



CITY OF BAXTER, MINNESOTA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2015

PREPARED BY:
Department of Finance

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View from Jewelwood Park

CITY OF BAXTER, MINNESOTA
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INTRODUCTORY SECTION



June 3, 2016

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, 2015. *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, 2015. 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 8,002. 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 63; nonmajor special revenue fund budgetary comparisons begin on page 77.

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.

While the regional economy continues to recover from the recent, extended economic downturn, the City has seen renewed commercial and residential building activity. The City is once again planning and completing infrastructure investments, 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 eight 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 has refined 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 2016, the City plans to

rehabilitate lift station number eight. The rehabilitation of the lift stations will be paid with related sewer utility revenues.

- Pavement Management Program – In 2015, the City continued its plan to maintain City streets in a manner that will best preserve City and citizen resources. A significant portion of the streets in the City’s commercial district, including the Highway 371 frontage roads on the east and west sides of the highway, Excelsior Road from Cypress Drive to the east city limits, and streets in the southwest quadrant of Highways 371 and 210, were rehabilitated. The Excelsior Road reconstruction addressed the street’s poor pavement condition, improves traffic safety in the corridor, and enhances storm water management in the area. The project was funded with a combination of special assessments, municipal state aid, local option sales tax, and contributions from the City’s Collector Street Fund and its enterprise funds. The pavement management program is expected to be ongoing.
- Isle Drive Extension Project – In 2015, the City substantially completed an extension of Isle Drive from its current terminus south to Highland Scenic Road (CSAH 48). In recent years, the area has seen significant private investment particularly in medical field with five facilities constructed. Completion of the street created a city frontage road paralleling the interregional corridor of Highway 371. Traffic safety improvements were 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 was also completed within the project’s corridor. Various funding sources financed the project, including: special assessments to benefiting properties; funding from Crow Wing County; proceeds from general obligation tax increment bonds and available tax increment proceeds from two tax increment financing districts; and appropriations from the City’s debt service levy and its enterprise funds. Completion of the project is expected to open additional parcels for development.
- Dellwood Novotny Extension Project – The City reconstructed Novotny Road and a portion of Dellwood Drive in 2015. In addition to the street improvements, the project also consisted of new municipal water, sanitary sewer, and storm water utilities. The improvements were funded through a combination of special assessments to benefiting properties, local option sales tax proceeds, and appropriations from the City’s debt service levy and its enterprise funds.
- Inglewood Drive Project – Inglewood Drive from Highway 210 to Excelsior Road was reconstructed in 2015. The street improvements also comprised of storm water and trail improvements and the addition of turn lanes at Fairview Road and Highway 210. Turn lane improvements were added in anticipation of a future signalized intersection at Highway 210 and railroad crossing improvements to connect Inglewood Drive to Foley Road to the south.
- Other Street Improvements – Briarwood Lane, one of the last gravel streets in the City, was paved in 2015. The project was funded through a combination of special assessments and appropriations from the City’s debt service levy. Through a developer’s petition, Independence Road sanitary sewer and street improvements were completed to extend the street approximately 250 feet in the industrial park on the City’s west side. Inglewood Drive from Woida Road to Pine Beach Road (CSAH 77) was reconstructed to commercial standards with wider shoulders. The project was undertaken through a cooperative agreement with Crow Wing County. A majority of the project’s funding was obtained through special assessments, a state cooperative grant, and proceeds from Crow Wing County. Upon completion of the improvements, the surrounding parcels were annexed into the City.
- Park Development and Redevelopment – Initial development of land previously set aside for a neighborhood park in north central Baxter occurred in 2015 with construction of a playground at Jewelwood Park. Trail improvements occurred at Whipple Beach and Loren Thompson Park. A concrete patio was constructed at Whipple Beach. Preliminary planning commenced on the construction of a replacement park pavilion at Oscar Kristofferson Park. The pavilion is anticipated to be completed in mid-2016.

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, 2014. This was the fourth 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

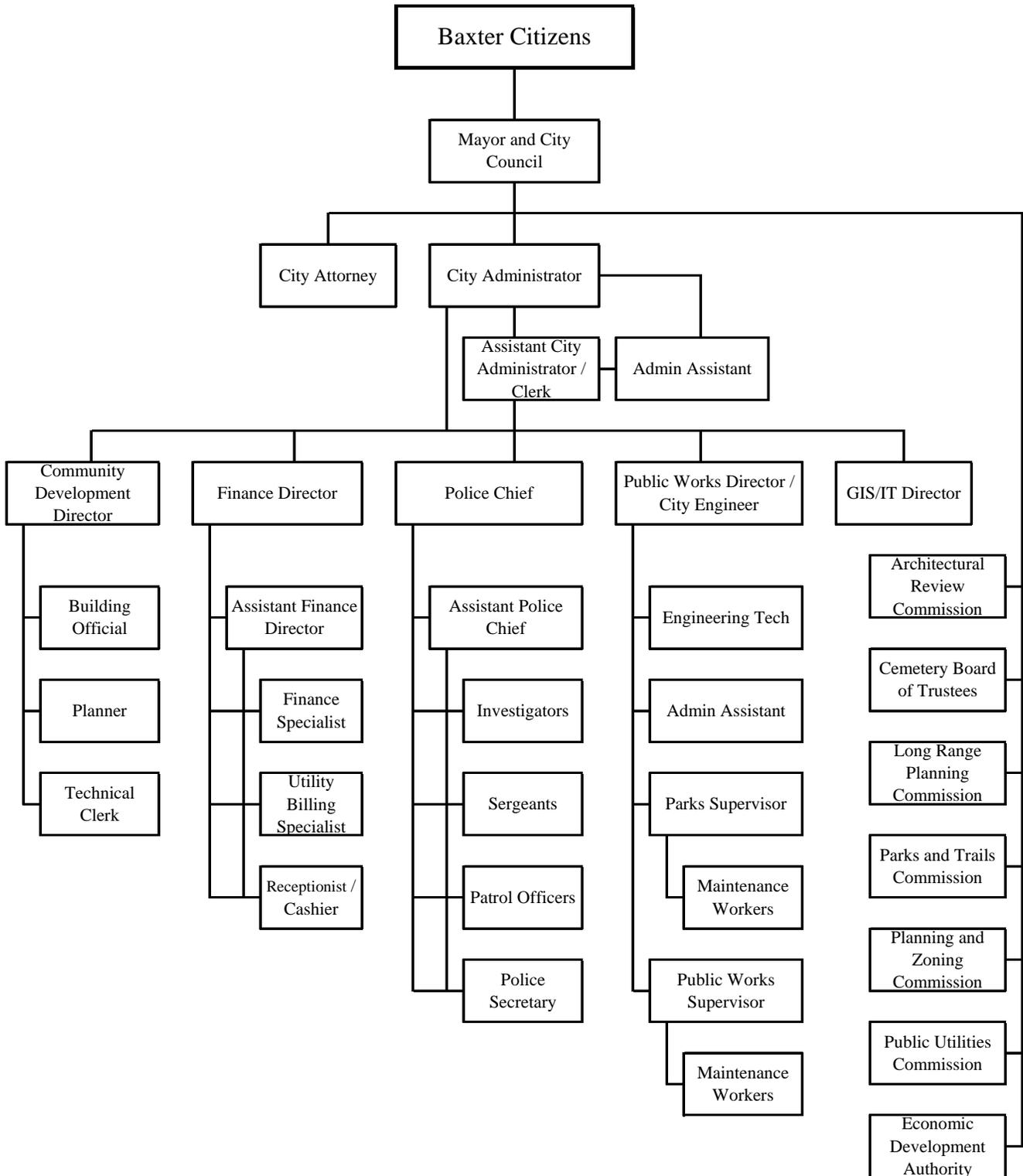
City of Baxter
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

**CITY OF BAXTER, MINNESOTA
ORGANIZATIONAL CHART
DECEMBER 31, 2015**



**CITY OF BAXTER, MINNESOTA
PRINCIPAL CITY OFFICIALS
DECEMBER 31, 2015**

Office	Name	Elected Term Expires*
Elected		
Mayor	Darrel Olson	2017
City Council	Steve Barrows	2019
	Mark Cross	2017
	Todd Holman**	2017
	Quinn Nystrom	2019
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.

**2015 Vice-Mayor

FINANCIAL SECTION



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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, 2015, 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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2015, 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.

Emphasis of a Matter

During the year ended December 31, 2015, the City of Baxter adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of the implementation of GASB Statements No. 68 and No. 71, the City reported a restatement for the change in accounting principle (see Note 1.F.) Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, schedule of funding progress, and budgetary comparison information as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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.

Honorable Mayor and
Members of the City Council
City of Baxter

Other Matters (Continued)

Other Information (Continued)

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.

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
June 3, 2016

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

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, 2015. 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 2015 include the following:

- City-wide net position increased 6.3% over the prior year (excluding the impact of the restatement required for GASB 68) 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 \$5,377,997 from 2014; total expenses increased \$1,280,904 from the prior year.
- Governmental fund-level revenues totaled \$13,429,126 and were \$8,364,487 less than expenditures.
- Governmental funds' fund balance decreased \$2,660,238 from 2014.
- The Water Enterprise Fund net position increased \$713,703 from the prior year; the Sewer Enterprise Fund net position increased \$104,575 from the prior year; the Storm Water Enterprise Fund net position increased \$155,970 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They can be found on pages 15-17 of this report.

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

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

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

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

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 28-59 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 other postemployment benefits and retirement obligations to its employees and budgetary comparison schedules for budgeted, major governmental funds. Required supplementary information can be found on pages 60-67 of this report.

Combining and individual fund schedules can be found on pages 69-97 of this report.

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's overall net position was \$106,550,535 on December 31, 2015 (see Table A-1).

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 39,646,011	\$ 37,086,504	\$ 11,697,570	\$ 15,572,565	\$ 51,343,581	\$ 52,659,069
Capital Assets	40,590,647	32,220,643	50,524,838	49,872,627	91,115,485	82,093,270
Total Assets	<u>80,236,658</u>	<u>69,307,147</u>	<u>62,222,408</u>	<u>65,445,192</u>	<u>142,459,066</u>	<u>134,752,339</u>
Total Deferred Outflows of Resources	430,704	-	31,038	-	461,742	-
Current Liabilities	5,621,111	7,364,258	762,050	4,388,975	6,383,161	11,753,233
Long-Term Liabilities	24,008,967	16,786,977	5,587,612	5,979,867	29,596,579	22,766,844
Total Liabilities	<u>29,630,078</u>	<u>24,151,235</u>	<u>6,349,662</u>	<u>10,368,842</u>	<u>35,979,740</u>	<u>34,520,077</u>
Total Deferred Inflows of Resources	331,407	-	59,126	-	390,533	-
Net Position						
Net Investment in Capital Assets	21,859,902	21,024,796	44,586,970	43,430,296	59,811,872	57,139,494
Restricted	25,878,497	21,150,458	-	-	25,878,497	21,150,458
Unrestricted	2,967,478	2,980,658	11,257,688	11,646,054	20,860,166	21,942,310
Total Net Position	<u>\$ 50,705,877</u>	<u>\$ 45,155,912</u>	<u>\$ 55,844,658</u>	<u>\$ 55,076,350</u>	<u>\$ 106,550,535</u>	<u>\$ 100,232,262</u>

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)

Changes in Net Position

The City-wide total revenues were \$22,106,909 for the year ended December 31, 2015. Property taxes and special assessments accounted for 59.4% of total revenue for the year; sales tax accounted for 11.3% of total revenue for the year. Governmental activities fees, charges, fines, and other revenues increased \$97,181 primarily due to an increase of park dedication fees (see Table A-2).

