OF BAXTER, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
GENERAL PROPERTY TAXES	\$ 4,427,200	\$ 4,382,200	\$ 4,317,982	\$ (64,218)
SPECIAL ASSESSMENTS				
Principal	8,100	8,100	7,440	(660)
Interest	-	-	15	15
Total Special Assessments	8,100	8,100	7,455	(645)
LICENSES, PERMITS, AND FEES				
Business Licenses and Permits	32,300	32,300	36,827	4,527
Franchise Fees	75,000	75,000	93,804	18,804
Other Licenses, Permits, and Fees	14,300	14,300	20,072	5,772
Total Licenses, Permits and Fees	121,600	121,600	150,703	29,103
INTERGOVERNMENTAL				
STATE AND LOCAL				
PERA Increase Aid	2,000	2,000	2,010	10
Market Value Credit	-	-	413	413
Public Safety Grants	106,000	106,000	117,456	11,456
Total State and Local	108,000	108,000	119,879	11,879
FEDERAL				
Public Safety Grants	-	-	17,845	17,845
Total Intergovernmental	108,000	108,000	137,724	29,724
CHARGES FOR SERVICES	406,800	406,800	427,290	20,490
FINES AND FORFEITS	73,500	73,500	67,121	(6,379)
GIFTS AND CONTRIBUTIONS	-	-	9,352	9,352
INVESTMENT EARNINGS	40,000	40,000	36,914	(3,086)
NET INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENTS	-	-	5,018	5,018
MISCELLANEOUS				
Other Rents and Royalties	72,000	72,000	75,954	3,954
Other Miscellaneous Revenues	-	-	52,213	52,213
Total Miscellaneous	72,000	72,000	128,167	56,167
Total Revenues	5,257,200	5,212,200	5,287,726	75,526

See accompanying Notes to the Required Supplementary Information.

CITY OF BAXTER, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Other General Government	\$ 355,100	\$ 341,900	\$ 253,997	\$ 87,903
Council	36,000	36,000	35,070	930
Administration	318,400	319,400	314,540	4,860
Finance	377,100	379,600	369,550	10,050
Public Works Administration	252,200	261,900	263,574	(1,674)
Information Systems	127,000	127,000	124,848	2,152
Legal	52,000	52,000	31,980	20,020
Total General Government	<u>1,517,800</u>	<u>1,517,800</u>	<u>1,393,559</u>	<u>124,241</u>
PUBLIC SAFETY				
Police	1,509,700	1,509,700	1,517,311	(7,611)
Fire Protection	279,900	279,900	279,895	5
Total Public Safety	<u>1,789,600</u>	<u>1,789,600</u>	<u>1,797,206</u>	<u>(7,606)</u>
PUBLIC WORKS				
Streets	550,500	550,500	479,454	71,046
CULTURE AND RECREATION				
Parks Maintenance	529,000	529,000	504,389	24,611
Recreation Program	22,200	22,200	30,500	(8,300)
Total Culture and Recreation	<u>551,200</u>	<u>551,200</u>	<u>534,889</u>	<u>16,311</u>
CAPITAL OUTLAY				
Public Works	11,500	11,500	-	11,500
Total Capital Outlay	<u>11,500</u>	<u>11,500</u>	<u>-</u>	<u>11,500</u>
DEBT SERVICE				
Principal	25,000	25,000	25,000	-
Total Expenditures	<u>4,445,600</u>	<u>4,445,600</u>	<u>4,230,108</u>	<u>215,492</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	811,600	766,600	1,057,618	291,018
OTHER FINANCING SOURCES (USES)				
Transfers In	-	54,400	54,493	93
Transfers Out	(811,600)	(1,128,200)	(1,128,200)	-
Total Other Financing Sources (Uses)	<u>(811,600)</u>	<u>(1,073,800)</u>	<u>(1,073,707)</u>	<u>93</u>
NET CHANGE IN FUND BALANCE				
	<u>\$ -</u>	<u>\$ (307,200)</u>	<u>(16,089)</u>	<u>\$ 291,111</u>
Fund Balances - Beginning of Year			<u>3,507,464</u>	
FUND BALANCES - END OF YEAR			<u>\$ 3,491,375</u>	

**CITY OF BAXTER, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ECONOMIC DEVELOPMENT AUTHORITY FUND
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Special Assessments				
Principal	\$ 27,600	\$ 27,600	\$ 50,950	\$ 23,350
Interest	5,700	5,700	11,056	5,356
Charges for Services	1,000	1,000	1,309	309
Investment Earnings	9,000	9,000	13,149	4,149
Net Increase (Decrease) in Fair Value of Investments	-	-	1,725	1,725
Total Revenues	43,300	43,300	78,189	34,889
EXPENDITURES				
CURRENT				
Economic and Community Development				
Economic Development	67,100	67,100	32,547	34,553
EXCESS OF REVENUES OVER EXPENDITURES	(23,800)	(23,800)	45,642	69,442
OTHER FINANCING SOURCES				
Transfers In	44,000	44,000	44,000	-
NET CHANGE IN FUND BALANCE	<u>\$ 20,200</u>	<u>\$ 20,200</u>	89,642	<u>\$ 69,442</u>
Fund Balance - Beginning of Year			<u>2,816,700</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,906,342</u>	

See accompanying Notes to the Required Supplementary Information.

**CITY OF BAXTER, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
SALES TAX COLLECTIONS FUND
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Sales Tax	\$ 2,285,000	\$ 2,285,000	\$ 2,330,735	\$ 45,735
Investment Earnings	73,500	73,500	87,286	13,786
Net Increase (Decrease) in Fair Value of Investments	-	-	11,775	11,775
Total Revenues	2,358,500	2,358,500	2,429,796	71,296
EXPENDITURES				
CURRENT				
General Government	57,900	57,900	54,673	3,227
EXCESS OF REVENUES OVER EXPENDITURES				
	2,300,600	2,300,600	2,375,123	74,523
OTHER FINANCING SOURCES (USES)				
Transfers Out	(968,500)	(968,500)	(967,250)	1,250
NET CHANGE IN FUND BALANCE				
	<u>\$ 1,332,100</u>	<u>\$ 1,332,100</u>	1,407,873	<u>\$ 75,773</u>
Fund Balance - Beginning of Year			<u>7,047,478</u>	
FUND BALANCE - END OF YEAR			<u>\$ 8,455,351</u>	

See accompanying Notes to the Required Supplementary Information.

CITY OF BAXTER, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2014

I. BUDGETARY INFORMATION

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

- a. 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*.
- b. Public hearings and work sessions on the City's budget are conducted in the Council Chambers at City Hall.
- c. Within five business days of December 20th, the final budget is legally enacted by Council resolution and the final property tax levy is certified to the County Auditor-Treasurer.
- d. 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.
- e. The City has legally adopted budgets for the general fund; economic development fund; sales tax collections fund; debt service fund; and cemetery, community development, capital park, lodging tax administration, and recycling nonmajor special revenue funds. 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.
- f. Budgets for the general fund, applicable special revenue funds, and debt service fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council. All annual appropriations lapse at fiscal year-end.

Expenditures exceeded budgeted amounts in the following funds:

	<u>Expenditures</u>	<u>Budget</u>	<u>Excess</u>
Nonmajor Special Revenue Fund			
Community Development Fund	\$ 406,157	\$ 401,000	\$ 5,157
Lodging Tax Administration Fund	321,994	296,000	25,994
Recycling Fund	37,970	36,100	1,870

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

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**CITY OF BAXTER, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
General Property Taxes	\$ 1,126,000	\$ 1,126,000	\$ 1,112,664	\$ (13,336)
Special Assessments				
Principal	644,000	644,000	745,203	101,203
Interest	93,000	93,000	156,592	63,592
Intergovernmental				
Federal	75,200	75,200	76,372	1,172
Investment Earnings	16,100	16,100	51,163	35,063
Net Increase (Decrease) in Fair Value of Investments	-	-	5,078	5,078
Total Revenues	1,954,300	1,954,300	2,147,072	192,772
EXPENDITURES				
DEBT SERVICE				
Principal	2,227,100	2,227,100	2,227,000	100
Interest and Fiscal Charges	605,500	686,400	660,081	26,319
Total Expenditures	2,832,600	2,913,500	2,887,081	26,419
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(878,300)	(959,200)	(740,009)	219,191
OTHER FINANCING SOURCES				
Transfers In	668,200	668,200	667,000	(1,200)
Total Other Financing Sources	668,200	668,200	667,000	(1,200)
NET CHANGE IN FUND BALANCE	<u>\$ (210,100)</u>	<u>\$ (291,000)</u>	(73,009)	<u>\$ 217,991</u>
Fund Balance - Beginning of Year			<u>8,474,339</u>	
FUND BALANCE - END OF YEAR			<u>\$ 8,401,330</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.

Revolving Loan Fund - This fund is used to account for grant and loan repayment funds restricted for the issuance of revolving economic development loans.

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 Revenue Collection Fund - This fund is used to account for tax increment revenues generated from the Westport Mall and used for economic development projects.

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

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

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

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

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

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

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

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

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

**CITY OF BAXTER, MINNESOTA
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	<u>Cemetery</u>	<u>Community Development</u>	<u>Capital Park</u>	<u>Project Development</u>
ASSETS				
Cash and Pooled Investments	\$ 55,067	\$ 570,586	\$ 771,070	\$ 191,895
Accounts Receivable	-	-	-	-
Prepaid Items	-	1,065	-	-
Special Assessments Receivable	-	13,268	-	-
Total Assets	<u>\$ 55,067</u>	<u>\$ 584,919</u>	<u>\$ 771,070</u>	<u>\$ 191,895</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 13,160	\$ 123	\$ 586
Due to Other Governments	-	2,789	-	-
Salaries Payable	-	6,410	-	-
Contracts Payable	-	-	36,278	-
Unearned Revenues	-	7,836	3,505	-
Advances from Other Funds	-	-	-	-
Escrow Deposits	-	19,775	-	117,209
Total Liabilities	-	49,970	39,906	117,795
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue				
Special Assessments	-	13,268	-	-
FUND BALANCES				
Nonspendable	-	1,065	-	-
Restricted	-	-	-	-
Committed	40,139	520,616	731,164	74,100
Assigned	14,928	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>55,067</u>	<u>521,681</u>	<u>731,164</u>	<u>74,100</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 55,067</u>	<u>\$ 584,919</u>	<u>\$ 771,070</u>	<u>\$ 191,895</u>

<u>Revolving Loan</u>	<u>Lodging Tax Administration</u>	<u>TIF Revenue Collection</u>	<u>TIF District 5 Arbor Glenn</u>	<u>TIF District 6 Clearwater Estates</u>	<u>TIF District 7 Grand Oaks</u>	<u>TIF District 8 Arbor Glenn 2</u>
\$ 425,702	\$ 15,927	\$ 378,880	\$ 83,071	\$ 106,829	\$ 6,749	\$ 71,609
-	20,568	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 425,702</u>	<u>\$ 36,495</u>	<u>\$ 378,880</u>	<u>\$ 83,071</u>	<u>\$ 106,829</u>	<u>\$ 6,749</u>	<u>\$ 71,609</u>
\$ -	\$ 36,495	\$ 62	\$ 15,355	\$ 29,531	\$ 6,420	\$ 49,823
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2,200	-
-	-	850	-	-	-	-
-	36,495	912	15,355	29,531	8,620	49,823
-	-	-	-	-	-	-
-	-	-	-	-	-	-
425,702	-	377,968	67,716	77,298	-	21,786
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(1,871)	-
<u>425,702</u>	<u>-</u>	<u>377,968</u>	<u>67,716</u>	<u>77,298</u>	<u>(1,871)</u>	<u>21,786</u>
<u>\$ 425,702</u>	<u>\$ 36,495</u>	<u>\$ 378,880</u>	<u>\$ 83,071</u>	<u>\$ 106,829</u>	<u>\$ 6,749</u>	<u>\$ 71,609</u>

**CITY OF BAXTER, MINNESOTA
COMBINING BALANCE SHEET (CONTINUED)
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	TIF District 9 Grand Oaks Court	TIF District 10 Isle Drive	TIF District 12 Isle/Falcon Drive	Alcohol Seizure
ASSETS				
Cash and Pooled Investments	\$ 9,364	\$ 254,996	\$ 265	\$ 19,113
Accounts Receivable	-	-	-	-
Prepaid Items	-	-	-	-
Special Assessments Receivable	-	-	-	-
Total Assets	<u>\$ 9,364</u>	<u>\$ 254,996</u>	<u>\$ 265</u>	<u>\$ 19,113</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 7,430	\$ -	\$ -	\$ -
Due to Other Governments	-	-	-	-
Salaries Payable	-	-	-	-
Contracts Payable	-	-	-	-
Unearned Revenues	-	-	-	-
Advances from Other Funds	-	-	98,900	-
Escrow Deposits	-	-	-	-
Total Liabilities	7,430	-	98,900	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue				
Special Assessments	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	1,934	254,996	-	19,113
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(98,635)	-
Total Fund Balances	<u>1,934</u>	<u>254,996</u>	<u>(98,635)</u>	<u>19,113</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,364</u>	<u>\$ 254,996</u>	<u>\$ 265</u>	<u>\$ 19,113</u>

Drug Seizure	Recycling	Combined Totals
\$ 34,731	\$ 3,294	\$ 2,999,148
-	-	20,568
-	-	1,065
-	-	13,268
<u>\$ 34,731</u>	<u>\$ 3,294</u>	<u>\$ 3,034,049</u>

\$ -	\$ 2,801	\$ 161,786
-	-	2,789
-	-	6,410
-	-	36,278
-	-	11,341
-	-	101,100
9,893	-	147,727
<u>9,893</u>	<u>2,801</u>	<u>467,431</u>

<u>-</u>	<u>-</u>	<u>13,268</u>
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-	-	1,065
24,838	-	1,271,351
-	493	1,366,512
-	-	14,928
-	-	(100,506)

<u>24,838</u>	<u>493</u>	<u>2,553,350</u>
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<u>\$ 34,731</u>	<u>\$ 3,294</u>	<u>\$ 3,034,049</u>
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CITY OF BAXTER, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2014