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

	Governmental Activities			Total % Change	Business-Type Activities			Total % Change	Total		Total % Change
	2015	2014			2015	2014			2015	2014	
Revenues											
Program Revenues											
Fees, Charges, Fines, and Other	\$ 1,315,253	\$ 1,218,072	8.0 %	\$ 3,516,578	\$ 3,590,037	(2.0) %	\$ 4,831,831	\$ 4,808,109	0.5 %		
Operating Grants and Contributions	289,696	231,786	25.0	18,527	37,344	(50.4)	308,223	269,130	14.5		
Capital Grants and Contributions	7,515,674	2,367,570	217.4	35,135	329,375	(89.3)	7,550,809	2,696,945	180.0		
General Revenues											
Property Taxes	5,584,724	5,355,718	4.3	-	-	-	5,584,724	5,355,718	4.3		
Lodging Tax	362,561	321,994	12.6	-	-	-	362,561	321,994	12.6		
Sales Tax	2,500,784	2,332,743	7.2	-	-	-	2,500,784	2,332,743	7.2		
Tax Increment	395,884	358,473	10.4	-	-	-	395,884	358,473	10.4		
Unrestricted State Aid	32,819	2,423	1,254.5	-	-	-	32,819	2,423	1,254.5		
Investment Earnings	270,251	288,085	(6.2)	134,613	143,879	(6.4)	404,864	431,964	(6.3)		
Change in Fair Value of Investments	16,151	35,901	-	8,126	17,445	-	24,277	53,346	-		
Other	110,133	98,067	12.3	-	-	-	110,133	98,067	12.3		
Total Revenues	18,393,930	12,610,832		3,712,979	4,118,080		22,106,909	16,728,912			
Expenses											
General Government	1,537,205	1,522,265	1.0	-	-	-	1,537,205	1,522,265	1.0		
Public Safety	2,041,833	2,020,278	1.1	-	-	-	2,041,833	2,020,278	1.1		
Public Works	3,389,767	2,518,595	34.6	-	-	-	3,389,767	2,518,595	34.6		
Sanitation	35,114	37,970	(7.5)	-	-	-	35,114	37,970	(7.5)		
Water	-	-	-	1,728,615	1,793,208	(3.6)	1,728,615	1,793,208	(3.6)		
Sewer	-	-	-	1,705,465	1,739,067	(1.9)	1,705,465	1,739,067	(1.9)		
Storm Water	-	-	-	302,516	302,180	0.1	302,516	302,180	0.1		
Culture and Recreation	847,953	777,891	9.0	-	-	-	847,953	777,891	9.0		
Economic & Community Development	1,376,093	781,557	76.1	-	-	-	1,376,093	781,557	76.1		
Interest and Fiscal Charges	505,783	696,429	(27.4)	-	-	-	505,783	696,429	(27.4)		
Total Expenses	9,733,748	8,354,985		3,736,596	3,834,455		13,470,344	12,189,440			
Increase in Net Position Before Transfers	8,660,182	4,255,847	103.5	(23,617)	283,625	(108.3)	8,636,565	4,539,472	90.3		
Transfers	(997,865)	208,050	(579.6)	997,865	(208,050)	(579.6)	-	-	-		
Change in Net Position	7,662,317	4,463,897	71.7	974,248	75,575	1,189.1	8,636,565	4,539,472	90.3		
Net Position - Beginning 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		
Change in Accounting Principle - Pension Plans	(2,112,352)	-	-	(205,940)	-	-	(2,318,292)	-	-		
Net Position - Beginning of Year, as Restated	43,043,560	40,692,015	5.8	54,870,410	55,000,775	(0.2)	97,913,970	95,692,790	2.3		
Net Position - End of Year	\$ 50,705,877	\$ 45,155,912	12.3	\$ 55,844,658	\$ 55,076,350	1.4	\$ 106,550,535	\$ 100,232,262	6.3		

Total revenues surpassed expenses, increasing net position \$8,563,565 over last year.

The City-wide cost of all activities this year was \$13,470,344. Governmental activities and business-type activities comprised of \$9,733,748 and \$3,736,596, respectively.

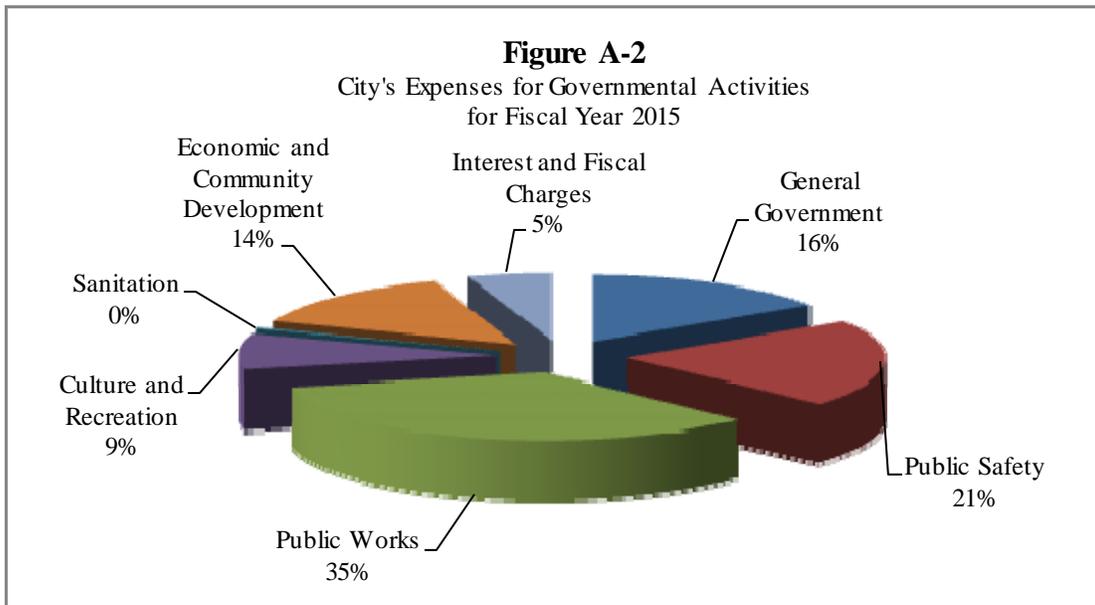
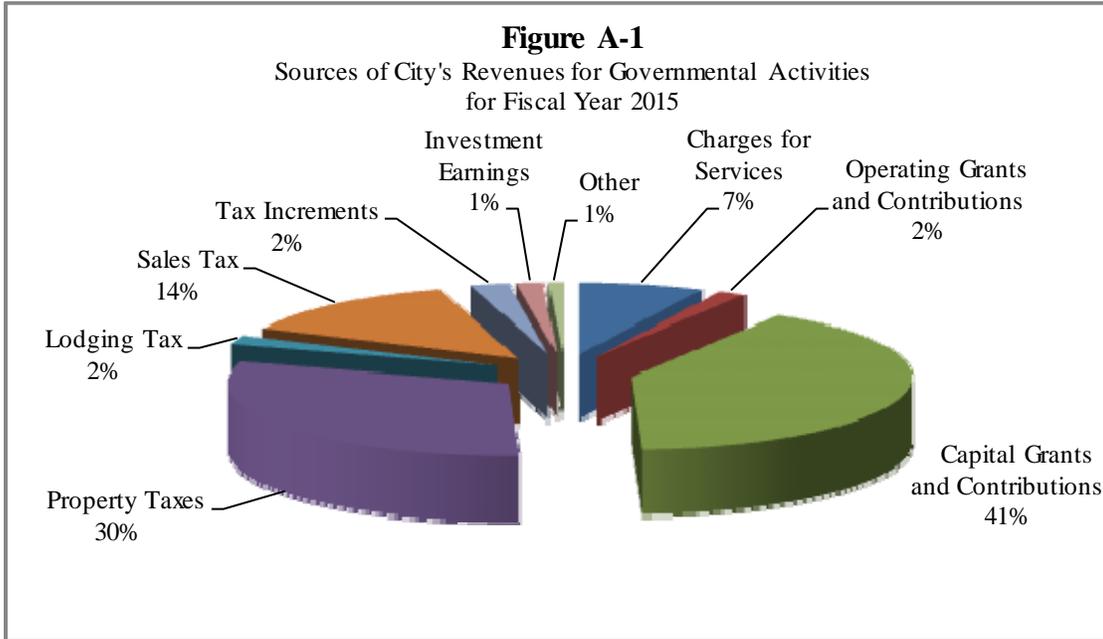
- \$4,831,831 of the cost was paid by the users of the City's programs, comprising of: \$1,315,253 for governmental activities and \$3,516,578 for business-type activities.
- Certain programs in the governmental activities received federal, state, and local support with operating grants and contributions of \$289,696. State assistance for police services, a county grant for recycling, a state disaster grant for the July 2015 storm damage, and an interest rebate for Build America Bonds comprised a majority of the revenue in this classification. Capital grants (special assessments, federal and state grants, and capital contributed from developers) accounted for \$7,515,674 of the revenues. Current year special assessments comprised over \$4,823,000 of the amount, state construction aid comprised over \$1,225,000, and contributions from Crow Wing County comprised over \$1,102,000.

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (CONTINUED)

Changes in Net Position (Continued)

- The City's governmental activities' program expenses exceeded program revenues by \$613,125 (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, 2015**

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
	2015	2014		2015	2014	
GOVERNMENTAL ACTIVITIES						
General Government	\$ 1,537,205	\$ 1,522,265	1.0 %	\$ (1,060,992)	\$ (1,058,746)	(0.2) %
Public Safety	2,041,833	2,020,278	1.1	(1,532,716)	(1,460,059)	(5.0)
Public Works	3,389,767	2,518,595	34.6	4,154,013	(211,881)	2,060.5
Sanitation	35,114	37,970	(7.5)	(7,422)	(16,108)	53.9
Culture and Recreation	847,953	777,891	9.0	(764,215)	(426,922)	(79.0)
Economic and Community Development	1,376,093	781,557	76.1	(968,268)	(743,784)	(30.2)
Interest	505,783	696,429	(27.4)	(433,525)	(620,057)	30.1
Total	<u>\$ 9,733,748</u>	<u>\$ 8,354,985</u>	16.5	<u>\$ (613,125)</u>	<u>\$ (4,537,557)</u>	86.5
BUSINESS-TYPE ACTIVITIES						
Water	\$ 1,728,615	\$ 1,793,208	(3.6) %	\$ 19,984	\$ 118,300	83.1 %
Sewer	1,705,465	1,739,067	(1.9)	(206,559)	(13,189)	(1,466.1)
Storm Water	302,516	302,180	0.1	20,219	17,190	(17.6)
Total	<u>\$ 3,736,596</u>	<u>\$ 3,834,455</u>	(2.6)	<u>\$ (166,356)</u>	<u>\$ 122,301</u>	236.0

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 \$28,304,322

Revenues for the City's governmental funds were \$13,429,126, while total expenditures were \$21,793,613. The excess expenditures over revenues before other financing sources and uses is due mostly to large expenditures related to capital outlay for infrastructure projects, which was funded in the short-term via the 2015 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 increased \$35,250 over 2014 due to lower than expected expenditures across a variety of functions, but primarily related to unused contingency funds, vacant police officer positions, and lower than expected insurance costs. 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, 2015**

GENERAL FUND

The following schedule presents a summary of General Fund Revenues:

**Table A-4
General Fund Revenues**

Fund	Year Ended		Change	
	December 31, 2015	December 31, 2014	Increase (Decrease)	Percent
Taxes and Special Assessments	\$ 4,457,889	\$ 4,325,437	\$ 132,452	3.1 %
Licenses and Permits	151,056	150,703	353	0.2
Intergovernmental	173,177	137,724	35,453	25.7
Charges for Services	436,818	427,290	9,528	2.2
Fines and Forfeits	76,281	67,121	9,160	13.6
Investment Earnings	40,166	36,914	3,252	8.8
Net Increase (Decrease) in				
Fair Value of Investments	2,289	5,018	(2,729)	54.4
Miscellaneous and Other	104,749	137,519	(32,770)	(23.8)
Total General Fund Revenue	<u>\$ 5,442,425</u>	<u>\$ 5,287,726</u>	<u>\$ 154,699</u>	2.9

Total General Fund revenue increased \$154,699, or 2.9%, from the previous year, primarily due to an increase in property taxes and due to the receipt of a state grant to aid with cleanup costs related to severe storm in July 2015. Property taxes and special assessments continue to be the significant source of funding in the general fund, comprising 81.9% of the total general fund revenues for 2015.

The following schedule presents a summary of General Fund Expenditures:

**Table A-5
General Fund Expenditures**

	Year Ended		Change	
	December 31, 2015	December 31, 2014	Increase (Decrease)	Percent
General Government	\$ 1,404,776	\$ 1,393,559	\$ 11,217	0.8 %
Public Safety	1,828,948	1,797,206	31,742	1.8
Public Works	524,976	479,454	45,522	9.5
Culture and Recreation	567,684	534,889	32,795	6.1
Capital Outlay	10,316	-	10,316	-
Debt Service	25,000	25,000	-	-
Total Expenditures	<u>\$ 4,361,700</u>	<u>\$ 4,230,108</u>	<u>\$ 131,592</u>	3.1

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

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 \$82,125 more than expected due primarily to conservative budget practices and higher than anticipated franchise fees, public safety grants, a grant for storm damage, charges for services, interest earnings, and other miscellaneous revenues.
- Actual expenditures were \$224,500 less than budgeted primarily due to unused contingency funds; vacant police positions; planned purchases and projects not completed; and lower than expected costs related to legal services, utilities, motor fuel, repairs, contract plowing, 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.

In 2015, the EDA's fund balance increased \$430,322 due to the sale of industrial park land which was held for resale. Through the budgeting process, an increase in fund balance was also planned to replenish prior land acquisition and related development activities.

SALES TAX COLLECTIONS FUND

The Sales Tax Collections fund year-end fund balance was \$7,929,721, a decrease from the prior year of \$525,630. The decrease is attributable to the timing of collections over funding of budgeted projects, debt payments for the year, and a \$500,000 advanced payment to the City of Brainerd as part of a new revenue-sharing agreement for the Brainerd Lakes Regional Airport utility improvements. 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 fund balance will fluctuate as proceeds continue to accumulate and are spent on future capital needs on a pay-as-you-go basis. Proceeds will also be utilized for future debt service payments on sales tax related bond issues when necessary.

CONSTRUCTION PROJECTS AND DEBT SERVICE

The Debt Service Fund consists of the City's General Obligation Improvement Bonds issued to finance street, utility, and trail improvements. The Fund also includes General Obligation Sales Tax Wastewater Revenue Notes issued to finance the City's share of the wastewater treatment plant financed primarily with sales tax revenues. In addition, the Fund includes the Capital Improvement Plan Bonds issued to finance projects approved as part of the City's five-year Capital Improvement Plan (CIP). A majority of the improvement bonds debt is financed with special assessments to the benefited property owners, with the CIP bonds funded with property tax levy over the next 11 years.

In 2015, the City issued General Obligation Improvement and Tax Increment Bonds, Series 2015 (\$8,530,000) in order to finance street, utility, and trail related improvements for the following projects: Dellwood and Novotny extension, South Isle Drive extension, Inglewood Drive from Fairview to Excelsior, Independence Road, Excelsior Road from Cypress to the east city limits, Briarwood Lane, Inglewood Drive from Wolda Road to CSAH 77, and the 2015 Mill and Overlays street improvements. This debt will be repaid through special assessments, tax increment financing proceeds, a reimbursement from Crow Wing County, and a debt service property tax levy.

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

CONSTRUCTION PROJECTS AND DEBT SERVICE (CONTINUED)

In 2013, the City issued refunding bonds that crossover refunded \$2,865,000 outstanding on 2006A CIP Bonds and \$1,110,000 on 2006B General Obligation Improvements Bonds in 2015. Due to this refunding, overall fund balance for the Debt Service Fund decreased \$3,707,881.

The Capital Project Fund accounts for the majority of the City's construction projects and acquisition of capital assets. Fund balance increased \$1,616,255 due to the reimbursement of current and prior year construction projects from various funding sources in 2015, including the 2015 bond issuance previously mentioned and sales tax collections, and water and sewer contributions.

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 and Sewer Funds increased \$713,703 and \$104,575, respectively primarily due to water and sewer availability charges. Net position in the Storm Water Fund increased \$155,970, also due to infrastructure contributions from governmental activities.

Operating revenues in the proprietary funds increased \$149,461 or 5.7% from 2014 due to expanded service to new users. Utility user rates were not increased in 2015. Rates are reviewed annually and will continue to be reviewed in the future. A steady number of residential utility connections and commercial construction generated \$479,700 of water and sewer availability charge revenues for 2015. The availability charges were down \$231,976 or 32.6% from the prior year. Availability charges include those certified through special assessment agreements for collection with Crow Wing County.

Water operating expenses increased 5.6%, sewer operating expenses decreased 2.0%, and storm water expenses decreased 0.6% from 2014. The overall increase in Water Fund operating expenses was due to increased depreciation expenses and engineering to complete a study of our well and water system. The decrease in sewer operating expenses was due to lower treatment costs. The overall decrease in Storm Water Fund operating expenses was due primarily to a reduction in engineering services.

CAPITAL ASSETS

By the end of 2015, the City had invested approximately \$140,800,000 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 \$3,778,059 (including the enterprise funds).

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

	Governmental Activities		Percentage Change	Business-Type Activities		Percentage Change	Total		Percentage Change
	2015	2014		2015	2014		2015	2014	
Land	\$ 5,905,283	\$ 5,905,283	- %	\$ 1,132,218	\$ 1,027,445	10.2 %	\$ 7,037,501	\$ 6,932,728	1.5 %
Construction in Progress	11,704,997	3,660,973	219.7	187,994	225,121	(16.5)	11,892,991	3,886,094	206.0
Intangible	6,960	6,960	-	9,867,725	9,867,725	-	9,874,685	9,874,685	-
Buildings	1,539,088	1,564,957	(1.7)	9,724,289	9,708,299	0.2	11,263,377	11,273,256	(0.1)
Infrastructure and Distribution System	46,900,210	44,977,712	4.3	47,591,302	45,604,786	4.4	94,491,512	90,582,498	4.3
Land Improvements	1,950,450	1,666,076	17.1	559,134	559,134	-	2,509,584	2,225,210	12.8
Machinery, Vehicles, Furniture and Equipment	2,568,872	2,496,625	2.9	1,190,018	890,090	33.7	3,758,890	3,386,715	11.0
Less: Accumulated Depreciation	(29,985,213)	(28,057,943)	6.9	(19,727,842)	(18,009,973)	9.5	(49,713,055)	(46,067,916)	7.9
Total	\$ 40,590,647	\$ 32,220,643	26.0	\$ 50,524,838	\$ 49,872,627	1.3	\$ 91,115,485	\$ 82,093,270	11.0

In 2015, \$1,948,510 of capital assets 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, 2015**

LONG-TERM LIABILITIES

At year-end, the City had \$33,918,760 in long-term liabilities outstanding, including bond discounts and premiums, compensated absences, net pension liabilities, and other postemployment benefits. The City issued \$8,530,000 General Obligation Improvement Bonds, Series 2015, to be repaid through special assessments, tax increment financing proceeds, a reimbursement from Crow Wing County, and a debt service property tax levy collected in the debt service fund. 2006A General Obligation Improvement Plan Bonds, 2006B General Obligation Improvement Bonds, and 2007A General Obligation Water and Sales Tax Revenue Bonds were refunded from proceeds of 2013A General Obligation Refunding Bonds. In accordance with GASB Statement No. 68, in 2015, the City also recognized its proportionate share of the Public Employees Retirement Association of Minnesota's net pension liability. (More detailed information about long-term debt can be found in Note 3.C.1 and Note 4 to the financial statements.)

- The City's long-term debt increased \$4,934,956 for governmental activities and decreased \$3,822,372 for business-type activities due to the activity described above.

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

	2015	2014	Percentage Change
GOVERNMENTAL ACTIVITIES			
General Obligation Bonds	\$ 18,491,639	\$ 15,336,356	20.6 %
General Obligation Revenue Notes	6,635,000	7,100,667	(6.6)
Capital Leases Payable	-	25,000	(100.0)
Compensated Absences Payable	332,844	332,202	0.2
Other Postemployment Benefits	15,396	21,543	(28.5)
Net Pension Liability	2,275,845	-	100.0
Total	\$ 27,750,724	\$ 22,815,768	21.6
BUSINESS-TYPE ACTIVITIES			
General Obligation Bonds	\$ 5,900,614	\$ 9,946,754	(40.7)
Compensated Absences Payable	46,025	43,654	5.4
Net Pension Liability	221,397	-	100.0
Total	\$ 6,168,036	\$ 9,990,408	(38.3)

FACTORS BEARING ON THE CITY'S FUTURE

In 2015, the City adopted a five year capital improvement plan to guide the implementation of planned infrastructure and maintenance projects. The objective is to match funding with increased infrastructure needs and to promote continued economic development within the City. Through the capital improvement planning process, the City will continue to plan cautiously for future capital investments and monitor their impacts of City services.

In 2016, focus will resume on existing street maintenance with planned mill and overlay street projects in numerous residential neighborhoods and full-depth reclamation and reconstruction of several commercial streets, including: Clearwater Road from Dellwood Drive to Golf Course Drive, Wolda Road from Highway 371 to Golf Course Drive, and Golf Course Drive from Excelsior Road to Wolda Road. The projects will be funded primarily from special assessments to benefiting properties, along with an annual property tax levy for the City's portion of the debt service. As part of the Golf Course Drive project, storm water improvements will also be completed on the street, funded through special assessments and revenues from the City's sales tax.

Reconstruction of Fairview Road from just west of Memorywood Drive to Inglewood Drive is planned in 2016. Improved traffic safety will be accomplished along the corridor with the widening of the street to accommodate bicycle and pedestrian traffic. Funding for the project will be from a variety of sources, including: special assessments, a property tax debt service levy, and sales tax receipts.

**CITY OF BAXTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

FACTORS BEARING ON THE CITY'S FUTURE (CONTINUED)

Another funding source for ongoing street maintenance will be considered in 2016. The City is proceeding with the implementation of utility franchise fees to finance ongoing street pavement management and street lighting costs. In an effort to preserve the City's investment in street infrastructure, franchise fee revenues will be utilized to expand a street sealcoating program.

Other projects advancing in 2016 include: construction of a new park pavilion at Oscar Kristofferson Park to replace the existing one that has reached the end of its useful life, a rehabilitation of sanitary sewer lift station number eight, and installation of a water automatic meter reading (AMR) system. The AMR system will eliminate the need for residents to read their own meters and report water usage. City staff will no longer need to read commercial accounts on a monthly basis, freeing time for other maintenance tasks. It is anticipated the investment will increase accuracy and efficiency in the monthly water meter reading process.

Receipts from the City's local option sales tax and motor vehicle excise tax remain strong. In 2014, the existing sales tax was extended through 2037 for an additional \$40 million of infrastructure related projects, including 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. Sales tax receipts will continue to finance outstanding debt service related to the City's water treatment plant and share of wastewater treatment plant capacity. When practical, it is anticipated sales tax proceeds on hand will be utilized for eligible portions of capital projects identified in the capital improvement plan to minimize future borrowing costs.

Private investment in the City has renewed interest. Construction of a manufacturing facility in the City's industrial park began in 2015 and is anticipated to be completed by the end of 2016. When finished the development is anticipated to employ approximately 90 employees. New retail development is being proposed in 2016, including an 89,000 square foot multi-tenant junior box retail development and a roughly 6,900 square foot multi-tenant strip mall.