	Cemetery	Community Development	Capital Park	Project Development
REVENUES				
Lodging Tax	\$ -	\$ -	\$ -	\$ -
Tax Increments	-	-	-	-
Special Assessments	-	109	-	-
Licenses, Permits, and Fees	-	204,019	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	110,163	-	75
Fines and Forfeits	-	80	-	-
Investment Earnings	658	7,238	8,972	2,150
Net Increase (Decrease) in Fair Value of Investments	88	890	1,229	269
Miscellaneous	2,100	172	249,698	-
Total Revenues	2,846	322,671	259,899	2,494
EXPENDITURES				
CURRENT				
General Government	5,734	-	-	-
Public Safety	-	157,704	-	-
Sanitation	-	-	-	-
Culture and Recreation	-	-	31,278	-
Economic and Community Development	-	248,453	-	-
CAPITAL OUTLAY				
Culture and Recreation	-	-	340,314	-
Economic and Community Development	-	-	-	-
Total Expenditures	5,734	406,157	371,592	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,888)	(83,486)	(111,693)	2,494
OTHER FINANCING SOURCES (USES)				
Transfers In	2,900	91,500	6,600	-
Transfers Out	-	(3,800)	-	-
Total Other Financing Sources (Uses)	2,900	87,700	6,600	-
NET CHANGE IN FUND BALANCES	12	4,214	(105,093)	2,494
Fund Balance - Beginning of Year	55,055	517,467	836,257	71,606
FUND BALANCE - END OF YEAR	\$ 55,067	\$ 521,681	\$ 731,164	\$ 74,100

Revolving Loan	Lodging Tax Administration	TIF Revenue Collection	TIF District 5 Arbor Glenn	TIF District 6 Clearwater Estates	TIF District 7 Grand Oaks	TIF District 8 Arbor Glenn 2
\$ -	\$ 321,994	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	50,337	82,979	13,150	55,359
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,993	-	4,488	676	777	-	459
668	-	600	91	106	-	58
-	-	7,800	-	-	-	-
5,661	321,994	12,888	51,104	83,862	13,150	55,876
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20	321,994	665	31,987	60,057	14,097	51,253
-	-	-	-	-	-	-
-	-	7,593	-	-	-	-
20	321,994	8,258	31,987	60,057	14,097	51,253
5,641	-	4,630	19,117	23,805	(947)	4,623
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,641	-	4,630	19,117	23,805	(947)	4,623
420,061	-	373,338	48,599	53,493	(924)	17,163
\$ 425,702	\$ -	\$ 377,968	\$ 67,716	\$ 77,298	\$ (1,871)	\$ 21,786

CITY OF BAXTER, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (CONTINUED)
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2014

	TIF District 9 Grand Oaks Court	TIF District 10 Isle Drive	TIF District 12 Isle/Falcon Drive	Alcohol Seizure
REVENUES				
Lodging Tax	\$ -	\$ -	\$ -	\$ -
Tax Increments	15,949	140,699	-	-
Special Assessments	-	-	-	-
Licenses, Permits, and Fees	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	444
Fines and Forfeits	-	-	-	4,648
Investment Earnings	52	2,034	-	241
Net Increase (Decrease) in Fair Value of Investments	11	253	-	34
Miscellaneous	-	-	-	-
Total Revenues	16,012	142,986	-	5,367
EXPENDITURES				
CURRENT				
General Government	-	-	-	-
Public Safety	-	-	-	2,650
Sanitation	-	-	-	-
Culture and Recreation	-	-	-	-
Economic and Community Development	15,768	10,613	19,701	-
CAPITAL OUTLAY				
Culture and Recreation	-	-	-	-
Economic and Community Development	-	-	78,934	-
Total Expenditures	15,768	10,613	98,635	2,650
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	244	132,373	(98,635)	2,717
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	(7,000)
Total Other Financing Sources (Uses)	-	-	-	(7,000)
NET CHANGE IN FUND BALANCES				
	244	132,373	(98,635)	(4,283)
Fund Balance - Beginning of Year	1,690	122,623	-	23,396
FUND BALANCE - END OF YEAR	\$ 1,934	\$ 254,996	\$ (98,635)	\$ 19,113

Drug Seizure	Recycling	Combined Totals
\$ -	\$ -	\$ 321,994
-	-	358,473
-	-	109
-	-	204,019
-	21,700	21,700
667	162	111,511
14,459	-	19,187
390	189	33,317
49	29	4,375
-	-	259,770
<u>15,565</u>	<u>22,080</u>	<u>1,334,455</u>
-	-	5,734
-	-	160,354
-	37,970	37,970
-	-	31,278
-	-	774,608
-	-	340,314
-	-	86,527
<u>-</u>	<u>37,970</u>	<u>1,436,785</u>
15,565	(15,890)	(102,330)
-	3,400	104,400
-	-	(10,800)
<u>-</u>	<u>3,400</u>	<u>93,600</u>
15,565	(12,490)	(8,730)
9,273	12,983	2,562,080
<u>\$ 24,838</u>	<u>\$ 493</u>	<u>\$ 2,553,350</u>

**CITY OF BAXTER, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CEMETERY SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Investment Earnings	\$ 500	\$ 500	\$ 658	\$ 158
Net Increase (Decrease) in Fair Value of Investments	-	-	88	88
Miscellaneous Other Miscellaneous Revenues	3,000	3,000	2,100	(900)
Total Revenues	3,500	3,500	2,846	(654)
EXPENDITURES				
CURRENT				
General Government Cemetery	8,000	8,000	5,734	2,266
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,500)	(4,500)	(2,888)	1,612
OTHER FINANCING SOURCES				
Transfers In	4,500	2,900	2,900	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (1,600)</u>	12	<u>\$ 1,612</u>
Fund Balance - Beginning of Year			55,055	
FUND BALANCE - END OF YEAR			<u>\$ 55,067</u>	

**CITY OF BAXTER, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Special Assessments				
Principal	\$ -	\$ -	\$ 102	\$ 102
Interest	-	-	7	7
Licenses, Permits, and Fees	117,500	117,500	204,019	86,519
Charges for Services	66,900	66,900	110,163	43,263
Fines and Forfeits	-	-	80	80
Investment Earnings	2,800	2,800	7,238	4,438
Net Increase (Decrease) in Fair Value of Investments	-	-	890	890
Miscellaneous Other Miscellaneous Revenues	-	-	172	172
Total Revenues	<u>187,200</u>	<u>187,200</u>	<u>322,671</u>	<u>135,471</u>
EXPENDITURES				
CURRENT				
Public Safety				
Building Inspection	151,600	151,600	157,704	(6,104)
Economic and Community Development Planning	<u>249,400</u>	<u>249,400</u>	<u>248,453</u>	<u>947</u>
Total Expenditures	<u>401,000</u>	<u>401,000</u>	<u>406,157</u>	<u>(5,157)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(213,800)	(213,800)	(83,486)	130,314
OTHER FINANCING SOURCES (USES)				
Transfers In	183,000	91,500	91,500	-
Transfers Out	<u>(3,800)</u>	<u>(3,800)</u>	<u>(3,800)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>179,200</u>	<u>87,700</u>	<u>87,700</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (34,600)</u>	<u>\$ (126,100)</u>	4,214	<u>\$ 130,314</u>
Fund Balance - Beginning of Year			<u>517,467</u>	
FUND BALANCE - END OF YEAR			<u>\$ 521,681</u>	

**CITY OF BAXTER, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PARK SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Investment Earnings	\$ 7,000	\$ 7,000	\$ 8,972	\$ 1,972
Net Increase (Decrease) in Fair Value of Investments	-	-	1,229	1,229
Miscellaneous Park Dedication	72,000	72,000	249,698	177,698
Total Revenues	79,000	79,000	259,899	180,899
EXPENDITURES				
CURRENT				
Culture and Recreation Capital Park	6,800	31,500	31,278	222
CAPITAL OUTLAY Culture and Recreation	322,200	381,600	340,314	41,286
Total Expenditures	329,000	413,100	371,592	41,508
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(250,000)	(334,100)	(111,693)	222,407
OTHER FINANCING SOURCES				
Transfers In	6,800	6,600	6,600	-
NET CHANGE IN FUND BALANCE	<u>\$ (243,200)</u>	<u>\$ (327,500)</u>	(105,093)	<u>\$ 222,407</u>
Fund Balance - Beginning of Year			<u>836,257</u>	
FUND BALANCE - END OF YEAR			<u>\$ 731,164</u>	

**CITY OF BAXTER, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
LODGING TAX ADMINISTRATION SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Lodging Tax	\$ 296,000	\$ 296,000	\$ 321,994	\$ 25,994
EXPENDITURES				
CURRENT				
Economic and Community Development	296,000	296,000	321,994	(25,994)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year			-	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

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**CITY OF BAXTER, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
RECYCLING SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental				
State and Local	\$ 21,700	\$ 21,700	\$ 21,700	\$ -
Charges for Services	300	300	162	(138)
Investment Earnings	100	100	189	89
Net Increase (Decrease) in Fair Value of Investments	-	-	29	29
Total Revenues	22,100	22,100	22,080	(20)
EXPENDITURES				
CURRENT				
Sanitation	36,100	36,100	37,970	(1,870)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,000)	(14,000)	(15,890)	(1,890)
OTHER FINANCING SOURCES				
Transfers In	3,400	3,400	3,400	-
NET CHANGE IN FUND BALANCE	<u>\$ (10,600)</u>	<u>\$ (10,600)</u>	(12,490)	<u>\$ (1,890)</u>
Fund Balance - Beginning of Year			12,983	
FUND BALANCE - END OF YEAR			<u>\$ 493</u>	

**CITY OF BAXTER, MINNESOTA
COMBINING BALANCE SHEET
DEBT SERVICE FUND – BY BOND ISSUE
DECEMBER 31, 2014**

	2005A G.O. Refunding Bonds 1997 & 1998	2006A G.O. CIP Bonds	2006B G.O. Improvement Bonds	2007B G.O. Improvement Bonds
ASSETS				
Cash and Pooled Investments	\$ -	\$ 681,540	\$ 1,471,993	\$ 941,072
Cash and Investments with Escrow Agent	-	-	-	-
Due From Other Governments	-	6,421	4,876	4,804
Delinquent Taxes Receivable	-	5,471	9,008	4,933
Special Assessments Receivable	-	-	980,543	770,898
Total Assets	<u>\$ -</u>	<u>\$ 693,432</u>	<u>\$ 2,466,420</u>	<u>\$ 1,721,707</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Governments	-	-	4,377	1,780
Total Liabilities	-	-	4,377	1,780
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue				
Taxes	-	5,471	9,008	4,933
Special Assessments	-	-	980,543	770,898
Total Deferred Inflows of Resources	-	5,471	989,551	775,831
FUND BALANCES				
Restricted	-	687,961	1,472,492	944,096
Total Fund Balances	-	687,961	1,472,492	944,096
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ 693,432</u>	<u>\$ 2,466,420</u>	<u>\$ 1,721,707</u>

2009A G.O. Sales Tax Wastewater Note	2009B G.O. Sales Tax Wastewater Note	2010 G.O. Refunding Bonds '04 & '05B	2013A G.O. Refunding Bonds '06A & '06B	2014 G.O. Improvement Bonds	Combined Totals
\$ 149	\$ 765	\$ 1,200,751	\$ 64,426	\$ 544	\$ 4,361,240
-	-	-	4,014,119	-	4,014,119
-	-	20,892	359	-	37,352
-	-	8,356	542	-	28,310
-	-	1,317,391	-	1,311,424	4,380,256
<u>\$ 149</u>	<u>\$ 765</u>	<u>\$ 2,547,390</u>	<u>\$ 4,079,446</u>	<u>\$ 1,311,968</u>	<u>\$ 12,821,277</u>
\$ -	\$ -	\$ -	\$ -	\$ 450	\$ 450
-	-	4,774	-	-	10,931
-	-	4,774	-	450	11,381
-	-	8,356	542	-	28,310
-	-	1,317,391	-	1,311,424	4,380,256
-	-	1,325,747	542	1,311,424	4,408,566
<u>149</u>	<u>765</u>	<u>1,216,869</u>	<u>4,078,904</u>	<u>94</u>	<u>8,401,330</u>
<u>149</u>	<u>765</u>	<u>1,216,869</u>	<u>4,078,904</u>	<u>94</u>	<u>8,401,330</u>
<u>\$ 149</u>	<u>\$ 765</u>	<u>\$ 2,547,390</u>	<u>\$ 4,079,446</u>	<u>\$ 1,311,968</u>	<u>\$ 12,821,277</u>

CITY OF BAXTER, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
DEBT SERVICE FUND – BY BOND ISSUE
YEAR ENDED DECEMBER 31, 2014

	2005A G.O. Refunding Bonds 1997 & 1998	2006A G.O. CIP Bonds	2006B G.O. Improvement Bonds	2007B G.O. Improvement Bonds
REVENUES				
Taxes	\$ -	\$ 364,180	\$ -	\$ 328,138
Special Assessments	-	-	271,477	204,103
Intergovernmental	-	-	-	-
Investment Earnings	-	5,802	15,706	7,724
Net Increase (Decrease) in Fair Value of Investments	-	747	2,102	956
Total Revenues	-	370,729	289,285	540,921
EXPENDITURES				
DEBT SERVICE				
Principal	130,000	190,000	400,000	210,000
Interest and Fiscal Charges	2,178	130,644	66,849	88,060
Total Expenditures	<u>132,178</u>	<u>320,644</u>	<u>466,849</u>	<u>298,060</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(132,178)	50,085	(177,564)	242,861
OTHER FINANCING SOURCES (USES)				
Transfers In	-	50,000	-	39,922
Transfers Out	(39,922)	-	-	-
Total Other Financing Sources (Uses)	<u>(39,922)</u>	<u>50,000</u>	<u>-</u>	<u>39,922</u>
NET CHANGE IN FUND BALANCES	(172,100)	100,085	(177,564)	282,783
Fund Balance - Beginning of Year	<u>172,100</u>	<u>587,876</u>	<u>1,650,056</u>	<u>661,313</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 687,961</u>	<u>\$ 1,472,492</u>	<u>\$ 944,096</u>

2009A G.O. Sales Tax Wastewater Note	2009B G.O. Sales Tax Wastewater Note	2010 G.O. Refunding Bonds '04 & '05B	2013A G.O. Refunding Bonds '06A & '06B	2014 G.O. Improvement Bonds	Internal Eliminations	Combined Totals
\$ -	\$ -	\$ 376,903	\$ 43,443	\$ -	\$ -	\$ 1,112,664
-	-	425,678	-	537	-	901,795
-	76,372	-	-	-	-	76,372
-	-	9,437	12,490	4	-	51,163
-	-	1,213	57	3	-	5,078
-	76,372	813,231	55,990	544	-	2,147,072
67,667	384,333	845,000	-	-	-	2,227,000
6,236	235,136	49,203	81,325	450	-	660,081
73,903	619,469	894,203	81,325	450	-	2,887,081
(73,903)	(543,097)	(80,972)	(25,335)	94	-	(740,009)
73,903	543,097	-	-	-	(39,922)	667,000
-	-	-	-	-	39,922	-
73,903	543,097	-	-	-	-	667,000
-	-	(80,972)	(25,335)	94	-	(73,009)
149	765	1,297,841	4,104,239	-	-	8,474,339
\$ 149	\$ 765	\$ 1,216,869	\$ 4,078,904	\$ 94	\$ -	\$ 8,401,330