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, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Pooled Investments	\$ 27,304,128	\$ 11,087,086	\$ 38,391,214
Internal Balances	(114,156)	114,156	-
Accrued Interest Receivable	93,145	-	93,145
Accounts Receivable - Net	200,448	403,090	603,538
Due from Other Governments	1,135,410	1,171	1,136,581
Prepaid Items	2,010	700	2,710
Delinquent Taxes Receivable	146,450	-	146,450
Special Assessments Receivable	8,781,186	91,367	8,872,553
Land Held for Resale	2,097,390	-	2,097,390
Non-Depreciable Capital Assets			
Land	5,905,283	1,132,218	7,037,501
Construction in Progress	11,704,997	187,994	11,892,991
Depreciable Capital Assets (Net)			
Intangible	2,088	8,757,573	8,759,661
Buildings	843,244	7,903,741	8,746,985
Infrastructure and Distribution System	20,462,977	31,723,845	52,186,822
Land Improvements	1,036,409	356,196	1,392,605
Machinery, Vehicles, Furniture and Equipment	635,649	463,271	1,098,920
Total Assets	80,236,658	62,222,408	142,459,066
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan Deferments	430,704	31,038	461,742
Total Assets and Deferred Outflows of Resources	<u>\$ 80,667,362</u>	<u>\$ 62,253,446</u>	<u>\$ 142,920,808</u>
LIABILITIES			
Accounts Payable	\$ 1,010,310	\$ 101,075	\$ 1,111,385
Due to Other Governments	80,902	11,415	92,317
Salaries Payable	91,235	9,982	101,217
Accrued Liabilities	64,389	4,148	68,537
Contracts Payable	316,065	-	316,065
Accrued Interest Payable	173,494	55,006	228,500
Unearned Revenue	23,795	-	23,795
Escrow Deposits	119,164	-	119,164
Long-term Liabilities:			
Due Within One Year			
Compensated Absences Payable	31,423	424	31,847
General Obligation Bonds Payable	3,230,000	580,000	3,810,000
General Obligation Revenue Notes Payable	480,334	-	480,334
Due In More than One Year			
Compensated Absences Payable	301,421	45,601	347,022
Other Postemployment Benefits Payable	15,396	-	15,396
Net Pension Liability - PERA	2,275,845	221,397	2,497,242
General Obligation Bonds Payable	15,261,639	5,320,614	20,582,253
General Obligation Revenue Notes Payable	6,154,666	-	6,154,666
Total Liabilities	29,630,078	6,349,662	35,979,740
DEFERRED INFLOWS OF RESOURCES			
Gain on Refunding Bonds	-	37,254	37,254
Pension Plan Deferments	331,407	21,872	353,279
Total Deferred Inflows of Resources	331,407	59,126	390,533
NET POSITION			
Net Investment in Capital Assets	21,859,902	44,586,970	59,811,872
Restricted for			
Debt Service	13,492,038	-	13,492,038
Economic Development	3,397,600	-	3,397,600
Sales Tax Funded Infrastructure	7,953,458	-	7,953,458
Revolving Loans	430,601	-	430,601
Tax Increment Financing	552,442	-	552,442
Police Activity	52,358	-	52,358
Unrestricted	2,967,478	11,257,688	20,860,166
Total Net Position	<u>50,705,877</u>	<u>55,844,658</u>	<u>106,550,535</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 80,667,362</u>	<u>\$ 62,253,446</u>	<u>\$ 142,920,808</u>

See accompanying Notes to Financial Statements.

**CITY OF BAXTER, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

<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	\$ 1,537,205	\$ 475,694	\$ -	\$ 519
Public Safety	2,041,833	368,760	140,357	-
Public Works	3,389,767	600	49,665	7,493,515
Sanitation	35,114	276	27,416	-
Culture and Recreation	847,953	69,638	-	14,100
Economic and Community Development	1,376,093	400,285	-	7,540
Interest and Fiscal Charges	505,783	-	72,258	-
Total Governmental Activities	9,733,748	1,315,253	289,696	7,515,674
BUSINESS-TYPE ACTIVITIES				
Water	1,728,615	1,723,923	6,451	18,225
Sewer	1,705,465	1,470,789	11,207	16,910
Storm Water	302,516	321,866	869	-
Total Business-Type Activities	3,736,596	3,516,578	18,527	35,135
Total Primary Government	\$ 13,470,344	\$ 4,831,831	\$ 308,223	\$ 7,550,809

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
Change in Accounting Principle - Pension Plans
Net Position - Beginning, as Restated

NET POSITION - END OF YEAR

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,060,992)	\$ -	\$ (1,060,992)
(1,532,716)	-	(1,532,716)
4,154,013	-	4,154,013
(7,422)	-	(7,422)
(764,215)	-	(764,215)
(968,268)	-	(968,268)
(433,525)	-	(433,525)
(613,125)	-	(613,125)
-	19,984	19,984
-	(206,559)	(206,559)
-	20,219	20,219
-	(166,356)	(166,356)
(613,125)	(166,356)	(779,481)
5,584,724	-	5,584,724
362,561	-	362,561
2,500,784	-	2,500,784
395,884	-	395,884
32,819	-	32,819
270,251	134,613	404,864
16,151	8,126	24,277
106,833	-	106,833
3,300	-	3,300
(997,865)	997,865	-
8,275,442	1,140,604	9,416,046
7,662,317	974,248	8,636,565
45,155,912	55,076,350	100,232,262
(2,112,352)	(205,940)	(2,318,292)
43,043,560	54,870,410	97,913,970
\$ 50,705,877	\$ 55,844,658	\$ 106,550,535

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FUND FINANCIAL STATEMENTS

**CITY OF BAXTER, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	Major Funds		
	General Fund	Economic Development	Sales Tax Collections
ASSETS			
Cash and Pooled Investments	\$ 3,415,265	\$ 1,186,957	\$ 7,528,262
Due from Other Funds	55,567	-	-
Accrued Interest Receivable	93,145	-	-
Accounts Receivable	99,862	-	8,858
Due From Other Governments	18,498	-	422,329
Prepaid Items	1,790	-	-
Delinquent Taxes Receivable	115,941	-	-
Special Assessments Receivable	715	60,936	-
Advances to Other Funds	149,100	53,980	-
Land Held For Resale	-	2,097,390	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 3,949,883</u>	<u>\$ 3,399,263</u>	<u>\$ 7,959,449</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 87,828	\$ 14	\$ -
Due to Other Governments	54,771	1,649	5,991
Salaries Payable	83,577	-	-
Accrued Liabilities	64,389	-	-
Due to Other Funds	-	-	-
Contracts Payable	-	-	-
Unearned Revenues	9,056	-	-
Advances from Other Funds	-	-	-
Escrow Deposits	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	299,621	1,663	5,991
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue			
Taxes	115,941	-	-
Special Assessments	715	60,936	-
Other	6,981	-	23,737
	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	123,637	60,936	23,737
FUND BALANCES			
Nonspendable	150,890	53,980	-
Restricted	-	3,282,684	7,929,721
Committed	-	-	-
Assigned	509,300	-	-
Unassigned	2,866,435	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>3,526,625</u>	<u>3,336,664</u>	<u>7,929,721</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,949,883</u>	<u>\$ 3,399,263</u>	<u>\$ 7,959,449</u>

See accompanying Notes to Financial Statements.

Major Funds		Other	Total
Debt Service Fund	Capital Project Fund	Governmental Funds	Governmental Funds
\$ 4,666,314	\$ 7,925,039	\$ 2,582,291	\$ 27,304,128
-	-	-	55,567
-	-	-	93,145
-	70,312	21,416	200,448
694,583	-	-	1,135,410
-	-	220	2,010
29,941	568	-	146,450
8,360,161	346,140	13,234	8,781,186
-	-	-	203,080
-	-	-	2,097,390
<u>\$ 13,750,999</u>	<u>\$ 8,342,059</u>	<u>\$ 2,617,161</u>	<u>\$ 40,018,814</u>
\$ 450	\$ 715,003	\$ 207,015	\$ 1,010,310
11,016	-	7,475	80,902
-	-	7,658	91,235
-	-	-	64,389
-	169,723	-	169,723
-	316,065	-	316,065
-	-	14,739	23,795
-	-	203,080	203,080
-	-	119,164	119,164
<u>11,466</u>	<u>1,200,791</u>	<u>559,131</u>	<u>2,078,663</u>
29,941	568	-	146,450
8,360,161	346,140	13,234	8,781,186
655,982	21,493	-	708,193
<u>9,046,084</u>	<u>368,201</u>	<u>13,234</u>	<u>9,635,829</u>
-	-	220	205,090
4,693,449	-	1,035,401	16,941,255
-	-	1,188,972	1,188,972
-	6,773,067	17,830	7,300,197
-	-	(197,627)	2,668,808
<u>4,693,449</u>	<u>6,773,067</u>	<u>2,044,796</u>	<u>28,304,322</u>
<u>\$ 13,750,999</u>	<u>\$ 8,342,059</u>	<u>\$ 2,617,161</u>	<u>\$ 40,018,814</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, 2015

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 28,304,322
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.	40,590,647
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the governmental funds.	9,635,829
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. Deferred outflows and inflows related to these long-term liabilities are also not reported in the governmental funds.	
General Obligation Bonds Payable	\$ (18,491,639)
General Obligation Revenue Notes Payable	(6,635,000)
Compensated Absences Payable	(332,844)
Other Postemployment Benefits Payable	(15,396)
Accrued Interest Payable	(173,494)
Net Pension Liability - PERA	(2,275,845)
Pension Plan Deferments	99,297
	(27,824,921)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 50,705,877

See accompanying Notes to Financial Statements.

CITY OF BAXTER, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015

	Major Funds		
	General Fund	Economic Development	Sales Tax Collections
REVENUES			
Taxes	\$ 4,448,690	\$ -	\$ -
Lodging Tax	-	-	-
Sales Tax	-	-	2,488,992
Tax Increments	-	-	-
Special Assessments	9,199	56,457	-
Licenses, Permits, and Fees	151,056	-	-
Intergovernmental	173,177	-	-
Charges for Services	436,818	1,479	-
Fines and Forfeits	76,281	-	-
Gifts and Contributions	1,500	-	-
Investment Earnings	40,166	11,659	84,024
Net Increase (Decrease) in Fair Value of Investments	2,289	686	5,752
Miscellaneous	103,249	368,886	-
Total Revenues	5,442,425	439,167	2,578,768
EXPENDITURES			
CURRENT			
General Government	1,404,776	-	55,065
Public Safety	1,828,948	-	-
Public Works	524,976	-	-
Sanitation	-	-	-
Culture and Recreation	567,684	-	-
Economic and Community Development	-	38,845	500,003
CAPITAL OUTLAY			
General Government	-	-	-
Public Works	2,100	-	-
Culture and Recreation	8,216	-	-
Economic and Community Development	-	-	-
DEBT SERVICE			
Principal	25,000	-	-
Interest and Fiscal Charges	-	-	-
Bond Issue Costs	-	-	-
Total Expenditures	4,361,700	38,845	555,068
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,080,725	400,322	2,023,700
OTHER FINANCING SOURCES (USES)			
Sale of Capital Assets	-	-	-
Issuance of GO Bonds	-	-	-
Issuance of GO Bonds - Premium	-	-	-
Principal Payment on Refunded Bonds	-	-	-
Transfers In	231,080	30,000	-
Transfers Out	(1,276,555)	-	(2,549,330)
Total Other Financing Sources (Uses)	(1,045,475)	30,000	(2,549,330)
NET CHANGE IN FUND BALANCES	35,250	430,322	(525,630)
Fund Balance - Beginning of Year	3,491,375	2,906,342	8,455,351
FUND BALANCE - END OF YEAR	\$ 3,526,625	\$ 3,336,664	\$ 7,929,721

See accompanying Notes to Financial Statements.