**CITY OF BAXTER, MINNESOTA
COMBINING BALANCE SHEET
CAPITAL PROJECT FUND – BY PROJECT
DECEMBER 31, 2014**

	<u>Collector Street</u>	<u>Street Replacement</u>	<u>Capital Equipment</u>	<u>Trails Construction</u>
ASSETS				
Cash and Pooled Investments	\$ 3,786,251	\$ 229,622	\$ 648,530	\$ 347,853
Accounts Receivable	-	-	-	-
Due From Other Governments	-	2,516	-	-
Delinquent Taxes Receivable	-	-	570	-
Special Assessments Receivable	335,182	23,070	-	-
	<u>335,182</u>	<u>23,070</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 4,121,433</u>	<u>\$ 255,208</u>	<u>\$ 649,100</u>	<u>\$ 347,853</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 10,990	\$ -
Due to Other Funds	-	-	-	-
Contracts Payable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	-	-	10,990	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue				
Taxes	-	-	570	-
Special Assessments	335,182	23,070	-	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	335,182	23,070	570	-
FUND BALANCES				
Assigned	3,786,251	232,138	637,540	347,853
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>3,786,251</u>	<u>232,138</u>	<u>637,540</u>	<u>347,853</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,121,433</u>	<u>\$ 255,208</u>	<u>\$ 649,100</u>	<u>\$ 347,853</u>

City Center Building	Cypress Drive	Woida Wildflower	Dellwood Novotny Ext	Cypress Town Center	Eagle Drive	Cypress Dr - Hinckley to 48
\$ 420,867	\$ -	\$ 361,172	\$ -	\$ 46,870	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 420,867</u>	<u>\$ -</u>	<u>\$ 361,172</u>	<u>\$ -</u>	<u>\$ 46,870</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 353	\$ 39,042	\$ 8,535	\$ -	\$ -	\$ -
-	11,188	-	100,021	-	2,499	36,388
-	-	128,238	-	-	-	-
-	11,541	167,280	108,556	-	2,499	36,388
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
420,867	-	193,892	-	46,870	-	-
-	(11,541)	-	(108,556)	-	(2,499)	(36,388)
<u>420,867</u>	<u>(11,541)</u>	<u>193,892</u>	<u>(108,556)</u>	<u>46,870</u>	<u>(2,499)</u>	<u>(36,388)</u>
<u>\$ 420,867</u>	<u>\$ -</u>	<u>\$ 361,172</u>	<u>\$ -</u>	<u>\$ 46,870</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF BAXTER, MINNESOTA
COMBINING BALANCE SHEET (CONTINUED)
CAPITAL PROJECT FUND – BY PROJECT
DECEMBER 31, 2014**

	Potlatch Phase 2	South Isle Dr Extension	Fairview Extension 371 NW	Inglewood/ Fairview/ Foley
ASSETS				
Cash and Pooled Investments	\$ 41,281	\$ -	\$ 4,554	\$ 72,559
Accounts Receivable	21,493	-	-	-
Due From Other Governments	-	-	-	-
Delinquent Taxes Receivable	-	-	-	-
Special Assessments Receivable	-	-	-	-
Total Assets	<u>\$ 62,774</u>	<u>\$ -</u>	<u>\$ 4,554</u>	<u>\$ 72,559</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 99,945	\$ -	\$ -
Due to Other Funds	-	197,617	-	-
Contracts Payable	65,077	-	-	-
Total Liabilities	65,077	297,562	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue				
Taxes	-	-	-	-
Special Assessments	-	-	-	-
Other	21,493	-	-	-
Total Deferred Inflows of Resources	21,493	-	-	-
FUND BALANCES				
Assigned	-	-	4,554	72,559
Unassigned	(23,796)	(297,562)	-	-
Total Fund Balances	<u>(23,796)</u>	<u>(297,562)</u>	<u>4,554</u>	<u>72,559</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 62,774</u>	<u>\$ -</u>	<u>\$ 4,554</u>	<u>\$ 72,559</u>

Cypress Phase 1 RR to 210	South Sewer Interceptor	Isle/ CSAH 48 Intersection	College/48 Intersection	Inglewood- Fairview to Excelsior	Falcon Drive	Independence Road
\$ 78,782	\$ -	\$ -	\$ 11,882	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 78,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,882</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,559	\$ 1,170	\$ -
-	5,883	9,845	-	4,168	28,969	6,744
-	-	-	11,882	-	2,500	-
-	5,883	9,845	11,882	7,727	32,639	6,744
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
78,782	-	-	-	-	-	-
-	(5,883)	(9,845)	-	(7,727)	(32,639)	(6,744)
<u>78,782</u>	<u>(5,883)</u>	<u>(9,845)</u>	<u>-</u>	<u>(7,727)</u>	<u>(32,639)</u>	<u>(6,744)</u>
<u>\$ 78,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,882</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**CITY OF BAXTER, MINNESOTA
COMBINING BALANCE SHEET (CONTINUED)
CAPITAL PROJECT FUND – BY PROJECT
DECEMBER 31, 2014**

	Excelsior - Cypress to East Limit	Briarwood Lane	Golf Course - Excelsior to Wolda	Combined Totals
ASSETS				
Cash and Pooled Investments	\$ -	\$ -	\$ -	\$ 6,050,223
Accounts Receivable	-	-	-	21,493
Due From Other Governments	-	-	-	2,516
Delinquent Taxes Receivable	-	-	-	570
Special Assessments Receivable	-	-	-	358,252
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ -	\$ -	\$ -	\$ 6,433,054
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 30,806	\$ 890	\$ -	\$ 195,290
Due to Other Funds	84,019	682	4,917	492,940
Contracts Payable	-	-	-	207,697
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	114,825	1,572	4,917	895,927
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue				
Taxes	-	-	-	570
Special Assessments	-	-	-	358,252
Other	-	-	-	21,493
	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	-	-	-	380,315
FUND BALANCES				
Assigned	-	-	-	5,821,306
Unassigned	(114,825)	(1,572)	(4,917)	(664,494)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	(114,825)	(1,572)	(4,917)	5,156,812
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ -	\$ -	\$ 6,433,054
	<hr/>	<hr/>	<hr/>	<hr/>

CITY OF BAXTER, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECT FUND – BY PROJECT
YEAR ENDED DECEMBER 31, 2014

	Collector Street	Street Replacement	Capital Equipment	Trails Construction
REVENUES				
Taxes	\$ -	\$ -	\$ 6	\$ -
Special Assessments	4,382	10,228	-	-
Intergovernmental	-	104,075	-	-
Charges for Services	-	-	-	-
Investment Earnings	43,707	3,839	6,713	4,172
Net Increase (Decrease) in Fair Value of Investments	5,744	471	925	550
Miscellaneous	-	-	8,303	-
Total Revenues	53,833	118,613	15,947	4,722
EXPENDITURES				
CURRENT				
General Government	-	-	26,652	-
Public Safety	-	-	24,512	-
Public Works	-	401,331	276	-
Culture and Recreation	-	-	4,939	22,108
CAPITAL OUTLAY				
General Government	-	-	86,446	-
Public Safety	-	-	80,234	-
Public Works	175,963	7,930	234,708	-
Culture and Recreation	-	-	53,781	-
DEBT SERVICE				
Bond Issue Costs	-	-	-	-
Total Expenditures	175,963	409,261	511,548	22,108
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(122,130)	(290,648)	(495,601)	(17,386)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	8,529	-
Proceeds from Sale of Bonds	-	-	-	-
Premium on Bonds Issued	-	-	-	-
Transfers In	337,000	289,300	370,900	28,500
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	337,000	289,300	379,429	28,500
NET CHANGE IN FUND BALANCES				
	214,870	(1,348)	(116,172)	11,114
Fund Balance - Beginning of Year	3,571,381	233,486	753,712	336,739
FUND BALANCE - END OF YEAR				
	\$ 3,786,251	\$ 232,138	\$ 637,540	\$ 347,853

City Center Building	Cypress Drive	Woida Wildflower	Dellwood Novotny Ext	Cypress Town Center	Eagle Drive	Cypress Dr - Hinckley to 48
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	540,000	-	-	-	-
-	-	120,909	-	-	-	-
4,936	-	-	-	569	-	-
661	(4)	(255)	(152)	74	(1)	(57)
-	-	-	-	-	-	-
5,597	(4)	660,654	(152)	643	(1)	(57)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	11,232	2,033	13,437	-	2,498	427
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	2,821,863	-	-	-	-
-	-	-	-	-	-	-
-	-	45,177	-	-	-	-
-	11,232	2,869,073	13,437	-	2,498	427
5,597	(11,236)	(2,208,419)	(13,589)	643	(2,499)	(484)
-	-	-	-	-	-	-
-	-	1,821,838	-	-	-	-
-	-	15,131	-	-	-	-
-	-	555,000	-	-	-	-
-	-	(132,632)	-	-	-	-
-	-	2,259,337	-	-	-	-
5,597	(11,236)	50,918	(13,589)	643	(2,499)	(484)
415,270	(305)	142,974	(94,967)	46,227	-	(35,904)
\$ 420,867	\$ (11,541)	\$ 193,892	\$ (108,556)	\$ 46,870	\$ (2,499)	\$ (36,388)

CITY OF BAXTER, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
CAPITAL PROJECT FUND – BY PROJECT
YEAR ENDED DECEMBER 31, 2014

	Potlatch Phase 2	South Isle Dr Extension	Fairview Extension 371 NW	Inglewood/ Fairview/ Foley
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Investment Earnings	484	-	61	851
Net Increase (Decrease) in Fair Value of Investments	65	(116)	8	114
Miscellaneous	-	-	-	-
Total Revenues	549	(116)	69	965
EXPENDITURES				
CURRENT				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	1,077	1,046	-
Culture and Recreation	-	-	-	-
CAPITAL OUTLAY				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	267,716	-	-
Culture and Recreation	-	-	-	-
DEBT SERVICE				
Bond Issue Costs	-	-	-	-
Total Expenditures	-	268,793	1,046	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	549	(268,909)	(977)	965
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	-
Premium on Bonds Issued	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	549	(268,909)	(977)	965
Fund Balance - Beginning of Year	(24,345)	(28,653)	5,531	71,594
FUND BALANCE - END OF YEAR	\$ (23,796)	\$ (297,562)	\$ 4,554	\$ 72,559

Cypress Phase 1 RR to 210	South Sewer Interceptor	Isle/ CSAH 48 Intersection	College/48 Intersection	Inglewood- Fairview to Excelsior	Falcon Drive	Independence Road
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
924	-	-	-	-	-	-
124	(9)	(15)	-	(1)	(162)	(4)
-	-	-	-	-	-	-
1,048	(9)	(15)	-	(1)	(162)	(4)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	69	115	-	7,426	1,566	6,740
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	128,232	-
-	-	-	-	-	-	-
-	-	-	-	-	2,557	-
-	69	115	-	7,426	132,355	6,740
1,048	(78)	(130)	-	(7,427)	(132,517)	(6,744)
-	-	-	-	-	-	-
-	-	-	-	-	103,162	-
-	-	-	-	-	857	-
-	-	-	-	-	-	-
-	-	-	-	-	(3,661)	-
-	-	-	-	-	100,358	-
1,048	(78)	(130)	-	(7,427)	(32,159)	(6,744)
77,734	(5,805)	(9,715)	-	(300)	(480)	-
\$ 78,782	\$ (5,883)	\$ (9,845)	\$ -	\$ (7,727)	\$ (32,639)	\$ (6,744)

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CITY OF BAXTER, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
CAPITAL PROJECT FUND – BY PROJECT
YEAR ENDED DECEMBER 31, 2014

	Excelsior - Cypress to East Limit	Briarwood Lane	Golf Course - Excelsior to Woida	Combined Totals
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 6
Special Assessments	-	-	-	14,610
Intergovernmental	-	-	-	644,075
Charges for Services	-	-	-	120,909
Investment Earnings	-	-	-	66,256
Net Increase (Decrease) in Fair Value of Investments	(29)	-	(1)	7,930
Miscellaneous	-	-	-	8,303
Total Revenues	(29)	-	(1)	862,089
EXPENDITURES				
CURRENT				
General Government	-	-	-	26,652
Public Safety	-	-	-	24,512
Public Works	302	1,572	4,916	456,063
Culture and Recreation	-	-	-	27,047
CAPITAL OUTLAY				
General Government	-	-	-	86,446
Public Safety	-	-	-	80,234
Public Works	114,494	-	-	3,750,906
Culture and Recreation	-	-	-	53,781
DEBT SERVICE				
Bond Issue Costs	-	-	-	47,734
Total Expenditures	114,796	1,572	4,916	4,553,375
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(114,825)	(1,572)	(4,917)	(3,691,286)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	-	8,529
Proceeds from Sale of Bonds	-	-	-	1,925,000
Premium on Bonds Issued	-	-	-	15,988
Transfers In	-	-	-	1,580,700
Transfers Out	-	-	-	(136,293)
Total Other Financing Sources (Uses)	-	-	-	3,393,924
NET CHANGE IN FUND BALANCES	(114,825)	(1,572)	(4,917)	(297,362)
Fund Balance - Beginning of Year	-	-	-	5,454,174
FUND BALANCE - END OF YEAR	\$ (114,825)	\$ (1,572)	\$ (4,917)	\$ 5,156,812

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
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year		
	2005	2006	2007
Governmental Activities			
Net Investment in Capital Assets	\$ (190,816)	\$ 357,452	\$ 2,262,489
Restricted for:			
General Government	-	-	17,602
Capital Projects	-	-	1,379,922
Debt Service	6,565,824	9,149,905	25,283,411
Economic Development	-	-	-
Sales Tax Funded Infrastructure	-	-	-
Revolving Loans	-	-	-
Tax Increment Financing	-	-	-
Police Activity	-	-	-
Unrestricted	<u>25,073,995</u>	<u>24,273,132</u>	<u>7,737,948</u>
Total Governmental Activities Net Position	<u>\$ 31,449,003</u>	<u>\$ 33,780,489</u>	<u>\$ 36,681,372</u>
Business-Type Activities			
Net Investment in Capital Assets	\$ 22,701,367	\$ 33,643,933	\$ 34,692,230
Unrestricted	<u>9,001,630</u>	<u>3,362,203</u>	<u>8,144,091</u>
Total Business-Type Activities Net Position	<u>\$ 31,702,997</u>	<u>\$ 37,006,136</u>	<u>\$ 42,836,321</u>
Primary Government			
Net Investment in Capital Assets	\$ 22,510,551	\$ 34,001,385	\$ 36,954,719
Restricted for:			
General Government	-	-	17,602
Capital Projects	-	-	1,379,922
Debt Service	6,565,824	9,149,905	25,283,411
Economic Development	-	-	-
Sales Tax Funded Infrastructure	-	-	-
Revolving Loans	-	-	-
Tax Increment Financing	-	-	-
Police Activity	-	-	-
Unrestricted	<u>34,075,625</u>	<u>27,635,335</u>	<u>15,882,039</u>
Total Primary Government Net Position	<u>\$ 63,152,000</u>	<u>\$ 70,786,625</u>	<u>\$ 79,517,693</u>

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$ 6,355,520	\$ 9,755,015	\$ 14,638,901	\$ 19,093,683	\$ 22,675,313	\$ 18,567,059	\$ 21,024,796
20,002	22,577	-	-	-	-	-
105,963	1,080,801	-	-	-	-	-
20,957,105	17,788,265	13,977,284	9,634,569	8,805,956	7,868,180	8,395,615
-	-	2,939,435	2,939,925	2,964,012	2,977,504	3,016,196
-	-	5,890,212	5,311,147	5,785,750	7,057,415	8,467,296
-	-	402,556	411,558	419,549	420,061	425,702
-	-	999,858	521,192	462,417	616,906	801,698
-	-	19,002	20,108	25,082	32,669	43,951
10,234,105	12,327,885	6,610,863	147,101	(2,571,438)	3,152,221	2,980,658
<u>\$ 37,672,695</u>	<u>\$ 40,974,543</u>	<u>\$ 45,478,111</u>	<u>\$ 38,079,283</u>	<u>\$ 38,566,641</u>	<u>\$ 40,692,015</u>	<u>\$ 45,155,912</u>
\$ 34,958,321	\$ 34,178,791	\$ 33,290,422	\$ 42,523,243	\$ 45,066,969	\$ 44,021,212	\$ 43,430,296
8,601,996	8,400,102	8,523,113	8,457,050	9,739,329	10,979,563	11,646,054
<u>\$ 43,560,317</u>	<u>\$ 42,578,893</u>	<u>\$ 41,813,535</u>	<u>\$ 50,980,293</u>	<u>\$ 54,806,298</u>	<u>\$ 55,000,775</u>	<u>\$ 55,076,350</u>
\$ 41,313,841	\$ 43,933,806	\$ 47,929,323	\$ 53,175,816	\$ 59,751,282	\$ 54,714,808	\$ 57,139,494
20,002	22,577	-	-	-	-	-
105,963	1,080,801	-	-	-	-	-
20,957,105	17,788,265	13,977,284	9,634,569	8,805,956	7,868,180	8,395,615
-	-	2,939,435	2,939,925	2,964,012	2,977,504	3,016,196
-	-	5,890,212	5,311,147	5,785,750	7,057,415	8,467,296
-	-	402,556	411,558	419,549	420,061	425,702
-	-	999,858	521,192	462,417	616,906	801,698
-	-	19,002	20,108	25,082	32,669	43,951
18,836,101	20,727,987	15,133,976	17,045,261	15,158,891	22,005,247	21,942,310
<u>\$ 81,233,012</u>	<u>\$ 83,553,436</u>	<u>\$ 87,291,646</u>	<u>\$ 89,059,576</u>	<u>\$ 93,372,939</u>	<u>\$ 95,692,790</u>	<u>\$ 100,232,262</u>

**CITY OF BAXTER, MINNESOTA
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year		
	2005	2006	2007
Expenses			
Governmental Activities			
General Government	\$ 1,786,312	\$ 1,216,795	\$ 1,378,865
Public Safety	1,652,861	1,757,316	1,798,739
Public Works	1,006,311	2,718,121	2,354,018
Sanitation	27,735	29,924	28,739
Culture and Recreation	475,297	553,874	582,079
Economic and Community Development	350,402	760,719	772,561
Interest	841,247	1,031,227	1,193,519
Total Governmental Activities Expenses	<u>\$ 6,140,165</u>	<u>\$ 8,067,976</u>	<u>\$ 8,108,520</u>
Business-Type Activities			
Water	\$ 978,775	\$ 1,089,586	\$ 1,606,679
Sewer	1,100,888	1,036,331	1,221,479
Storm Water	40	109,418	160,464
Total Business-Type Activities Expenses	<u>2,079,703</u>	<u>2,235,335</u>	<u>2,988,622</u>
Total Primary Government Expenses	<u>\$ 8,219,868</u>	<u>\$ 10,303,311</u>	<u>\$ 11,097,142</u>
Program Revenues			
Governmental Activities			
Fees, Charges, Fines, and Other			
General Government	\$ 572,746	\$ 659,115	\$ 535,496
Public Safety	419,500	373,082	289,655
Public Works	-	-	57,000
Sanitation	362	498	463
Culture and Recreation	349,385	254,170	48,034
Economic and Community Development	304,030	251,719	225,233
Operating Grants and Contributions	124,995	858,607	343,110
Capital Grants and Contributions	8,501,391	6,540,288	3,571,220
Total Governmental Activities Program Revenues	<u>\$ 10,272,409</u>	<u>\$ 8,937,479</u>	<u>\$ 5,070,211</u>
Business-Type Activities			
Fees, Charges, Fines, and Other			
Water	\$ 1,687,807	\$ 1,440,594	\$ 1,709,478
Sewer	1,486,967	1,273,067	1,518,970
Storm Water	-	149,782	245,956
Operating Grants and Contributions	100,299	-	8,900
Capital Grants and Contributions	115,679	349,068	2,596,900
Total Business-Type Activities Program Revenues	<u>3,390,752</u>	<u>3,212,511</u>	<u>6,080,204</u>
Total Primary Government Program Revenues	<u>\$ 13,663,161</u>	<u>\$ 12,149,990</u>	<u>\$ 11,150,415</u>

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$ 1,356,288	\$ 1,425,790	\$ 1,428,267	\$ 1,416,819	\$ 1,212,361	\$ 1,373,321	\$ 1,522,265
1,889,619	1,977,046	2,034,789	1,939,880	1,874,740	1,894,095	2,020,278
2,683,004	2,233,639	2,111,757	2,380,427	2,267,214	2,352,349	2,518,595
34,670	36,090	34,669	38,338	35,476	34,944	37,970
1,999,735	693,850	618,718	687,545	670,426	723,667	777,891
672,902	578,480	779,170	1,115,103	818,460	827,988	781,557
1,112,782	1,025,079	1,079,936	940,392	822,443	879,723	696,429
<u>\$ 9,749,000</u>	<u>\$ 7,969,974</u>	<u>\$ 8,087,306</u>	<u>\$ 8,518,504</u>	<u>\$ 7,701,120</u>	<u>\$ 8,086,087</u>	<u>\$ 8,354,985</u>
\$ 1,627,520	\$ 1,743,771	\$ 1,677,288	\$ 1,652,130	\$ 1,674,473	\$ 1,968,324	\$ 1,793,208
1,353,043	1,319,966	1,332,248	1,451,130	1,623,673	1,731,740	1,739,067
234,470	236,948	248,377	259,517	282,810	322,326	302,180
<u>3,215,033</u>	<u>3,300,685</u>	<u>3,257,913</u>	<u>3,362,777</u>	<u>3,580,956</u>	<u>4,022,390</u>	<u>3,834,455</u>
<u>\$ 12,964,033</u>	<u>\$ 11,270,659</u>	<u>\$ 11,345,219</u>	<u>\$ 11,881,281</u>	<u>\$ 11,282,076</u>	<u>\$ 12,108,477</u>	<u>\$ 12,189,440</u>
\$ 427,129	\$ 476,731	\$ 575,102	\$ 497,891	\$ 518,048	\$ 477,130	\$ 462,537
382,192	477,155	325,824	322,447	555,768	416,024	426,505
-	-	1,221,493	-	23,434	7,875	525
359	287	405	379	391	244	162
51,136	27,785	72,155	7,373	211,123	269,462	301,626
52,859	14,387	120,536	35,397	43,782	33,005	26,717
210,626	205,647	279,697	360,152	276,068	235,669	231,786
2,061,332	1,037,841	921,662	687,075	956,669	509,946	2,367,570
<u>\$ 3,185,633</u>	<u>\$ 2,239,833</u>	<u>\$ 3,516,874</u>	<u>\$ 1,910,714</u>	<u>\$ 2,585,283</u>	<u>\$ 1,949,355</u>	<u>\$ 3,817,428</u>
\$ 1,308,318	\$ 1,430,105	\$ 1,458,913	\$ 1,406,582	\$ 1,785,969	\$ 1,861,747	\$ 1,721,660
1,184,963	1,174,023	1,206,950	1,271,248	1,606,991	1,669,945	1,549,520
291,053	304,492	303,841	304,605	311,327	316,202	318,857
36,862	2,246	121,386	18,177	20,690	84,294	37,344
41,700	2,500	57,375	111,272	755,526	95,020	329,375
<u>2,862,896</u>	<u>2,913,366</u>	<u>3,148,465</u>	<u>3,111,884</u>	<u>4,480,503</u>	<u>4,027,208</u>	<u>3,956,756</u>
<u>\$ 6,048,529</u>	<u>\$ 5,153,199</u>	<u>\$ 6,665,339</u>	<u>\$ 5,022,598</u>	<u>\$ 7,065,786</u>	<u>\$ 5,976,563</u>	<u>\$ 7,774,184</u>

CITY OF BAXTER, MINNESOTA
CHANGE IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2005	2006	2007
Net (Expense)/Revenue			
Governmental Activities	\$ 4,132,244	\$ 869,503	\$ (3,038,309)
Business-Type Activities	1,311,049	977,176	3,091,582
Total Primary Government Net (Expense)/Revenue	<u>\$ 5,443,293</u>	<u>\$ 1,846,679</u>	<u>\$ 53,273</u>
General Revenues and Other Changes in Net Position			
Governmental Activities			
Property Taxes	\$ 3,238,935	\$ 3,873,216	\$ 4,653,175
Lodging Tax	-	263,573	287,486
Sales Tax	-	471,158	2,032,718
Tax Increments	349,382	288,162	382,414
Grants and Contributions not Restricted for a Particular Purpose	70,308	84,130	190,051
Investment Earnings	292,384	681,212	693,913
Net Increase (Decrease) in Fair Value of Investments	-	-	-
Miscellaneous	201,953	118,395	63,324
Gain on Sale of Capital Assets	-	8,100	3,902
Transfers	(7,616,727)	(4,325,963)	(2,367,791)
Total Governmental Activities	<u>\$ (3,463,765)</u>	<u>\$ 1,461,983</u>	<u>\$ 5,939,192</u>
Business-Type Activities			
Investment Earnings	\$ -	\$ -	\$ 370,812
Net Increase (Decrease) in Fair Value of Investments	-	-	-
Transfers	7,616,727	4,325,963	2,367,791
Total Business-Type Activities Program Revenues	<u>7,616,727</u>	<u>4,325,963</u>	<u>2,738,603</u>
Total Primary Government Program Revenues	<u>\$ 4,152,962</u>	<u>\$ 5,787,946</u>	<u>\$ 8,677,795</u>
Change in Net Position	\$ 9,596,255	\$ 7,634,625	\$ 8,731,068
Net Position -- Beginning of Year	53,555,745	63,152,000	70,786,625
Net Position -- End of Year	<u>\$ 63,152,000</u>	<u>\$ 70,786,625</u>	<u>\$ 79,517,693</u>

Notes:

- (1) The City began providing Storm Water services during the period ended December 31, 2006.
- (2) The City began to separately present the Net Increase (Decrease) in Fair Value of Investments from Investment Earnings in 2013.

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$ (6,563,367)	\$ (5,730,141)	\$ (4,570,432)	\$ (6,607,790)	\$ (5,115,837)	\$ (6,136,732)	\$ (4,537,557)
(352,137)	(387,319)	(109,448)	(250,893)	899,547	4,818	122,301
<u>\$ (6,915,504)</u>	<u>\$ (6,117,460)</u>	<u>\$ (4,679,880)</u>	<u>\$ (6,858,683)</u>	<u>\$ (4,216,290)</u>	<u>\$ (6,131,914)</u>	<u>\$ (4,415,256)</u>
\$ 5,039,645	\$ 5,453,694	\$ 5,312,680	\$ 5,667,151	\$ 5,405,829	\$ 5,479,108	\$ 5,355,718
282,654	251,007	265,889	287,419	297,361	291,331	321,994
1,921,680	1,875,168	1,917,505	1,936,851	2,124,950	2,216,167	2,332,743
389,568	371,551	392,575	333,922	228,037	354,610	358,473
100,663	33,120	2,957	2,433	2,493	2,556	2,423
488,173	265,196	301,744	220,984	256,429	136,094	288,085
-	-	-	-	-	(153,737)	35,901
118,419	53,039	56,613	69,536	79,518	99,345	89,538
-	-	17,351	1,400	18,202	27,663	8,529
(786,112)	729,214	806,686	(9,310,734)	(2,809,624)	(191,031)	208,050
<u>\$ 7,554,690</u>	<u>\$ 9,031,989</u>	<u>\$ 9,074,000</u>	<u>\$ (791,038)</u>	<u>\$ 5,603,195</u>	<u>\$ 8,262,106</u>	<u>\$ 9,001,454</u>
\$ 290,021	\$ 135,109	\$ 150,776	\$ 106,917	\$ 116,834	\$ 73,895	\$ 143,879
-	-	-	-	-	(75,267)	17,445
786,112	(729,214)	(806,686)	9,310,734	2,809,624	191,031	(208,050)
1,076,133	(594,105)	(655,910)	9,417,651	2,926,458	189,659	(46,726)
<u>\$ 8,630,823</u>	<u>\$ 8,437,884</u>	<u>\$ 8,418,090</u>	<u>\$ 8,626,613</u>	<u>\$ 8,529,653</u>	<u>\$ 8,451,765</u>	<u>\$ 8,954,728</u>
\$ 1,715,319	\$ 2,320,424	\$ 3,738,210	\$ 1,767,930	\$ 4,313,363	\$ 2,319,851	\$ 4,539,472
79,517,693	81,233,012	83,553,436	87,291,646	89,059,576	93,372,939	95,692,790
<u>\$ 81,233,012</u>	<u>\$ 83,553,436</u>	<u>\$ 87,291,646</u>	<u>\$ 89,059,576</u>	<u>\$ 93,372,939</u>	<u>\$ 95,692,790</u>	<u>\$ 100,232,262</u>

CITY OF BAXTER, MINNESOTA
FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Nondisposable	\$ -	\$ -	\$ -	\$ -
Assigned (Designated 2002-2009)	275,000	-	-	-
Unassigned (Unrestricted, Undesignated)	2,221,045	2,670,101	2,685,029	2,763,542
Total General Fund	\$ 2,496,045	\$ 2,670,101	\$ 2,685,029	\$ 2,763,542
All Other Governmental Funds				
Nondisposable				
Special Revenue Funds	\$ -	\$ -	\$ -	\$ -
Restricted				
Special Revenue Funds	-	-	-	-
Debt Service Fund	-	-	-	-
Committed				
Special Revenue Funds	-	-	-	-
Reserved (2002-2009 only)				
Special Revenue Funds	-	-	128,088	21,202
Debt Service Fund	-	-	10,536,564	8,697,629
Capital Project Fund	27,244	989,602	1,246,291	104,763
Assigned (Designated 2002-2009)				
Special Revenue Funds	283,882	278,793	-	-
Debt Service Fund	9,266,713	9,149,905	-	-
Capital Project Fund	-	-	-	-
Unassigned (Unrestricted, Undesignated)				
Special Revenue Funds	2,852,903	2,181,093	3,151,887	4,883,894
Total All Other Governmental Funds	\$ 12,430,742	\$ 12,599,393	\$ 15,062,830	\$ 13,707,488