Major Funds		Other	Total
Debt Service	Capital Project	Governmental	Governmental
Fund	Fund	Funds	Funds
\$ 1,121,370	\$ -	\$ -	\$ 5,570,060
-	-	362,561	362,561
-	-	-	2,488,992
-	-	395,884	395,884
914,986	14,669	36	995,347
-	-	162,465	313,521
72,258	1,275,161	27,416	1,548,012
-	268,457	102,861	809,615
-	-	11,915	88,196
-	-	6,000	7,500
41,019	68,263	30,284	275,415
2,541	2,871	2,012	16,151
-	3,100	82,637	557,872
2,152,174	1,632,521	1,184,071	13,429,126
-	6,547	4,485	1,470,873
-	-	163,330	1,992,278
-	1,286,691	-	1,811,667
-	-	35,114	35,114
-	30,913	30,368	628,965
-	-	861,271	1,400,119
-	32,028	-	32,028
-	9,577,008	-	9,579,108
-	38,029	206,260	252,505
-	-	1,924,204	1,924,204
2,015,667	-	-	2,040,667
540,235	-	-	540,235
-	71,752	14,098	85,850
2,555,902	11,042,968	3,239,130	21,793,613
(403,728)	(9,410,447)	(2,055,059)	(8,364,487)
-	3,300	-	3,300
-	7,130,000	1,400,000	8,530,000
-	159,299	36,005	195,304
(3,975,000)	-	-	(3,975,000)
670,847	3,997,059	115,400	5,044,386
-	(262,956)	(4,900)	(4,093,741)
(3,304,153)	11,026,702	1,546,505	5,704,249
(3,707,881)	1,616,255	(508,554)	(2,660,238)
8,401,330	5,156,812	2,553,350	30,964,560
\$ 4,693,449	\$ 6,773,067	\$ 2,044,796	\$ 28,304,322

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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, 2015

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (2,660,238)

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	\$ 11,787,845	
Capital Contributions to Enterprise Funds	(1,948,510)	
Capital Contributions from Developers	446,133	
Adjustment to Capitalized Item	74,369	
Current Year Depreciation	(1,989,833)	8,370,004

The recognition of certain revenues and expenses/expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements. 4,600,579

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: (8,530,000)

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	5,525,000	
Revenue Bonds	465,667	
Capital Lease	25,000	6,015,667

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	(195,304)	
Change in Accrued Interest Payable	75,279	
Amortization of Discounts and Premiums	45,021	
Change in Compensated Absences	(642)	
Change in Postemployment Benefits	6,147	
Change in Pension Plan Deferrals	99,297	
Change in Net Pension Liability - PERA	(163,493)	(133,695)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 7,662,317**

See accompanying Notes to Financial Statements.

CITY OF BAXTER, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

	Water	Sewer	Storm Water	Total
ASSETS				
Current Assets:				
Cash and Investments	\$ 4,855,654	\$ 5,812,020	\$ 419,412	\$ 11,087,086
Receivables				
Due From Other Funds	57,320	56,836	-	114,156
Accounts	177,183	177,677	48,230	403,090
Due From Other Governments	184	941	46	1,171
Special Assessments	11,424	77,924	2,019	91,367
Prepaid Items	400	300	-	700
Total Current Assets	<u>5,102,165</u>	<u>6,125,698</u>	<u>469,707</u>	<u>11,697,570</u>
Noncurrent Assets:				
Non-Depreciable Capital Assets				
Land	352,932	62,598	716,688	1,132,218
Construction in Progress	-	69,827	118,167	187,994
Depreciable Capital Assets (Net)				
Intangible	-	8,757,573	-	8,757,573
Buildings	7,903,741	-	-	7,903,741
Distribution System	13,834,289	15,028,984	2,860,572	31,723,845
Land Improvements	-	-	356,196	356,196
Machinery, Vehicles, Furniture and Equipment	366,163	55,906	41,202	463,271
Total Noncurrent Assets	<u>22,457,125</u>	<u>23,974,888</u>	<u>4,092,825</u>	<u>50,524,838</u>
Total Assets	27,559,290	30,100,586	4,562,532	62,222,408
DEFERRED OUTFLOWS OF RESOURCES				
Pension Plan Deferrals	15,519	13,579	1,940	31,038
Total Assets and Deferred Outflows of Resources	<u>\$ 27,574,809</u>	<u>\$ 30,114,165</u>	<u>\$ 4,564,472</u>	<u>\$ 62,253,446</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 49,751	\$ 44,189	\$ 7,135	\$ 101,075
Due To Other Governments	908	10,422	85	11,415
Salaries Payable	4,638	4,786	558	9,982
Accrued Liabilities	4,148	-	-	4,148
Accrued Interest Payable	55,006	-	-	55,006
Compensated Absences Payable	212	212	-	424
General Obligation Bonds Payable	580,000	-	-	580,000
Total Current Liabilities	<u>694,663</u>	<u>59,609</u>	<u>7,778</u>	<u>762,050</u>
Noncurrent Liabilities:				
Compensated Absences Payable	22,139	22,139	1,323	45,601
Net Pension Liability - PERA	110,699	96,861	13,837	221,397
General Obligation Bonds Payable	5,320,614	-	-	5,320,614
Total Liabilities	<u>6,148,115</u>	<u>178,609</u>	<u>22,938</u>	<u>6,349,662</u>
DEFERRED INFLOWS OF RESOURCES				
Gain on Refunding Bonds	37,254	-	-	37,254
Pension Plan Deferrals	10,936	9,569	1,367	21,872
Total Deferred Inflows of Resources	<u>48,190</u>	<u>9,569</u>	<u>1,367</u>	<u>59,126</u>
NET POSITION				
Net Investment in Capital Assets	16,519,257	23,974,888	4,092,825	44,586,970
Unrestricted	4,859,247	5,951,099	447,342	11,257,688
Total Net Position	<u>21,378,504</u>	<u>29,925,987</u>	<u>4,540,167</u>	<u>55,844,658</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 27,574,809</u>	<u>\$ 30,114,165</u>	<u>\$ 4,564,472</u>	<u>\$ 62,253,446</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, 2015

	Water	Sewer	Storm Water	Total
OPERATING REVENUES				
Charges For Services				
User Charges	\$ 1,298,438	\$ 1,201,415	\$ 318,289	\$ 2,818,142
Meter Sales	25,511	-	-	25,511
Non-User Sales	1,856	2,328	-	4,184
Penalties	14,413	15,388	3,567	33,368
Permits and Hookup Charges	2,038	1,658	-	3,696
Miscellaneous	2,734	200	10	2,944
Total Operating Revenues	1,344,990	1,220,989	321,866	2,887,845
OPERATING EXPENSES				
Personnel Services	201,361	197,076	32,851	431,288
Supplies and Fees	105,182	19,271	9,845	134,298
Other Services and Charges	377,627	643,197	141,552	1,162,376
Depreciation	826,114	845,921	116,191	1,788,226
Total Operating Expenses	1,510,284	1,705,465	300,439	3,516,188
OPERATING INCOME (LOSS)	(165,294)	(484,476)	21,427	(628,343)
NONOPERATING REVENUES (EXPENSES)				
Special Assessments	1,655	6,411	869	8,935
Water Plant Fee	149,033	-	-	149,033
Availability Charges	229,900	249,800	-	479,700
Intergovernmental	4,796	4,796	-	9,592
Investment Earnings	64,734	63,117	6,762	134,613
Net Increase (Decrease) in Fair Value of Investments	3,399	4,221	506	8,126
Interest Expense and Fiscal Charges	(213,248)	-	-	(213,248)
Gain/(Loss) on Disposal of Capital Assets	(5,083)	-	(2,077)	(7,160)
Total Nonoperating Revenues (Expenses)	235,186	328,345	6,060	569,591
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	69,892	(156,131)	27,487	(58,752)
Capital Contributions from Developers	18,225	16,910	-	35,135
Capital Contributions from Governmental Activities	656,020	777,601	514,889	1,948,510
Transfers In	500,757	24,788	-	525,545
Transfers Out	(531,191)	(558,593)	(386,406)	(1,476,190)
CHANGE IN NET POSITION	713,703	104,575	155,970	974,248
Net Position - Beginning of Year	20,767,771	29,911,511	4,397,068	55,076,350
Change in Accounting Principle - Pension Plans	(102,970)	(90,099)	(12,871)	(205,940)
Net Position - Beginning, as Restated	20,664,801	29,821,412	4,384,197	54,870,410
NET POSITION - END OF YEAR	<u>\$ 21,378,504</u>	<u>\$ 29,925,987</u>	<u>\$ 4,540,167</u>	<u>\$ 55,844,658</u>

See accompanying Notes to Financial Statements.

**CITY OF BAXTER, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2015**

	Water	Sewer	Storm Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 1,321,452	\$ 1,200,237	\$ 312,239	\$ 2,833,928
Payments to Suppliers	(646,975)	(642,915)	(149,647)	(1,439,537)
Payments to Employees	(195,752)	(191,519)	(32,759)	(420,030)
Net Cash Provided (Used) by Operating Activities	478,725	365,803	129,833	974,361
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Grants Received	4,796	4,796	-	9,592
Change in Due from Other Funds	150,141	224,475	-	374,616
Net Cash Provided (Used) by Noncapital and Related Financing Activities	154,937	229,271	-	384,208
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest and Fiscal Charges Paid	(254,600)	-	-	(254,600)
Transfer In	500,757	24,788	-	525,545
Transfer Out	(531,191)	(558,593)	(386,406)	(1,476,190)
Availability Charges	229,900	249,800	-	479,700
Water Plant Fee	149,033	-	-	149,033
Special Assessments	9,066	46,816	246	56,128
Payments on General Obligation Bonds	(530,000)	-	-	(530,000)
Refunding of General Obligation Bonds	(3,480,000)	-	-	(3,480,000)
Purchases of Capital Assets	(131,046)	(207,045)	(128,061)	(466,152)
Proceeds from the Sale of Capital Assets	-	-	2,200	2,200
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,038,081)	(444,234)	(512,021)	(4,994,336)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of Investments	1,695,188	2,652,522	514,014	4,861,724
Purchase of Investments	(2,003,290)	(2,397,857)	(173,036)	(4,574,183)
Investment Earnings Received	64,734	63,117	6,762	134,613
Net Cash Provided (Used) by Investing Activities	(243,368)	317,782	347,740	422,154
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,647,787)	468,622	(34,448)	(3,213,613)
Cash and Cash Equivalents - Beginning of Year	4,855,925	977,470	138,802	5,972,197
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,208,138</u>	<u>\$ 1,446,092</u>	<u>\$ 104,354</u>	<u>\$ 2,758,584</u>

See accompanying Notes to Financial Statements.

CITY OF BAXTER, MINNESOTA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2015

	Water	Sewer	Storm Water	Total
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED (USED) BY				
OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (165,294)	\$ (484,476)	\$ 21,427	\$ (628,343)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	826,114	845,921	116,191	1,788,226
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	(23,597)	(20,238)	(9,708)	(53,543)
Due from Other Governments	59	(514)	81	(374)
Prepaid Items	(400)	(300)	-	(700)
Pension Plan Deferments	(15,519)	(13,579)	(1,940)	(31,038)
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	(160,966)	10,254	1,736	(148,976)
Contracts Payable	(2,890)	(330)	-	(3,220)
Salaries and Wages Payable	730	1,439	81	2,250
Accrued Liabilities	360	(7)	(7)	346
Compensated Absences Payable	1,373	1,373	(375)	2,371
Due to Other Governments	90	9,929	14	10,033
Net Pension Liability - PERA	7,729	6,762	966	15,457
Pension Plan Deferments	10,936	9,569	1,367	21,872
Total Adjustments	644,019	850,279	108,406	1,602,704
Net Cash Provided (Used) by Operating Activities	<u>\$ 478,725</u>	<u>\$ 365,803</u>	<u>\$ 129,833</u>	<u>\$ 974,361</u>
NONCASH CAPITAL AND RELATED				
FINANCING ACTIVITIES				
Capital Contributions from Developers	\$ 18,225	\$ 16,910	\$ -	\$ 35,135
Capital Contributions from Governmental Activities	656,020	777,601	514,889	1,948,510
Total Noncash Capital and Related Financing Activities	674,245	794,511	514,889	1,983,645
NONCASH INVESTING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	3,399	4,221	506	8,126
Total Noncash Transactions	<u>\$ 677,644</u>	<u>\$ 798,732</u>	<u>\$ 515,395</u>	<u>\$ 1,991,771</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
TO THE STATEMENT OF NET POSITION				
Cash and Investments	\$ 4,855,654	\$ 5,812,020	\$ 419,412	\$ 11,087,086
Less: Investments not Meeting the Definition of Cash Equivalents	(3,647,516)	(4,365,928)	(315,058)	(8,328,502)
Total Cash and Cash Equivalents	<u>\$ 1,208,138</u>	<u>\$ 1,446,092</u>	<u>\$ 104,354</u>	<u>\$ 2,758,584</u>

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CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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, 2015

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, 2015

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, 2015

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 Outflows/Inflows of Resources, and Net Position or Equity

1. Cash and Investments (Including Cash Equivalents)

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

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

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, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/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 2014 which was collected during the year ended December 31, 2015. 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, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Capital and Intangible Assets

Capital 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, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/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 Outflows/Inflows of Resources

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

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

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

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Deferred Outflows/Inflows of Resources (Continued)

The first item, relates to unavailable revenues from property taxes, special assessments, and other revenues. The City will not recognize the related revenue until a future event occurs. The deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected no later than 60 days after the end of the City's year) under the modified accrual basis of accounting.

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

12. Pensions

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

13. Fund Balance/Net Position

Net position represents the difference between assets 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 \$6,635,000 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.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Fund Balance/Net Position (Continued)

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.

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.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues, Expenditures, and Expenses (Continued)

1. Revenues (Continued)

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

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

2. Expenditures

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

3. Expenses

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

F. Change in Accounting Principle

During the year ended December 31, 2015, the City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. GASB Statement No. 68 included major changes in how employers account for pension benefit expenses and liabilities. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting (government-wide and proprietary funds), an employer is required to recognize a liability for its share of the net pension liability provided through the pension plan. An employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources for its share related to pensions. This standard required retroactive implementation, which resulted in the restatement of net position as of December 31, 2014. The net position of governmental activities in the government-wide financial statements as of December 31, 2014 was decreased by \$2,112,352. The net positions of the Water, Sewer, and Storm Water funds in the proprietary fund financial statements as of December 31, 2014 were decreased by \$102,970, \$90,099, and \$12,871, respectively. This change reflects the City's proportionate share of the net pension liabilities (\$2,445,127 decrease in net position) and related deferred outflows of resources (\$126,835 increase in net position) for the PERA pension plan, which is now reported by employers under current guidance.

**CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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			
Lodging Tax Administration Fund	\$ 362,761	\$ 310,000	\$ 52,761

The Lodging Tax Administration Fund excess was 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, 2015, the City's investment balances were as follows:

<u>Investment Type</u>	<u>Balance</u>
Money Market Funds	\$ 354,028
Negotiable Certificates of Deposit	21,883,253
Federal National Mortgage Association	2,830,712
Execusweep Repo Business Account	5,345,641
Local Government Bonds	7,924,253
4M Fund	17,937
Total	<u>\$ 38,355,824</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, 2015**

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	\$ 354,028	\$ -	\$ -	\$ -	\$ 354,028
Negotiable Certificates of Deposit	9,183,176	6,520,955	5,929,801	249,321	21,883,253
Federal National Mortgage Association	-	-	2,830,712	-	2,830,712
Execusweep Repo Business Account	5,345,641	-	-	-	5,345,641
Local Government Bonds	1,177,771	643,458	5,897,016	206,008	7,924,253
4M Fund	17,937	-	-	-	17,937
Total	<u>\$ 16,078,553</u>	<u>\$ 7,164,413</u>	<u>\$ 14,657,529</u>	<u>\$ 455,329</u>	<u>\$ 38,355,824</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 securities, which hold a credit rating of AA+ by Standard & Poor's. Local government bonds hold a credit rating of A or better.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 7.5% and 14.1% of its investment portfolio in Federal National Mortgage Association securities and Execusweep Repo Agreements, respectively.

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, 2015**

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, 2015, all City deposits were covered by insurance or collateral.

	<u>Balance</u>
Deposits	\$ 35,390
Investments	<u>38,355,824</u>
Total Cash & Investments	<u><u>\$ 38,391,214</u></u>
	<u>Balance</u>
Cash & Investments	
Governmental Funds	\$ 27,304,128
Proprietary Funds	<u>11,087,086</u>
Total Cash & Investments	<u><u>\$ 38,391,214</u></u>

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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, 2015, is as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
GOVERNMENTAL ACTIVITIES					
Capital Assets not being Depreciated					
Land	\$ 5,905,283	\$ -	\$ -	\$ -	\$ 5,905,283
Construction in Progress	3,660,973	12,069,608	2,077,074	(1,948,510)	11,704,997
Total Capital Assets not being Depreciated	<u>9,566,256</u>	<u>12,069,608</u>	<u>2,077,074</u>	<u>(1,948,510)</u>	<u>17,610,280</u>
Capital Assets being Depreciated					
Intangible	6,960	-	-	-	6,960
Buildings	1,564,957	-	25,869	-	1,539,088
Infrastructure	44,977,712	1,922,498	-	-	46,900,210
Land Improvements	1,666,076	284,374	-	-	1,950,450
Machinery, Vehicles, Furniture and Equipment	<u>2,496,625</u>	<u>108,941</u>	<u>36,694</u>	<u>-</u>	<u>2,568,872</u>
Total Capital Assets being Depreciated	<u>50,712,330</u>	<u>2,315,813</u>	<u>62,563</u>	<u>-</u>	<u>52,965,580</u>
Less: Accumulated Depreciation for					
Intangible	3,480	1,392	-	-	4,872
Buildings	661,792	59,921	25,869	-	695,844
Infrastructure	24,824,662	1,612,571	-	-	26,437,233
Land Improvements	791,398	122,643	-	-	914,041
Machinery, Vehicles, Furniture and Equipment	<u>1,776,611</u>	<u>193,306</u>	<u>36,694</u>	<u>-</u>	<u>1,933,223</u>
Total Accumulated Depreciation	<u>28,057,943</u>	<u>1,989,833</u>	<u>62,563</u>	<u>-</u>	<u>29,985,213</u>
Total Capital Assets being Depreciated, Net	<u>22,654,387</u>	<u>325,980</u>	<u>-</u>	<u>-</u>	<u>22,980,367</u>
Governmental Activities Capital Assets, Net	<u>\$ 32,220,643</u>	<u>\$ 12,395,588</u>	<u>\$ 2,077,074</u>	<u>\$ (1,948,510)</u>	<u>\$ 40,590,647</u>

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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, 2015:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
BUSINESS-TYPE ACTIVITIES					
Capital Assets not being Depreciated					
Land	\$ 1,027,445	\$ -	\$ -	\$ 104,773	\$ 1,132,218
Construction in Progress	225,121	237,126	274,253	-	187,994
Total Capital Assets not being Depreciated	<u>1,252,566</u>	<u>237,126</u>	<u>274,253</u>	<u>104,773</u>	<u>1,320,212</u>
Capital Assets being Depreciated					
Intangible	9,867,725	-	-	-	9,867,725
Buildings	9,708,299	15,990	-	-	9,724,289
Distribution System	45,604,786	172,353	-	1,814,163	47,591,302
Land Improvements	559,134	-	-	-	559,134
Machinery, Vehicles, Furniture and Equipment	890,090	350,071	79,717	29,574	1,190,018
Total Capital Assets being Depreciated	<u>66,630,034</u>	<u>538,414</u>	<u>79,717</u>	<u>1,843,737</u>	<u>68,932,468</u>
Less: Accumulated Depreciation for					
Intangible	863,459	246,693	-	-	1,110,152
Buildings	1,577,599	242,949	-	-	1,820,548
Distribution System	14,677,374	1,190,083	-	-	15,867,457
Land Improvements	184,086	18,852	-	-	202,938
Machinery, Vehicles, Furniture and Equipment	707,455	89,649	70,357	-	726,747
Total Accumulated Depreciation	<u>18,009,973</u>	<u>1,788,226</u>	<u>70,357</u>	<u>-</u>	<u>19,727,842</u>
Total Capital Assets being Depreciated, Net	<u>48,620,061</u>	<u>(1,249,812)</u>	<u>9,360</u>	<u>1,843,737</u>	<u>49,204,626</u>
Business-Type Activities Capital Assets, Net	<u>\$ 49,872,627</u>	<u>\$ (1,012,686)</u>	<u>\$ 283,613</u>	<u>\$ 1,948,510</u>	<u>\$ 50,524,838</u>

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

Governmental Activities	
General Government	\$ 72,933
Public Safety	56,223
Public Works	1,661,747
Culture and Recreation	198,930
Total Depreciation Expense - Governmental Activities	<u>\$ 1,989,833</u>
Business-Type Activities	
Water	\$ 826,114
Sewer	845,921
Storm Water	116,191
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,788,226</u>

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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	\$ 55,567	Cash deficit
Water Fund	Capital Project Fund	57,320	Cash deficit
Sewer Fund	Capital Project Fund	56,836	Cash deficit
Total		<u>\$ 169,723</u>	

2. Advances from/to Other Funds

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 149,100	Cover delayed receipts
Economic Development Fund	Nonmajor Governmental Funds	53,980	Cash deficit
		<u>\$ 203,080</u>	

3. Interfund Transfers

	Amount	Purpose
Transfer to General Fund from		
Capital Project Fund	\$ 214,880	Capital Project appropriations
Water Fund	5,400	Public Works Facility improvements
Sewer Fund	5,400	Public Works Facility improvements
Storm Sewer Fund	5,400	Public Works Facility improvements
Transfer to Economic Development Fund from		
General	30,000	EDA Fund annual appropriation
Transfer to Debt Service Fund from		
Sales Tax Collections	620,847	Annual appropriation
Sewer	50,000	Annual appropriation
Transfer to Capital Project Fund from		
General	337,000	Collector Street appropriation
	174,200	Street Replacement appropriation
	28,500	Trail Construction annual appropriation
	229,200	IT, vehicle and equipment annual appropriations
	43,500	Public Works Facility improvements
	2,200	Recreation equipment appropriation
	22,900	Council chamber renovation appropriations
	293,655	Appropriations for capital projects
Sales Tax Collections	1,451,014	Sales Tax Proceeds for capital projects
Nonmajor Governmental	4,900	IT, vehicle and equipment annual appropriations
Water	14,200	IT, vehicle and equipment annual appropriations
	511,591	Sales Tax Proceeds for capital projects
Sewer	11,300	IT, vehicle and equipment annual appropriations
	491,893	Sales Tax Proceeds for capital projects
Storm Water	11,100	IT, vehicle and equipment annual appropriations
	369,906	Sales Tax Proceeds for capital projects
Transfer to Nonmajor Governmental Funds from		
General	115,400	Operations
Transfer to Water Fund from		
Capital Projects Fund	23,288	WAC Fees
Sales Tax Collections Fund	477,469	Sales Tax Proceeds for Water Plant Debt Service
Transfer to Sewer Fund from		
Capital Project Fund	24,788	SAC Fees
Total Transfers	<u>\$ 5,569,931</u>	

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 2016	
				Principal	Interest
GOVERNMENTAL ACTIVITIES					
<u>General Obligation Bonds</u>					
General Obligation Improvement Bonds, Series 2007B; 4.00 to 4.15%; Issued 12/05/2007; Final Maturity 02/01/2022	\$ 3,425,000	\$ 1,585,000	\$ 1,840,000	\$ 1,840,000	\$ 70,010
General Obligation Refunding Bonds, Series 2010; 1.00 to 2.15%; Issued 11/29/2010; Final Maturity 02/01/2018	4,465,000	2,635,000	1,830,000	780,000	27,073
General Obligation Refunding Bonds, Series 2013A; 2.00%; Issued 03/05/2013; Final Maturity 08/01/2026	4,045,000	-	4,045,000	535,000	75,550
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	75,000	32,908
General Obligation Improvement Bonds, Series 2015; 2.00 to 2.75%; Issued 12/22/2015; Final Maturity 02/01/2028	8,530,000	-	8,530,000	-	110,306
Total General Obligation Bonds	22,390,000	4,220,000	18,170,000	3,230,000	315,846
Add: Unamortized Premium	-	-	328,017	-	-
Less: Unamortized Discount	-	-	(6,378)	-	-
Total General Obligation Bonds, Net	22,390,000	4,220,000	18,491,639	3,230,000	315,847
<u>General Obligation Revenue Notes</u>					
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	\$ 512,033	\$ 143,000	\$ 70,667	\$ 3,189
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	2,163,596	6,492,000	409,667	209,886
Total General Obligation Revenue Notes	9,310,629	2,675,629	6,635,000	480,334	213,075
Total Governmental Activities Long-Term Debt	31,700,629	6,895,629	25,126,639	3,710,334	528,922