Note:

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ -	\$ 4,149	\$ 3,802	\$ 2,115	\$ 21,485	\$ 110,880
-	565,400	565,400	813,100	766,300	601,800
2,777,951	2,782,544	2,782,891	2,680,221	2,719,679	2,778,695
<u>\$ 2,777,951</u>	<u>\$ 3,352,093</u>	<u>\$ 3,352,093</u>	<u>\$ 3,495,436</u>	<u>\$ 3,507,464</u>	<u>\$ 3,491,375</u>
\$ -	\$ 942	\$ 165	\$ -	\$ 1,324	\$ 1,065
-	8,027,883	6,985,359	9,357,527	10,933,814	12,633,044
-	11,433,456	8,576,137	4,523,512	8,474,339	8,401,330
-	638,971	753,473	1,218,392	1,475,553	1,366,512
25,064	-	-	-	-	-
7,645,710	-	-	-	-	-
1,001,565	-	-	-	-	-
-	14,406	15,191	16,059	16,491	14,928
-	-	-	-	-	-
-	1,908,456	4,080,260	4,600,960	5,454,174	5,156,812
6,861,900	(10,966)	(11,167)	(11,990)	(924)	(100,506)
<u>\$ 15,534,239</u>	<u>\$ 22,013,148</u>	<u>\$ 20,399,418</u>	<u>\$ 19,704,460</u>	<u>\$ 26,354,771</u>	<u>\$ 27,473,185</u>

CITY OF BAXTER, MINNESOTA
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
Taxes	\$ 3,236,858	\$ 3,857,157	\$ 4,520,077	\$ 4,828,170
Lodging Tax	-	263,573	287,486	282,654
Sales Tax	-	471,158	2,032,718	1,914,352
Tax Increments	349,382	288,162	382,414	389,568
Special Assessments	4,545,479	4,467,960	4,483,790	3,340,550
Licenses, Permits, and Fees	790,646	707,898	417,220	264,616
Intergovernmental	187,997	1,661,592	1,112,761	1,696,669
Charges for Services	708,931	694,640	733,708	544,356
Fines and Forfeits	84,982	74,582	104,511	132,048
Gifts and Contributions	8,822	47,686	1,250	24,512
Investment Earnings	292,384	681,212	693,913	488,173
Net Increase (Decrease) in Fair Value of Investments**	-	-	-	-
Miscellaneous	255,308	170,181	154,439	225,400
Revolving Loans	46,086	53,035	50,275	50,275
Total Revenues	10,506,875	13,438,836	14,974,562	14,181,343
Expenditures				
Current				
General Government	1,004,458	1,154,061	1,369,883	1,333,983
Public Safety	1,628,735	1,712,108	1,808,239	1,877,751
Public Works	450,389	847,037	871,334	971,514
Sanitation	-	-	28,739	34,670
Culture and Recreation	432,061	482,854	454,263	674,652
Economic and Community Development	350,402	949,525	1,070,651	714,819
Capital Outlay	6,145,195	12,818,079	4,374,199	2,865,591
Debt Service				
Principal	2,177,489	3,349,829	4,130,113	5,806,933
Interest and Fiscal Charges	788,329	878,191	1,188,664	1,161,914
Bond Issue Costs	116,838	106,949	57,349	-
Total Expenditures	13,093,896	22,298,633	15,353,434	15,441,827
Excess (Deficiency) of Revenues Over Expenditures	(2,587,021)	(8,859,797)	(378,872)	(1,260,484)
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	-	3,902	2,902
Proceeds from Sale of Bonds	6,195,000	10,000,000	3,425,000	-
Premium on Bonds/Notes Issued	3,352	68,143	26,940	-
Discount on Bonds/Notes Issued	(37,253)	(10,078)	-	-
Proceeds from Capital Lease	-	250,000	-	-
Principal Payment on Refunded Bonds	-	-	-	-
Transfers In	1,100,415	2,842,890	2,173,114	1,798,792
Transfers Out	(1,191,615)	(3,948,451)	(2,771,719)	(1,818,039)
Total Other Financing Sources (Uses)	6,069,899	9,202,504	2,857,237	(16,345)
Net Change in Fund Balances	\$ 3,482,878	\$ 342,707	\$ 2,478,365	\$ (1,276,829)
Debt Service as a Percentage of Noncapital Expenditures*	29.5%	51.7%	48.4%	50.4%

*Revised for fiscal years 2004-2010.

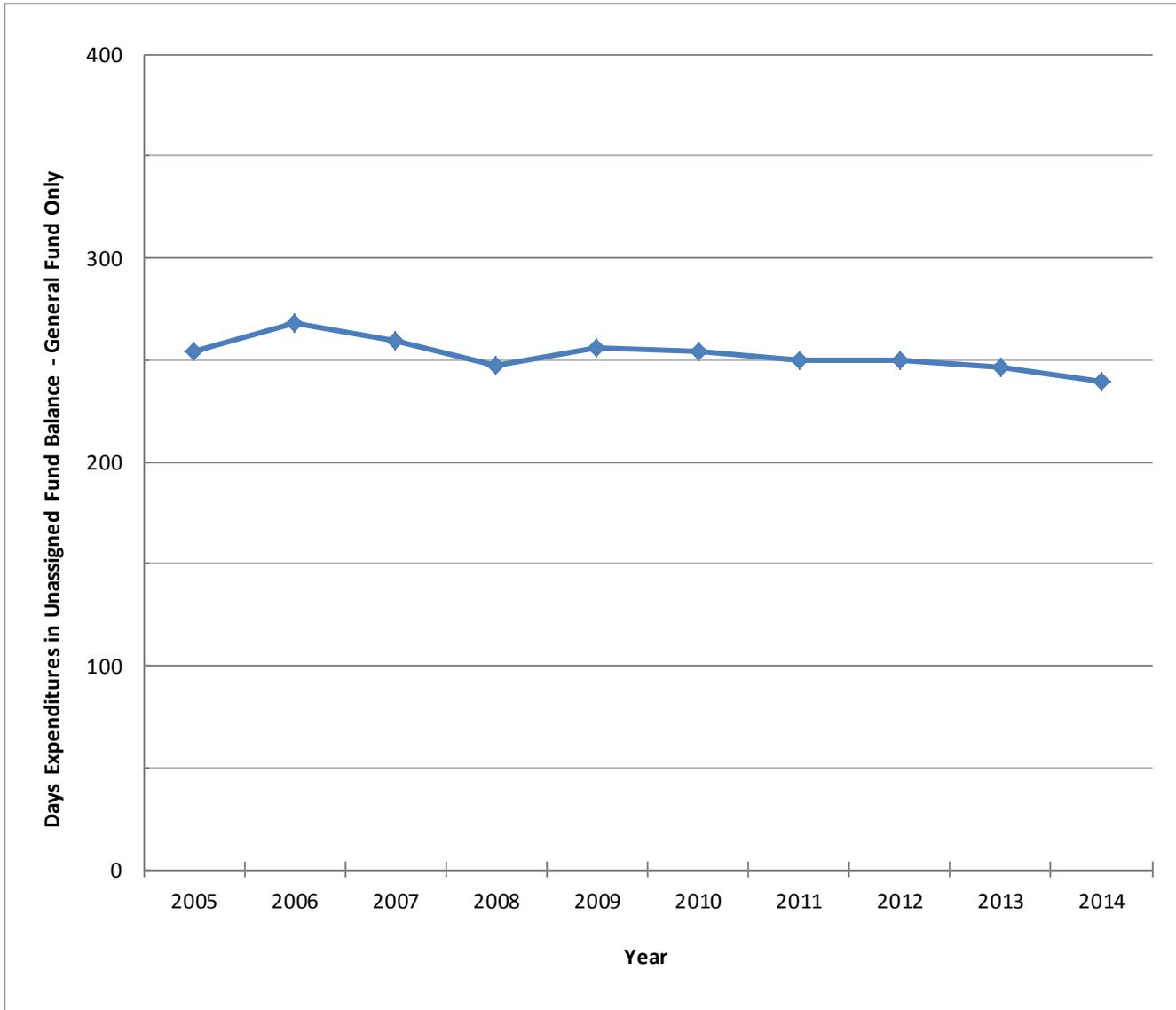
For all years, calculated as follows:

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

** Aggregated with Investment Earnings prior to 2013.

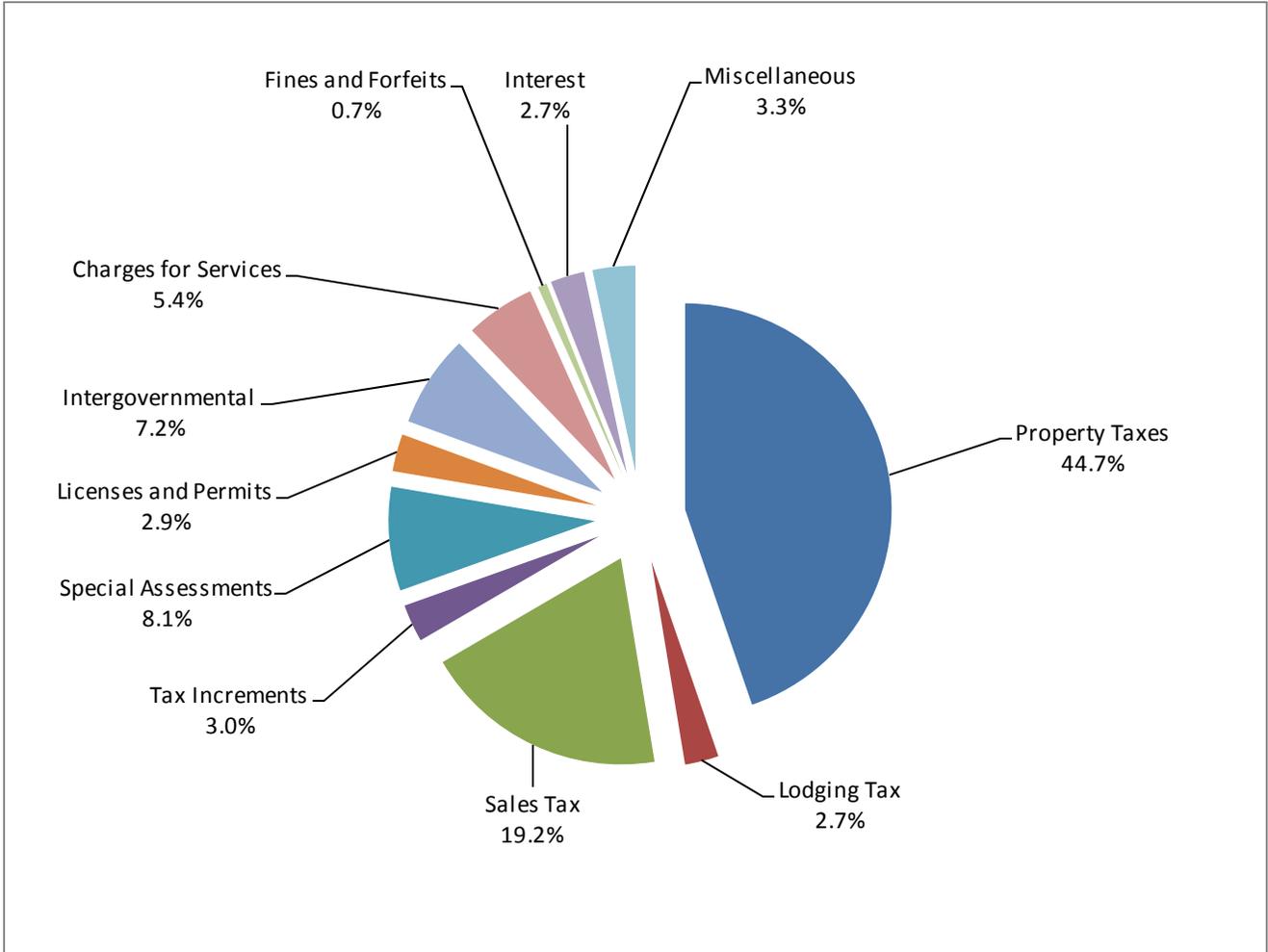
Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 5,170,688	\$ 5,498,763	\$ 5,871,854	\$ 5,497,267	\$ 5,486,196	\$ 5,430,652
251,007	265,889	287,419	297,361	291,331	321,994
1,836,111	1,938,915	1,951,316	2,127,170	2,214,519	2,330,735
371,551	392,575	333,922	228,037	354,610	358,473
2,979,835	3,418,718	2,063,769	1,861,457	1,294,827	985,975
299,446	183,762	364,655	405,148	344,444	354,722
537,348	624,073	377,280	316,829	356,311	879,871
611,278	1,730,146	607,773	660,110	563,774	661,019
130,195	125,579	87,850	108,610	78,299	86,308
5,211	3,100	3,960	1,910	2,792	9,352
265,196	301,739	220,989	256,421	136,102	288,085
-	-	-	-	(153,737)	35,901
150,509	131,045	89,106	2,109,805	385,043	396,240
29,327	-	36,642	36,642	36,642	-
12,637,702	14,614,304	12,296,535	13,906,767	11,391,153	12,139,327
1,368,989	1,388,835	1,382,197	1,244,668	1,325,191	1,480,618
1,925,811	1,973,467	1,925,231	1,839,208	1,863,858	1,982,072
583,939	604,009	667,421	520,445	655,100	935,517
36,090	34,669	38,338	35,476	34,944	37,970
508,600	471,005	525,931	502,857	553,710	593,214
592,660	790,883	1,132,979	839,686	853,244	807,155
5,324,000	5,886,965	2,416,666	1,771,214	196,280	4,398,208
5,138,184	4,912,770	5,420,721	2,524,110	2,543,333	2,252,000
1,057,541	1,026,125	987,564	795,870	673,454	660,081
-	35,925	-	-	46,965	47,734
16,535,814	17,124,653	14,497,048	10,073,534	8,746,079	13,194,569
(3,898,112)	(2,510,349)	(2,200,513)	3,833,233	2,645,074	(1,055,242)
-	13,468	1,839	8,008	27,663	8,529
5,010,058	8,765,571	-	-	4,045,000	1,925,000
-	-	-	-	135,633	15,988
-	(22,325)	-	-	-	-
-	-	-	-	-	-
-	-	-	(4,340,000)	-	-
2,516,017	2,408,814	5,589,133	3,040,267	1,950,971	2,450,593
(1,786,803)	(1,602,128)	(5,004,189)	(3,093,123)	(2,142,002)	(2,242,543)
5,739,272	9,563,400	586,783	(4,384,848)	4,017,265	2,157,567
\$ 1,841,160	\$ 7,053,051	\$ (1,613,730)	\$ (551,615)	\$ 6,662,339	\$ 1,102,325
55.2%	53.8%	53.0%	40.0%	38.2%	33.6%

CITY OF BAXTER, MINNESOTA
DAYS EXPENDITURES IN UNASSIGNED FUND BALANCE – GENERAL FUND
LAST TEN FISCAL YEARS



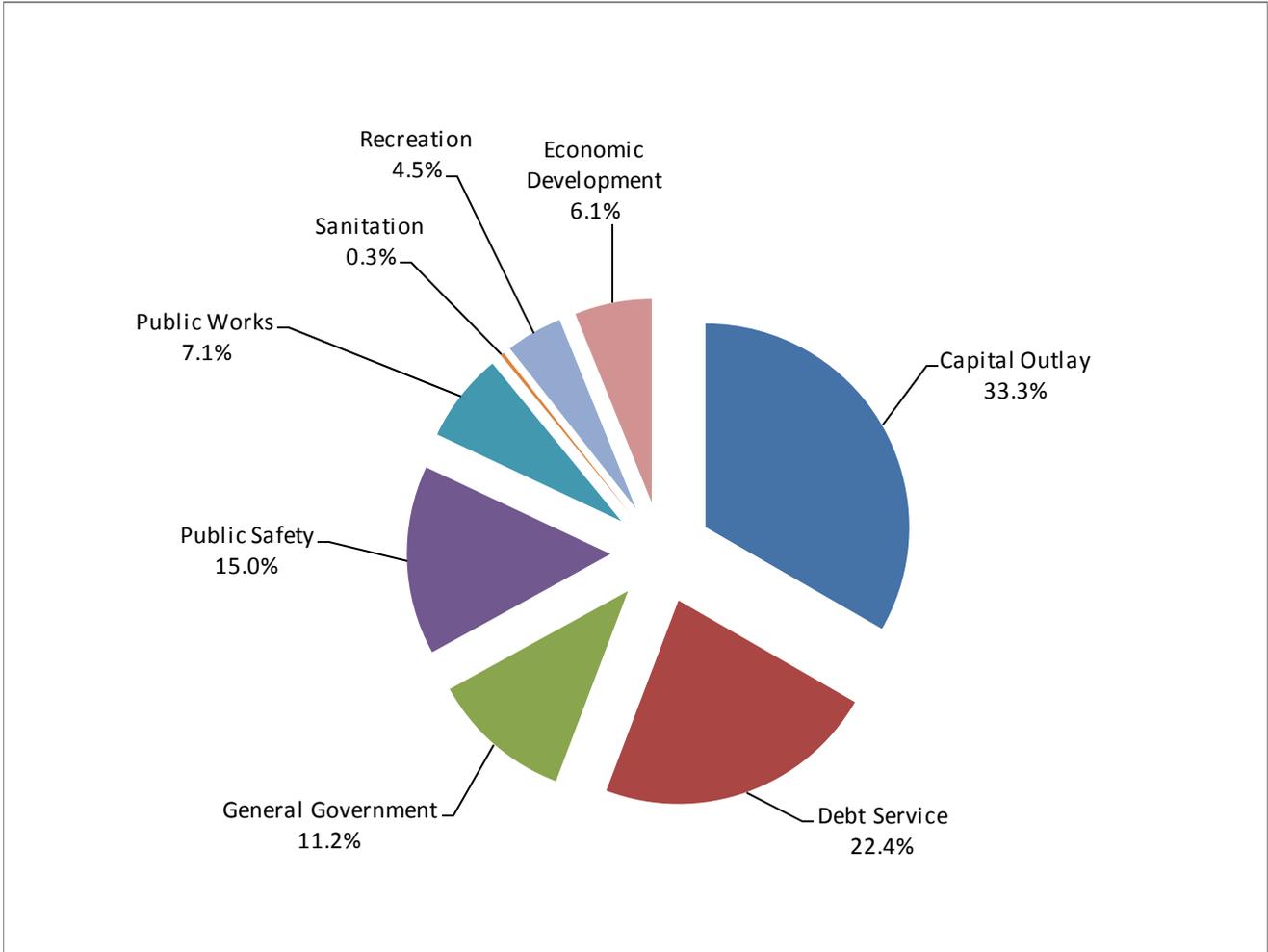
* Unreserved, undesignated fund balance prior to 2010.

**CITY OF BAXTER, MINNESOTA
REVENUES – GOVERNMENTAL FUNDS
DECEMBER 31, 2014**



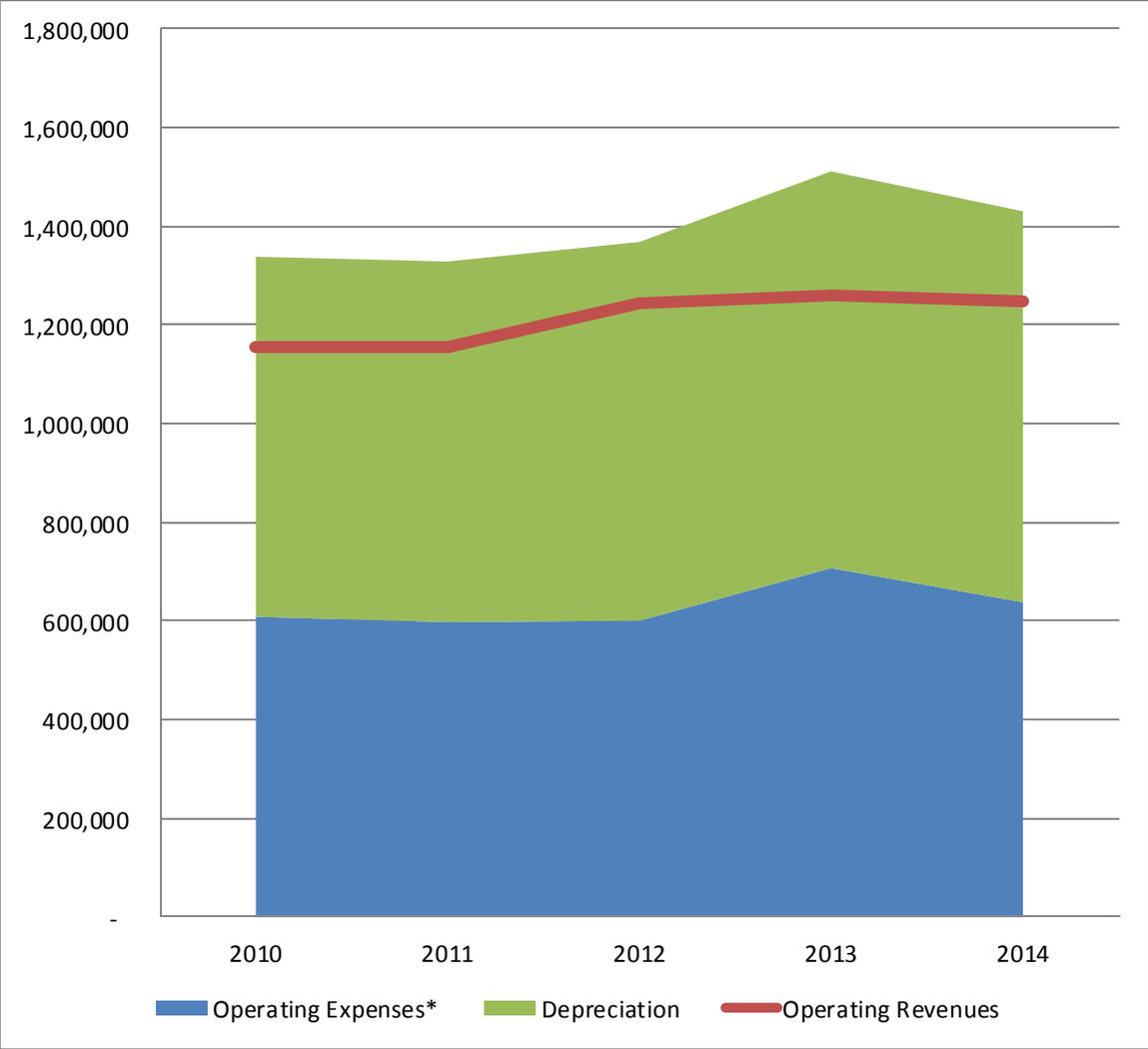
* Percentages may not foot to 100% due to rounding.

**CITY OF BAXTER, MINNESOTA
EXPENDITURES – GOVERNMENTAL FUNDS
DECEMBER 31, 2014**



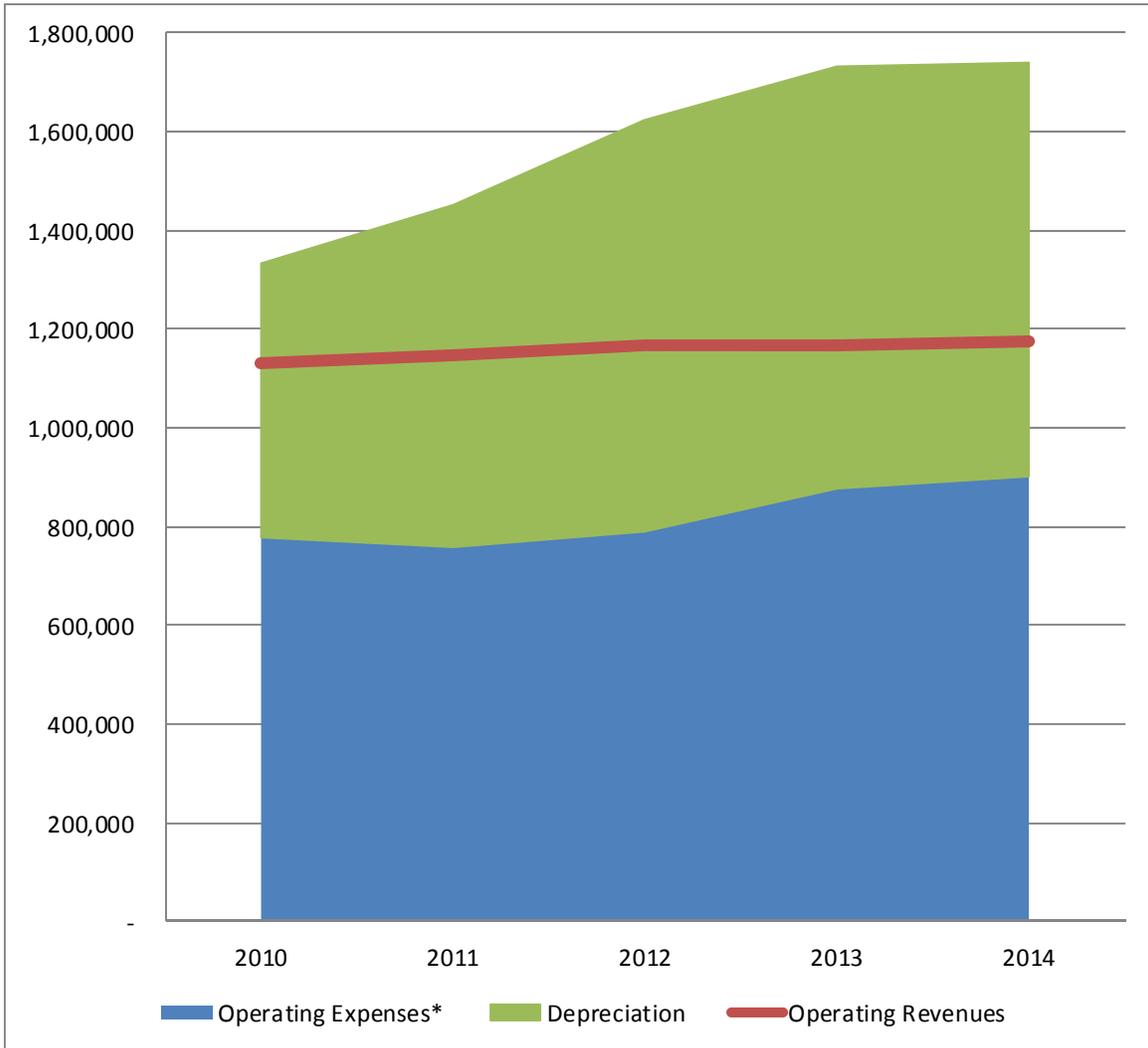
* Percentages may not foot to 100% due to rounding.

**CITY OF BAXTER, MINNESOTA
 OPERATING REVENUES AND EXPENSES – WATER FUND
 LAST FIVE FISCAL YEARS**



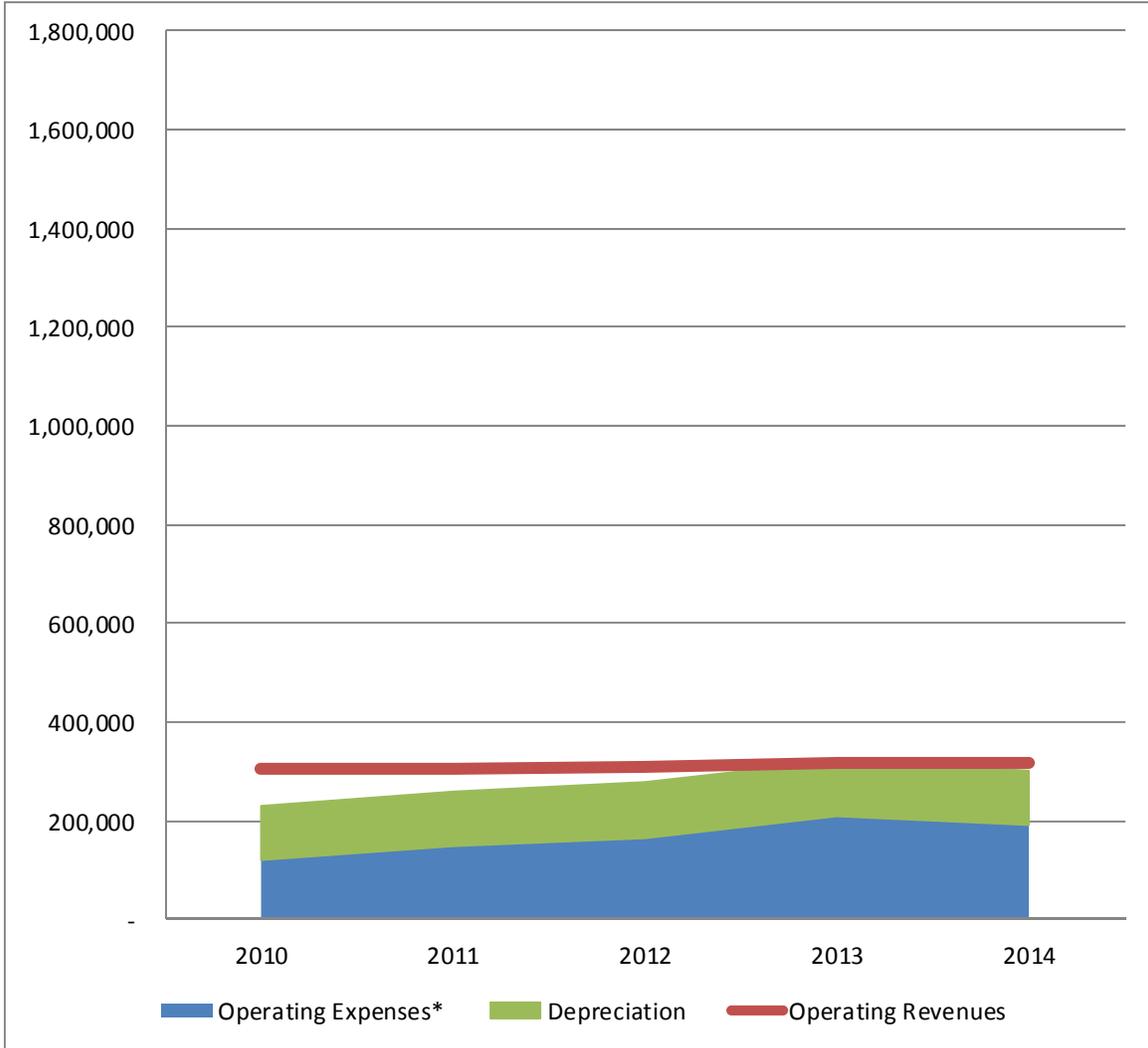
* Operating expenses excluding depreciation.