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 2016	
				Principal	Interest
BUSINESS-TYPE ACTIVITIES					
<u>General Obligation Bonds</u>					
General Obligation Refunding Bonds, Series 2013A; 2.00%; Issued 03/05/2013; Final Maturity 08/01/2026	\$ 5,950,000	\$ 205,000	\$ 5,745,000	\$ 580,000	\$ 112,750
Total General Obligation Bonds, Net	5,950,000	205,000	5,745,000	580,000	112,750
Add: Unamortized Premium	-	-	155,614	-	-
Total Business-Type Activities	5,950,000	205,000	5,900,614	580,000	112,750
Total Long-Term Debt	\$ 37,650,629	\$ 7,100,629	\$ 31,027,253	\$ 4,290,334	\$ 641,672

3. Changes in Long-Term Debt

	December 31, 2014	Change in Accounting Principle*	Additions	Retirements	December 31, 2015	Due Within One Year
GOVERNMENTAL ACTIVITIES						
General Obligation Bonds	\$ 15,165,000	\$ -	\$ 8,530,000	\$ 5,525,000	\$ 18,170,000	\$ 3,230,000
Issuance Premium (Discount)	171,356	-	195,304	45,021	321,639	-
Total General Obligation Bonds Payable	15,336,356	-	8,725,304	5,570,021	18,491,639	3,230,000
General Obligation Revenue Notes	7,100,667	-	-	465,667	6,635,000	480,334
Capital Lease	25,000	-	-	25,000	-	-
Compensated Absences	332,202	-	261,350	260,708	332,844	31,243
Other Postemployment Benefits	21,543	-	25,347	31,494	15,396	-
Net Pension Liability - PERA	-	2,112,352	494,899	331,407	2,275,845	-
Governmental Activity Long-Term Liabilities	\$ 22,815,768	\$ 2,112,352	\$ 9,506,900	\$ 6,684,297	\$ 27,750,724	\$ 3,741,577
BUSINESS-TYPE ACTIVITIES						
General Obligation Bonds	\$ 9,755,000	\$ -	\$ -	\$ 4,010,000	\$ 5,745,000	\$ 580,000
Issuance Premium (Discount)	191,754	-	-	36,140	155,614	-
Total General Obligation Bonds Payable	9,946,754	-	-	4,046,140	5,900,614	580,000
Compensated Absences	43,654	-	31,276	28,905	46,025	424
Net Pension Liability - PERA	-	205,940	37,329	21,872	221,397	-
Business Activity Long-Term Liabilities	\$ 9,990,408	\$ 205,940	\$ 68,605	\$ 4,096,917	\$ 6,168,036	\$ 580,424

*Adjustment is part of the change in accounting principle referenced in Note 1.F.

No interest was capitalized during 2015 and no interest related to the construction of capital assets was charged to business-type activities. Interest related to business-type general obligation bonds totaled \$213,022.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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
2016	\$ 3,230,000	\$ 283,142	\$ 3,513,142	\$ 480,334	\$ 213,075	\$ 693,409
2017	2,340,000	284,151	2,624,151	495,334	198,255	693,589
2018	2,580,000	238,664	2,818,664	436,667	182,966	619,633
2019	1,470,000	200,249	1,670,249	450,667	168,849	619,516
2020	1,120,000	175,534	1,295,534	465,332	154,278	619,610
2021-2025	5,030,000	563,904	5,593,904	2,562,333	535,763	3,098,096
2026-2028	2,400,000	83,906	2,483,906	1,744,333	113,985	1,858,318
Total	<u>\$ 18,170,000</u>	<u>\$ 1,829,550</u>	<u>\$ 19,999,550</u>	<u>\$ 6,635,000</u>	<u>\$ 1,567,171</u>	<u>\$ 8,202,171</u>

Year Ending December 31,	Business-Type Activities		
	General Obligation Bonds		
	Principal	Interest	Total
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	500,000	67,500	567,500
2021-2025	2,675,000	182,300	2,857,300
2026	315,000	6,300	321,300
Total	<u>\$ 5,745,000</u>	<u>\$ 636,550</u>	<u>\$ 6,381,550</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. The refunding was successfully completed on February 1, 2015.

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. The refunding was successfully completed on February 1, 2015.

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. The refunding was successfully completed on August 1, 2015.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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 2006A, 2006B, and 2007A portions

As of the date of issuance of the refunding debt, the economic gain on each portion of the 2013A issuance was \$308,630, \$48,344, and \$278,166, respectively. The aggregate difference in debt service between the refunding and refunded debt was \$343,669, \$49,600, and \$339,200, respectively.

The City was 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 were 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, 2015 and \$34,100 due on August 1, 2015. The City was 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 was shown on the balance sheet until the call dates of the refunded bonds, at which time the respective bonds were paid and the liability for those bonds removed. The portion of the 2013A bonds that refunded the 2006A and 2006B bonds are recorded in the Debt Service Fund and governmental activities; the portion that refunded 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, 2015, is \$113,750. The lease was completely paid in 2015, with no remaining lease payments owed.

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.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Liabilities (Continued)

7. Risk Management (Continued)

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.

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, 2015:

	General Fund	Economic Development	Sales Tax Collections	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable							
Prepaid Items	\$ 1,790	\$ -	\$ -	\$ -	\$ -	\$ 220	\$ 2,010
Advances to Other Funds	149,100	53,980	-	-	-	-	203,080
Total Nonspendable	<u>150,890</u>	<u>53,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>220</u>	<u>205,090</u>
Restricted							
Debt Service	-	-	-	4,693,449	-	-	4,693,449
Economic Development	-	3,282,684	-	-	-	-	3,282,684
Sales Tax	-	-	7,929,721	-	-	-	7,929,721
Revolving Loans	-	-	-	-	-	430,601	430,601
Tax Increment Financing	-	-	-	-	-	552,442	552,442
Police Activity	-	-	-	-	-	52,358	52,358
Total Restricted	<u>-</u>	<u>3,282,684</u>	<u>7,929,721</u>	<u>4,693,449</u>	<u>-</u>	<u>1,035,401</u>	<u>16,941,255</u>
Committed							
Cemetery Care	-	-	-	-	-	46,439	46,439
Culture and Recreation	-	-	-	-	-	578,145	578,145
Economic and Community Development	-	-	-	-	-	564,122	564,122
Recycling	-	-	-	-	-	266	266
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,188,972</u>	<u>1,188,972</u>
Assigned							
Employee Severance	36,800	-	-	-	-	-	36,800
Capital Replacement	45,000	-	-	-	-	-	45,000
Collector Street	427,500	-	-	-	-	-	427,500
Cemetery	-	-	-	-	-	17,830	17,830
Capital Projects	-	-	-	-	6,773,067	-	6,773,067
Total Assigned	<u>509,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,773,067</u>	<u>17,830</u>	<u>7,300,197</u>
Unassigned							
	<u>2,866,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(197,627)</u>	<u>2,668,808</u>
Total Fund Balance	<u>\$3,526,625</u>	<u>\$ 3,336,664</u>	<u>\$7,929,721</u>	<u>\$ 4,693,449</u>	<u>\$6,773,067</u>	<u>\$ 2,044,796</u>	<u>\$ 28,304,322</u>

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 4 DEFINED BENEFIT PENSION PLANS

A. Plan Description

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

1. General Employees Retirement Fund (GERF)

All full-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

2. Public Employees Police and Fire Fund (PEPFF)

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

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following 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.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. Plan Description (Continued)

1. GERF Benefits

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 and Basic Plan 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 Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

2. PEPFF Benefits

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

B. Contributions

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

1. GERF Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2015. The City was required to contribute 7.50% for Coordinated Plan members in calendar year 2015. The City's contributions to the GERF for the year ended December 31, 2015, were \$122,416. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2015. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2015. The City's contributions to the PEPFF for the year ended December 31, 2015, were \$144,398. The City contributions were equal to the required contributions as set by state statute.

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Pension Costs

1. GERF Pension Costs

At December 31, 2015, the City reported a liability of \$1,383,733 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion share was 0.0267% which was a decrease of 0.002% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$162,135 for its proportionate share of the GERF's pension expense.

At December 31, 2015, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 69,764
Difference between projected and actual investment earnings	130,990	-
Changes in proportion	-	66,939
Contributions paid to PERA subsequent to the measurement date	63,005	-
Total	<u>\$ 193,995</u>	<u>\$ 136,703</u>

\$63,005 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	Pension Expense
2016	\$ (12,820)
2017	(12,820)
2018	(12,820)
2019	32,747
2020	-
Thereafter	-

**CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Pension Costs (Continued)

2. PEPFF Pension Costs

At December 31, 2015, the City reported a liability of \$1,113,509 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was 0.098 % which was an decrease of 0.004% percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$184,684 for its proportionate share of the PEPFF's pension expense. The City also recognized \$8,820 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2015, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 180,575
Difference between projected and actual investment earnings	194,011	-
Changes in proportion	-	36,001
Contributions paid to PERA subsequent to the measurement date	73,736	-
Total	\$ 267,747	\$ 216,576

\$73,736 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense
2016	\$ 5,187
2017	5,187
2018	5,187
2019	5,187
2020	(43,313)
Thereafter	-

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75 % per year
Active Member Payroll Growth	3.50 % per year
Investment Rate of Return	7.90 % per year

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1% effective every January 1st until 2034, then 2.5% for GERF and PEPFF.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERF was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. The experience study for PEPFF was for the period July 1, 2004, through June 30, 2009.

The following changes in actuarial assumptions occurred in 2015: the discount rate was changed from 8.0% through June 30, 2017 and 8.5% thereafter to 8.0% for all years, the inflation assumption was changed from 3.0% to 2.75%, the payroll growth assumption was changed from 3.75% to 3.5%, assumed increases in member salaries were decreased by 0.25% at all ages and the assumed postretirement benefit increase rate was changed from 1.0% per year through 2026 and 2.5% thereafter to 1.0% per year through 2034 and 2.5% per year thereafter.

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%

**CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Discount Rate

The discount rate used to measure the total pension liability was 7.9%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
City's proportionate share of the GERP net pension liability:	\$ 2,175,719	\$ 1,383,733	\$ 729,673
City's proportionate share of the PEPFF net pension liability:	2,170,241	1,113,509	240,465

G. Pension Plan Fiduciary Net Position

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

NOTE 5 DEFINED CONTRIBUTION PENSION PLAN

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

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.

**CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 DEFINED CONTRIBUTION PENSION PLAN (CONTINUED)

The employer's and employee's contribution amounts for the years ending December 31, 2015, 2014, and 2013 were \$261, \$261, and \$285 respectively, equal to the contractually required contributions for each year as set by state statute.

NOTE 6 OTHER POSTEMPLOYEMENT BENEFIT

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, 2015, 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.

A. Annual OPEB Cost and Net OPEB Obligation

As of January 1, 2015, 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 2015, 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	969
Adjustment to ARC	<u>(1,294)</u>
Annual OPEB Cost	25,347
Contributions during the year	<u>(31,494)</u>
Increase (Decrease) in Net OPEB Obligation	(6,147)
Net OPEB - Beginning of the Year	<u>21,543</u>
Net OPEB - End of the Year	<u><u>\$ 15,396</u></u>

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

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT (CONTINUED)

A. 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, 2015, 2014, and 2013 were as follows:

Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2015	\$ 25,347	\$ 31,494	124.3%	\$ 15,396
December 31, 2014	25,230	29,339	116.3%	21,543
December 31, 2013	22,378	19,682	88.0%	25,652

B. 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.

C. 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, 2015

NOTE 6 OTHER POSTEMPLOYMENT BENEFIT (CONTINUED)

C. Actuarial Methods and Assumptions

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 7 SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

A. Construction Commitments

At year-end, the City had approximately \$420,387 of outstanding construction commitments related to construction services for the Dellwood Novotny extension, Excelsior-Cypress to East Limit, and 2015 Mill and Overlay infrastructure projects.