**CITY OF BAXTER, MINNESOTA
OPERATING REVENUES AND EXPENSES – SEWER FUND
LAST FIVE FISCAL YEARS**



* Operating expenses excluding depreciation.

**CITY OF BAXTER, MINNESOTA
OPERATING REVENUES AND EXPENSES – STORM WATER FUND
LAST FIVE FISCAL YEARS**



* Operating expenses excluding depreciation.

CITY OF BAXTER, MINNESOTA
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
2005	\$ 4,007,882	\$ 4,902,001	\$ 105,897	\$ 62,462	\$ 339,288
2006	4,435,925	5,744,785	115,975	72,475	346,293
2007	5,127,854	6,803,975	101,570	75,501	424,959
2008	5,542,039	7,456,405	112,832	76,674	459,189
2009	5,663,990	7,667,695	127,262	78,088	432,701
2010	5,797,270	7,324,801	143,883	78,828	468,523
2011	5,257,783	6,549,615	130,801	85,988	336,978
2012	4,611,126	6,023,851	111,254	88,468	227,529
2013	4,312,599	6,042,856	87,196	87,005	344,987
2014	4,276,663	5,976,849	84,582	124,916	348,479

Source:
Bond Issue Official Statements and Crow Wing County.

Net Tax Capacity	Total Direct Tax Rate	Assessor's Estimated Market Value	Assessed Value as a Percentage of Actual Value
\$ 8,738,954	40.3 %	\$ 812,913,188	1.08 %
10,022,867	40.6	928,410,997	1.08
11,683,941	41.2	1,071,110,719	1.09
12,728,761	41.0	1,028,962,949	1.24
13,104,334	42.2	1,033,390,159	1.27
12,876,259	44.0	974,029,129	1.32
11,687,209	48.4	871,405,300	1.34
10,607,170	51.5	833,843,900	1.27
10,184,669	53.6	804,972,400	1.27
10,114,531	54.6	800,811,300	1.26

**CITY OF BAXTER, MINNESOTA
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS**

City Direct Rate			
Fiscal Year	Basic Rate	General Obligation Debt Service	Total Direct
2005	36.6 %	3.7 %	40.3 %
2006	37.7	2.9	40.6
2007	34.8	6.4	41.2
2008	34.4	6.6	41.0
2009	34.8	7.4	42.2
2010	36.1	7.9	44.0
2011	40.4	8.0	48.4
2012	40.9	10.6	51.5
2013	42.6	11.0	53.6
2014	43.4	11.1	54.6

Source:
 Crow Wing County.

Overlapping Rates

School District 181	Crow Wing County	Other	Total Overlapping	Total Direct and Overlapping Tax Rate
24.3 %	38.6 %	0.2 %	63.2 %	103.5 %
23.2	37.2	0.2	60.6	101.2
22.1	33.9	0.2	56.2	97.4
17.9	30.5	0.2	48.5	89.5
17.7	28.5	0.1	46.3	88.5
21.0	28.0	0.1	49.1	93.1
21.8	29.8	0.2	51.7	100.2
23.6	32.4	0.2	56.2	107.7
24.4	34.3	0.2	58.9	112.5
25.0	35.2	0.2	60.4	114.9

**CITY OF BAXTER, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year				Collected within the Fiscal Year of the Levy	
	Operating Tax Levy	Debt Tax Levy	Adjustments (1)	Total Tax Levy	Amount	Percentage of Levy
2005	\$ 3,010,532	\$ 511,600	\$ (206,618)	\$ 3,315,514	\$ 3,300,907	99.6 %
2006	3,559,700	505,000	(232,134)	3,832,566	3,797,116	99.1
2007	3,827,000	979,000	(270,316)	4,535,684	4,464,481	98.4
2008	4,164,300	1,047,000	(245,314)	4,965,986	4,759,069	95.8
2009	4,343,700	1,170,000	(245,437)	5,268,263	4,925,630	93.5
2010	4,463,000	1,187,000	(215,692)	5,434,308	5,150,513	94.8
2011	4,463,000	1,187,000	(306,241)	5,343,759	5,315,869	99.5
2012	4,324,200	1,126,000	(27,059)	5,388,125	5,324,313	97.9
2013	4,324,200	1,126,000	(53,589)	5,396,611	5,328,249	98.7
2014	4,382,200	1,126,000	(28,997)	5,479,203	5,413,480	98.8

Source:

Crow Wing County Auditor-Treasurer's Office

Note:

(1) 2005 and later figures are adjusted to reflect abatements, credits and aid from the State of Minnesota, and other minor adjustments made by Crow Wing County.

Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Levy Outstanding
	Amount	Percentage of Levy		
\$ 12,615	\$ 3,313,522	99.9 %	\$ 1,992	0.1 %
31,371	3,828,487	99.9	4,078	0.1
58,689	4,523,170	99.7	12,513	0.3
172,568	4,931,637	99.3	34,349	0.7
318,808	5,244,438	99.5	23,825	0.5
225,612	5,376,124	98.9	58,183	1.1
5,414	5,321,283	99.6	22,476	0.4
38,684	5,362,997	97.9	25,129	2.1
25,485	5,353,734	99.2	42,877	0.8
-	5,413,480	98.8	65,723	1.2

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**CITY OF BAXTER, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO**

Taxpayer	2014			2005		
	Net Tax Capacity	Rank	Percentage of Total City Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total City Net Tax Capacity
Mills Properties Inc.	\$ 715,518	1	7.07 %	\$ 511,161	1	5.85 %
Wal-Mart Stores, Inc.	177,742	2	1.76			
Menards, Inc.	174,633	3	1.73	201,696	3	2.31
Costco Wholesale Corp	169,344	4	1.67			
Brainerd Lakes Integrated	159,806	5	1.58			
Dayton Hudson Corporation (Target)	109,394	6	1.08	137,212	5	1.57
Home Depot USA, Inc.	109,066	7	1.08	133,816	6	1.53
KTJ 243 LLC	99,551	8	0.98			
Arnold S Johnson Properties	99,515	9	0.98			
Winchester Properties	96,482	10	0.95			
Mills Properties Inc. (2nd)				269,474	2	3.08
Developers Diversified Realty				196,776	4	2.25
Individual				118,168	7	1.35
Roger Dondelinger				114,682	8	1.31
Rapid River Lodge				87,165	9	1.00
Kohl's Illinois Inc				85,380	10	0.98
Total	\$ 1,911,051		18.76 %	\$ 1,855,530		21.23 %

Source:
Crow Wing County.

CITY OF BAXTER, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				Business-Type Activities
	General Obligation Bonds	Revenue Bonds	Equipment Certificates	Capital Leases	General Obligation Bonds
2005	\$ 28,671,983	\$ 141,474	\$ 515,000	\$ -	\$ 5,757,600
2006	35,747,226	-	305,000	225,000	3,778,970
2007	35,301,553	-	90,000	200,000	9,424,169
2008	29,600,324	-	-	175,000	9,033,759
2009	24,597,211	4,890,692	-	150,000	8,633,348
2010	24,504,820	8,829,263	-	125,000	8,212,938
2011	19,515,921	8,416,334	-	100,000	7,777,527
2012	13,097,587	7,991,000	-	75,000	7,322,117
2013	15,191,857	7,552,667	-	50,000	12,981,869
2014	15,336,355	7,100,667	-	25,000	9,946,754

Revised prior year balances for presentation in the 2014 CAFR to reflect balances net of premiums, discounts, and adjustments

Total Primary Government	Percentage of Personal Income	Per Capita
\$ 35,086,057	18.0 %	\$ 4,860
40,056,196	18.6	5,275
45,015,722	19.2	5,802
38,809,083	16.2	4,958
38,271,251	15.4	4,832
41,672,021	17.0	5,476
35,809,782	14.0	4,699
28,431,000	11.1	3,731
35,776,393	12.8	4,618
32,408,776	11.6	4,165

CITY OF BAXTER, MINNESOTA
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Total Gross General Obligation Bonds	Amounts Restricted for Principal Repayments	Total Net General Obligation Bonds	Percentage of Estimated Market Value of Property	Net Bonded Debt per Capita
2005	\$ 34,429,583	\$ 6,565,824	\$ 27,863,759	3.4 %	\$ 3,860
2006	39,526,196	9,149,905	30,376,291	3.3	4,000
2007	44,725,722	25,283,411	19,442,311	1.8	2,506
2008	38,634,083	20,957,105	17,676,978	1.7	2,258
2009	33,230,559	17,788,265	15,442,294	1.5	1,950
2010	32,717,758	13,977,284	18,740,474	1.9	2,463
2011	27,293,448	9,634,569	17,658,879	2.0	2,317
2012	20,419,704	8,805,956	15,842,430	1.9	2,079
2013	28,173,726	7,868,180	20,305,546	2.5	2,651
2014	25,283,109	8,395,615	16,887,494	2.1	2,180

Revised prior year balances for presentation in the 2014 CAFR to reflect balances net of premiums, discounts, and adjustments

CITY OF BAXTER, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2014

	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Overlapping			
Crow Wing County	\$ 25,917,500	10.38 %	\$ 2,690,575
Brainerd I.S.D. No. 181	68,735,000	23.20	15,944,783
Total Overlapping			18,635,357
City of Baxter Direct Debt	22,794,524	100.00	22,794,524
Total Direct and Overlapping Debt			\$ 41,429,881

Source:

Crow Wing County and I.S.D 181.

Notes:

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

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

**CITY OF BAXTER, MINNESOTA
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2005	2006	2007	2008	2009
Debt Limit	\$ 24,387,396	\$ 27,852,330	\$ 32,133,322	\$ 30,868,888	\$ 31,001,705
Total Net Debt Applicable to Limit	<u>515,000</u>	<u>4,535,000</u>	<u>4,320,000</u>	<u>4,085,000</u>	<u>3,930,000</u>
Legal Debt Margin	<u>\$ 23,872,396</u>	<u>\$ 23,317,330</u>	<u>\$ 27,813,322</u>	<u>\$ 26,783,888</u>	<u>\$ 27,071,705</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	3.99%	2.11%	16.28%	13.44%	13.23%

Source:
Bond Issue Official Statements and Crow Wing County.

Fiscal Year				
2010	2011	2012	2013	2014
\$ 29,220,874	\$ 26,142,159	\$ 25,015,317	\$ 24,149,172	\$ 24,149,172
3,770,000	3,605,000	3,495,000	3,315,000	3,125,000
<u>\$ 25,450,874</u>	<u>\$ 22,537,159</u>	<u>\$ 21,520,317</u>	<u>\$ 20,834,172</u>	<u>\$ 21,024,172</u>

12.68% 12.90% 13.79% 13.97% 12.94%

Legal Debt Margin Calculation for Fiscal Year 2014

Estimated Market Value	804,972,400
Debt Limit (3% of Estimated Market Value)	24,149,172
Debt Applicable to Limit	<u>3,125,000</u>
Legal Debt Margin	<u>\$ 21,024,172</u>

**CITY OF BAXTER, MINNESOTA
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS**

Special Assessment Bonds						
Fiscal Year	Revenue	Less: Operating Expense	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2005	\$ 4,887,950	\$ (6,278)	\$ 4,881,672	\$ 1,930,000	\$ 725,213	183.9
2006	4,878,060	(6,209)	4,871,851	3,923,000	840,526	102.3
2007	5,387,830	(7,106)	5,380,724	3,570,000	725,213	125.3
2008	4,127,170	(2,713)	4,124,457	5,215,000	932,061	67.1
2009	3,770,914	(2,559)	3,768,355	4,500,000	810,058	71.0
2010	4,192,259	(2,974)	4,189,285	4,060,000	655,098	88.8
2011	2,840,064	(3,114)	2,836,950	4,515,000	533,435	56.2
2012	2,412,525	(1,287)	2,411,238	5,980,000	364,857	38.0
2013	1,832,753	(12,084)	1,820,669	1,660,000	246,779	95.5
2014	1,659,415	(2,012)	1,657,403	1,455,000	225,063	98.7

Water Utility Revenue Bonds						
Fiscal Year	Revenue	Less: Operating Expense	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	\$ -	\$ -	\$ -	\$ -	\$ 101,270	- %
2007	587,127	-	587,127	140,000	-	419.4
2008	545,940	-	545,940	145,000	143,936	188.9
2009	624,872	-	624,872	145,000	138,499	220.4
2010	576,626	-	576,626	155,000	132,874	200.3
2011	577,736	(425)	577,311	160,000	126,968	201.2
2012	622,795	(403)	622,392	165,000	120,874	217.7
2013	632,227	(49,690)	582,537	170,000	145,943	184.4
2014	622,923	(250)	622,673	2,725,000	106,503	22.0

Sewer Utility/Sales Tax Bonds						
Fiscal Year	Revenue	Less: Operating Expense	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2008	\$ -	\$ -	\$ -	\$ 58,699	\$ 5,843	- %
2009	9	-	9	119,366	25,370	-
2010	537,511	(1,261)	536,250	362,000	174,101	100.0
2011	686,992	-	686,992	412,929	273,609	100.1
2012	693,633	-	693,633	425,334	267,983	100.0
2013	693,187	(94,472)	598,715	438,333	254,882	86.4
2014	693,372	(3,174)	690,198	452,000	241,372	99.5

Economic Development Authority Bonds						
Fiscal Year	Revenue	Less: Operating Expense	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	\$ 134,439	\$ (244,632)	\$ (110,193)	\$ 72,278	\$ 13,150	(129.0) %
2005	124,970	(166,202)	(41,232)	75,093	10,334	(48.3)
2006	162,286	(238,755)	(76,469)	165,474	4,628	(45.0)
2007	108,605	(265,213)	(156,608)	24,000	10,334	(456.1)
2008	107,339	(35,953)	71,386	24,000	-	297.4
2009	88,943	(32,302)	56,641	24,000	-	236.0
2010	128,883	(64,956)	63,927	24,000	-	266.4
2011	115,070	(193,494)	(78,424)	24,000	-	(326.8)
2012	155,062	(55,233)	99,829	4,000	-	2,495.7

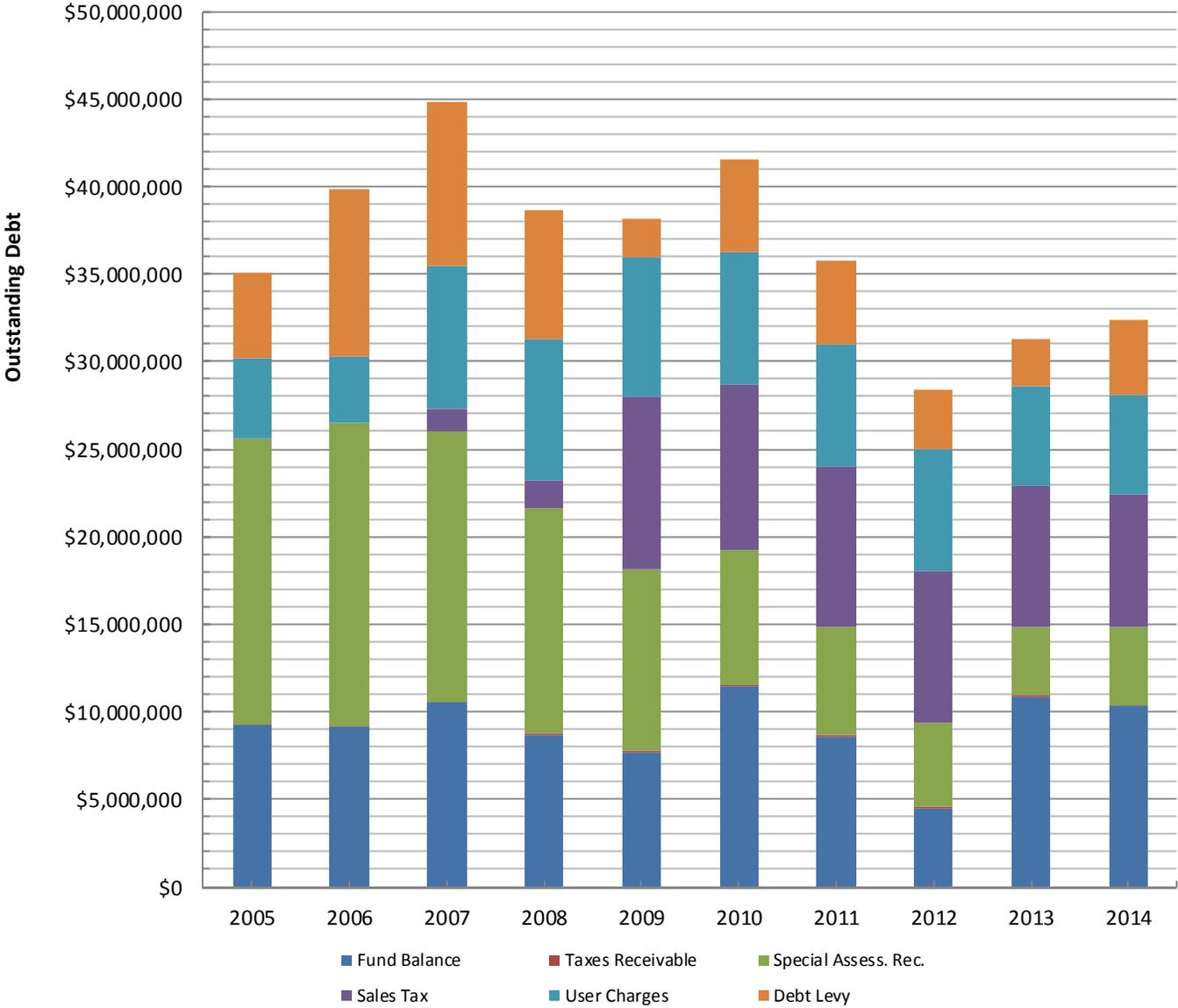
Special Assessment/Water Revenue Bonds

Fiscal Year	Revenue	Less: Operating Expense	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2005	\$ 786,596	\$ -	\$ 786,596	\$ 85,000	\$ 114,082	395.1
2006	1,344,986	(460)	1,344,526	840,000	91,080	144.4
2007	347,137	(460)	346,677	245,000	114,082	96.5
2008	344,641	(20,483)	324,158	255,000	22,393	116.9
2009	803,173	(460)	802,713	260,000	35,695	271.5
2010	78,276	(459)	77,817	225,000	29,035	30.6
2011	19,017	(459)	18,558	220,000	22,585	7.7
2012	59,484	(460)	59,024	230,000	15,720	24.0
2013	555	(459)	96	240,000	8,255	0.0
2014	-	-	-	130,000	2,178	-

Water Utility/Local Option Sales Tax Revenue Bonds

Fiscal Year	Revenue	Less: Operating Expense	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2007	\$ 1,524,632	\$ -	\$ 1,524,632	\$ 750,000	\$ -	203.3 %
2008	884,950	-	884,950	245,000	229,694	186.4
2009	782,388	-	782,388	255,000	220,200	164.6
2010	705,656	-	705,656	265,000	210,000	148.6
2011	707,780	(453)	707,327	275,000	199,400	149.1
2012	760,368	(431)	759,937	290,000	188,400	158.8
2013	758,330	(66,820)	691,510	305,000	241,620	126.5
2014	973,173	(250)	972,923	310,000	232,800	179.2

**CITY OF BAXTER, MINNESOTA
 OUTSTANDING DEBT BY PAYMENT SOURCE
 LAST TEN FISCAL YEARS**



**CITY OF BAXTER, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS**

Fiscal Year	Population (1)	Personal Income <i>(thousands of dollars)</i> (2)	Per Capita Personal Income (3)	School Enrollment (4)	Unemployment Rate (5)
2005	7,219	\$ 194,834	\$ 26,989	7,245	5.1 %
2006	7,594	215,297	28,351	7,096	5.0
2007	7,758	234,144	30,181	7,116	5.7
2008	7,827	239,467	30,595	6,805	7.0
2009	7,921	248,315	31,349	6,819	10.0
2010	7,610	245,263	32,229	6,707	8.9
2011	7,620	256,337	33,640	6,631	8.4
2012	7,661	257,716	33,640	6,549	7.3
2013	7,747	278,598	35,962	6,663	7.6
2014	7,781	279,820	35,962 *	6,600	5.9

Notes:

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

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

(3) 2003-2009: Minnesota Department of Administration, Office of Geographic and Demographic Analysis; data provided is for Crow Wing County, in which the City is located.

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

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

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

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

* Most recent available data.

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**CITY OF BAXTER, MINNESOTA
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO**

Taxpayer	2014			2005		
	Employees	Rank	Percentage of Total Population	Employees	Rank	Percentage of Total Population
Wal-Mart	417	1	5.4 %	300	2	4.2 %
Costco	200	2	2.6			
MN Department of Transportation	200	3	2.6	175	5	2.4
Target	140	4	1.8	147	7	2.0
The Home Depot	130	5	1.7	125	9	1.7
Reichert Enterprises, Inc.	130	6	1.7			
Good Neighbor Home Health Care	120	7	1.5	150	6	2.1
Mills Fleet Farm	120	8	1.5	309	1	4.3
Minnesota Home Care	120	9	1.5			
Olive Garden	120	10	1.5			
Bisys				200	3	2.8
Nor-Son Inc				177	4	2.5
Menards				136	8	1.9
Cub Foods				120	10	1.7
Total	1,697		22.3 %	1,839		24.1 %

Sources:

2014 GO Improvement Bonds official statement.

2005-2005A GO Refunding Bonds official statement

CITY OF BAXTER, MINNESOTA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

	Full-Time Equivalent Employees as of December 31,				
	2005	2006	2007	2008	2009
General Government					
Administration	2.00	2.00	2.00	2.00	2.00
Finance	3.50	4.00	4.00	5.00	5.00
Information Systems	1.00	1.00	1.00	1.04	1.00
Public Works Admin	3.00	5.00	5.25	5.14	4.00
Cemetery	-	-	-	-	0.24
Public Safety					
Police	15.44	14.19	17.00	16.10	16.25
Building Inspections	4.00	4.00	3.00	3.00	2.00
Public Works					
Streets Maintenance	1.77	1.82	1.85	1.92	2.39
Culture and Recreation					
Park Maintenance	5.38	5.68	6.87	7.00	6.97
Recreation	2.62	2.24	0.60	0.75	0.70
Economic and Community Development					
Planning	3.00	3.00	3.00	3.00	2.00
Water, Sewer, and Storm Water					
Water	2.22	2.27	2.30	2.37	2.84
Sewer	2.22	2.27	2.30	2.37	2.84
Storm Water	0.07	0.12	0.15	0.22	0.25

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.

Full-Time Equivalent Employees as of December 31,

2010	2011	2012	2013	2014
2.00	1.54	1.00	1.33	2.50
5.00	5.00	5.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00
4.00	3.46	3.00	3.00	2.50
0.24	0.24	0.18	0.14	0.14
16.25	15.80	14.83	14.75	15.00
2.00	1.52	1.00	1.00	1.00
2.39	2.39	2.02	1.85	2.50
6.74	6.32	5.89	5.73	5.49
0.64	0.66	0.64	1.01	1.33
2.00	2.00	2.00	1.42	2.00
2.84	2.34	2.52	1.75	2.79
2.84	2.34	2.52	1.75	2.79
0.25	0.26	0.31	0.41	0.61

**CITY OF BAXTER, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year			
	2005	2006	2007	2008
General Government				
Elections				
Primary	-	1	-	1
General	-	1	-	1
Registered voters				
Primary	-	4,008	-	4,456
General	-	4,468	-	5,279
Number of votes cast				
Primary	-	1,402	-	446
General	-	3,386	-	4,375
Voter participation (registered)				
Primary	-	35%	-	10%
General	-	76%	-	83%
Cemetery				
Burials	3	3	8	6
Police				
All Police Calls	5,992	5,657	6,536	5,935
Arrests	510	422	490	567
Arrest Charges				
Burglaries	27	20	7	21
Drug Arrests	97	62	49	54
DUI	78	76	79	91
Forgeries	52	43	29	20
Fraud	234	127	130	123
Larcenies/Thefts	336	293	274	276
Building Inspection				
Building permits	644	1,039	925	912
Planning				
Zoning applications	*	90	55	28
Building permits for new construction	*	90	20	25
Architectural review projects	*	*	13	7
Code enforcement cases	*	*	*	63
Public Works Streets Maintenance				
Road constructed (miles)	5	2	1	2
Parks				
Program participants	704	*	*	*
Water				
Number of accounts	2,010	2,232	2,409	2,454
Amount distributed (millions of gallons)	272	326	332	298
Sewer				
Number of accounts	1,760	1,964	2,122	2,168
Amount processed (millions of gallons)	183	198	201	194
Storm Water				
Residential accounts	*	2,417	2,479	2,503
Commercial accounts	*	298	312	331
Commercial square footage	*	15,218,681	16,187,896	22,340,761

Source:

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

* Information is not available.

Fiscal Year						
2009	2010	2011	2012	2013	2014	
-	1	-	1	-	1	
-	1	-	1	-	1	
-	4,761	-	4,793	-	4,817	
-	5,100	-	5,505	-	5,187	
-	1,249	-	540	-	584	
-	3,520	-	4,511	-	3,568	
-	26%	-	11%	-	12%	
-	69%	-	82%	-	69%	
7	9	6	12	12	9	
6,065	6,230	6,424	7,026	7,016	7,268	
644	659	717	881	741	*	
8	9	4	8	13	*	
55	65	47	57	69	*	
96	48	56	40	44	*	
3	1	3	5	8	*	
90	68	55	81	61	*	
334	288	380	496	389	*	
638	622	576	696	684	797	
28	36	34	48	44	32	
13	9	11	17	18	26	
7	8	15	12	8	8	
63	28	59	70	50	52	
-	-	-	-	-	1	
*	*	1,072	1,015	925	896	
2,510	2,570	2,562	2,606	2,619	2,680	
288	281	254	290	291	279	
2,222	2,270	2,292	2,322	2,363	2,411	
186	190	186	194	194	194	
2,503	2,535	2,543	2,555	2,552	2,545	
333	340	343	346	350	358	
22,742,345	22,885,837	22,950,822	23,984,568	24,264,116	24,264,116	

**CITY OF BAXTER, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year			
	2005	2006	2007	2008
Police				
Stations	1	1	1	1
Patrol Units	7.0	8	9	9
Public Works				
Buildings	1	1	1	1
Trucks	7	7	8	8
Other Vehicles	3	4	4	5
Miles of streets	81	79	80	82
Street Lights	311	339	367	404
Culture and Recreation				
Number of parks	5	5	5	5
Acres of developed parks	58.5	58.5	58.5	58.5
Park structures	*	*	*	*
Playgrounds	*	*	*	*
Baseball fields	*	*	*	*
Hockey fields	*	*	*	*
Tennis courts	*	*	*	*
Basketball courts	*	*	*	*
Soccer fields	*	*	*	*
Skating rinks	*	*	*	*
Fishing pier	*	*	*	*
Utilities				
Watermain (miles)	*	*	*	85
Fire hydrants	*	*	*	800
Water towers	2	2	2	2
Water treatment plants	1	1	1	1
Interconnect buildings	1	1	1	1
Sanitary sewer (miles)	*	*	*	71.0
Manholes	*	*	*	1,300
Lift stations	18	20	21	22

* Information is not available.

Fiscal Year					
2009	2010	2011	2012	2013	2014
1	1	1	1	1	1
9	9	9	9	8	8
1	1	1	1	1	1
10	9	8	8	7	6
5	7	7	7	7	8
82	82	82	82	82	83
405	406	406	488	503	505
5	5	5	6	7	7
58.5	58.5	58.5	61.5	64	64
5	5	5	5	5	7
5	5	5	5	5	5
6	6	6	6	6	6
2	2	2	2	2	2
4	4	4	4	4	4
4	4	4	4	4	4
2	2	2	2	2	2
2	2	2	2	2	2
1	1	1	1	1	1
85	85	87	87	87	90
800	800	819	832	847	850
2	2	2	3	3	3
1	1	1	1	1	1
1	1	1	1	1	1
71	71	72	72	72	74
1,300	1,300	1,329	1,349	1,367	1,370
22	22	22	22	22	22