B. Contingencies/Commitments

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

C. Revenue-Sharing Agreement

In August 2015, the City entered into a revenue-sharing agreement with the City of Brainerd (Brainerd) to finance improvements to the Brainerd Lakes Regional Airport. In 2015, the City advanced \$500,000 of its sales tax revenues to Brainerd. Beginning with revenue collected for May 2016, the City will remit 20% of its net sales tax revenues, up to an additional \$7,500,000, semi-annually. The first scheduled payment will occur in February 2017. The City's liability is limited to 20% of its net sales tax revenue collected through 2037, up to \$8,000,000 total.

D. Related Organization

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

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

CITY OF BAXTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 8 SUBSEQUENT EVENTS

A. Refunding of General Obligation Improvement Bonds, Series 2007B

On February 1, 2016, the City refunded its outstanding 2007B General Obligation Improvement Bonds with an outstanding balance of \$2,060,000, which included a regularly scheduled payment of \$220,000.

B. Commitment

On March 15, 2016, the City approved a contract to install a fixed water meter reading system for approximately \$884,000. This project will be accounted for in the Water Fund and will be funded on a pay-as-you-go basis through local option sales tax.

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

CITY OF BAXTER, MINNESOTA
SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS
DECEMBER 31, 2015

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
SCHEDULE OF PERA CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Fiscal Year Ending (for the Financial Reporting Period)	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (b/d)
<u>GERF</u>					
12/31/2015	\$ 122,416	\$ 122,416	\$ -	\$ 1,632,213	7.5%
<u>PEPF</u>					
12/31/2015	\$ 144,398	\$ 144,398	\$ -	\$ 891,346	16.2%

* This schedule is provided prospectively beginning with the year ended December 31, 2015.

CITY OF BAXTER, MINNESOTA
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2015

Fiscal Year Ending (for the Measurement Period)	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered-Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>GERF</u>					
6/30/2015	0.0267%	\$ 1,383,733	\$ 1,569,468	88.2%	78.2%
<u>PEPFF</u>					
6/30/2015	0.0980%	\$ 1,113,509	\$ 896,822	124.2%	86.6%

* This schedule is provided prospectively beginning with the year ended December 31, 2015.

CITY OF BAXTER, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
GENERAL PROPERTY TAXES	\$ 4,500,900	\$ 4,500,900	\$ 4,448,690	\$ (52,210)
SPECIAL ASSESSMENTS				
Principal	8,100	8,100	9,118	1,018
Interest	-	-	81	81
Total Special Assessments	8,100	8,100	9,199	1,099
LICENSES, PERMITS, AND FEES				
Business Licenses and Permits	33,900	33,900	38,268	4,368
Franchise Fees	88,000	88,000	97,278	9,278
Other Licenses, Permits, and Fees	14,600	14,600	15,510	910
Total Licenses, Permits and Fees	136,500	136,500	151,056	14,556
INTERGOVERNMENTAL				
STATE AND LOCAL				
PERA Increase Aid	2,000	2,000	2,010	10
Market Value Credit	-	-	609	609
Public Safety Grants	112,000	112,000	130,160	18,160
Other	-	30,200	30,201	1
Total State and Local	114,000	144,200	162,980	18,780
FEDERAL				
Public Safety Grants	-	-	10,197	10,197
Total Intergovernmental	114,000	144,200	173,177	28,977
CHARGES FOR SERVICES	413,600	413,600	436,818	23,218
FINES AND FORFEITS	60,000	60,000	76,281	16,281
GIFTS AND CONTRIBUTIONS	-	-	1,500	1,500
INVESTMENT EARNINGS	20,000	20,000	40,166	20,166
NET INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENTS	-	-	2,289	2,289
MISCELLANEOUS				
Other Rents and Royalties	77,000	77,000	82,678	5,678
Other Miscellaneous Revenues	-	-	20,571	20,571
Total Miscellaneous	77,000	77,000	103,249	26,249
Total Revenues	5,330,100	5,360,300	5,442,425	82,125

See accompanying Notes to the Required Supplementary Information.

CITY OF BAXTER, MINNESOTA
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
EXPENDITURES				
CURRENT				
GENERAL GOVERNMENT				
Other General Government	\$ 312,700	\$ 317,800	\$ 211,785	\$ 106,015
Council	36,500	36,500	36,005	495
Administration	333,500	333,500	328,557	4,943
Finance	395,200	395,200	384,999	10,201
Public Works Administration	272,300	272,300	276,816	(4,516)
Information Systems	130,500	130,500	125,643	4,857
Legal	45,000	45,000	40,971	4,029
Total General Government	<u>1,525,700</u>	<u>1,530,800</u>	<u>1,404,776</u>	<u>126,024</u>
PUBLIC SAFETY				
Police	1,576,400	1,576,400	1,531,274	45,126
Fire Protection	297,700	297,700	297,674	26
Total Public Safety	<u>1,874,100</u>	<u>1,874,100</u>	<u>1,828,948</u>	<u>45,152</u>
PUBLIC WORKS				
Streets	575,800	575,800	524,976	50,824
CULTURE AND RECREATION				
Parks Maintenance	560,800	555,700	536,684	19,016
Recreation Program	22,700	22,700	31,000	(8,300)
Total Culture and Recreation	<u>583,500</u>	<u>578,400</u>	<u>567,684</u>	<u>10,716</u>
CAPITAL OUTLAY				
Public Works	27,000	2,100	2,100	-
Culture and Recreation	-	-	8,216	(8,216)
Total Capital Outlay	<u>27,000</u>	<u>2,100</u>	<u>10,316</u>	<u>(8,216)</u>
DEBT SERVICE				
Principal	25,000	25,000	25,000	-
Total Expenditures	<u>4,611,100</u>	<u>4,586,200</u>	<u>4,361,700</u>	<u>224,500</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	719,000	774,100	1,080,725	306,625
OTHER FINANCING SOURCES (USES)				
Transfers In	16,200	231,000	231,080	80
Transfers Out	(735,200)	(1,276,600)	(1,276,555)	45
Total Other Financing Sources (Uses)	<u>(719,000)</u>	<u>(1,045,600)</u>	<u>(1,045,475)</u>	<u>125</u>
NET CHANGE IN FUND BALANCE				
	<u>\$ -</u>	<u>\$ (271,500)</u>	35,250	<u>\$ 306,750</u>
Fund Balances - Beginning of Year			<u>3,491,375</u>	
FUND BALANCES - END OF YEAR			<u>\$ 3,526,625</u>	

**CITY OF BAXTER, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
ECONOMIC DEVELOPMENT AUTHORITY FUND
YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Special Assessments				
Principal	\$ 48,000	\$ 48,000	\$ 48,918	\$ 918
Interest	10,200	10,200	7,539	(2,661)
Charges for Services	1,000	1,000	1,479	479
Investment Earnings	1,000	1,000	11,659	10,659
Net Increase (Decrease) in Fair Value of Investments	-	-	686	686
Miscellaneous				
Sale of Industrial Park Land	-	-	368,886	368,886
Total Revenues	<u>60,200</u>	<u>60,200</u>	<u>439,167</u>	<u>378,967</u>
EXPENDITURES				
CURRENT				
Economic and Community Development				
Economic Development	<u>43,200</u>	<u>43,200</u>	<u>38,845</u>	<u>4,355</u>
EXCESS OF REVENUES OVER EXPENDITURES	17,000	17,000	400,322	383,322
OTHER FINANCING SOURCES				
Transfers In	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 47,000</u>	<u>\$ 47,000</u>	430,322	<u>\$ 383,322</u>
Fund Balance - Beginning of Year			<u>2,906,342</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,336,664</u>	

See accompanying Notes to the Required Supplementary Information.

**CITY OF BAXTER, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
SALES TAX COLLECTIONS FUND
YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Sales Tax	\$ 2,360,000	\$ 2,360,000	\$ 2,488,992	\$ 128,992
Investment Earnings	37,000	37,000	84,024	47,024
Net Increase (Decrease) in Fair Value of Investments	-	-	5,752	5,752
Total Revenues	2,397,000	2,397,000	2,578,768	181,768
EXPENDITURES				
CURRENT				
General Government	57,200	57,200	55,065	2,135
Economic and Community Development				
Economic Development	-	500,000	500,003	(3)
Total Expenditures	57,200	557,200	555,068	2,132
EXCESS OF REVENUES OVER EXPENDITURES				
	2,339,800	1,839,800	2,023,700	183,900
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,099,100)	(1,099,100)	(2,549,330)	(1,450,230)
Total Other Financing Sources (Uses)	(1,099,100)	(1,099,100)	(2,549,330)	(1,450,230)
NET CHANGE IN FUND BALANCE				
	\$ 1,240,700	\$ 740,700	(525,630)	\$ (1,266,330)
Fund Balance - Beginning of Year			8,455,351	
FUND BALANCE - END OF YEAR			\$ 7,929,721	

See accompanying Notes to the Required Supplementary Information.

CITY OF BAXTER, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015

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			
Lodging Tax Administration Fund	\$ 362,761	\$ 310,000	\$ 52,761

**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, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
General Property Taxes	\$ 1,126,000	\$ 1,126,000	\$ 1,121,370	\$ (4,630)
Special Assessments				
Principal	648,200	648,200	743,002	94,802
Interest	67,600	67,600	171,984	104,384
Intergovernmental				
Federal	72,300	72,300	72,258	(42)
Investment Earnings	5,500	5,500	41,019	35,519
Net Increase (Decrease) in Fair Value of Investments	-	-	2,541	2,541
Total Revenues	1,919,600	1,919,600	2,152,174	232,574
EXPENDITURES				
DEBT SERVICE				
Principal	2,015,700	2,015,700	2,015,667	33
Interest and Fiscal Charges	542,100	542,100	540,235	1,865
Total Expenditures	2,557,800	2,557,800	2,555,902	1,898
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(638,200)	(638,200)	(403,728)	234,472
OTHER FINANCING SOURCES (USES)				
Principal Payment on Refunded Bonds	(3,975,000)	(3,975,000)	(3,975,000)	-
Transfers In	671,000	671,000	670,847	(153)
Total Other Financing Sources (Uses)	(3,304,000)	(3,304,000)	(3,304,153)	(153)
NET CHANGE IN FUND BALANCE	<u>\$ (3,942,200)</u>	<u>\$ (3,942,200)</u>	(3,707,881)	<u>\$ 234,319</u>
Fund Balance - Beginning of Year			8,401,330	
FUND BALANCE - END OF YEAR			<u>\$ 4,693,449</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 the Isle Drive tax increment project.

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

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

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

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, 2015**

	Cemetery	Community Development	Capital Park	Project Development
ASSETS				
Cash and Pooled Investments	\$ 64,502	\$ 535,584	\$ 590,297	\$ 177,729
Accounts Receivable	-	50	-	-
Prepaid Items	-	220	-	-
Special Assessments Receivable	-	13,234	-	-
Total Assets	<u>\$ 64,502</u>	<u>\$ 549,088</u>	<u>\$ 590,297</u>	<u>\$ 177,729</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 233	\$ 15,306	\$ 8,647	\$ 893
Due to Other Governments	-	7,475	-	-
Salaries Payable	-	7,658	-	-
Unearned Revenues	-	2,650	3,505	-
Advances from Other Funds	-	-	-	-
Escrow Deposits	-	14,650	-	100,609
Total Liabilities	233	47,739	12,152	101,502
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue				
Special Assessments	-	13,234	-	-
FUND BALANCES				
Nonspendable	-	220	-	-
Restricted	-	-	-	-
Committed	46,439	487,895	578,145	76,227
Assigned	17,830	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>64,269</u>	<u>488,115</u>	<u>578,145</u>	<u>76,227</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 64,502</u>	<u>\$ 549,088</u>	<u>\$ 590,297</u>	<u>\$ 177,729</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>
\$ 430,601	\$ 14,483	\$ 322,254	\$ 107,068	\$ 137,589	\$ 7,609	\$ 81,629
-	21,366	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 430,601</u>	<u>\$ 35,849</u>	<u>\$ 322,254</u>	<u>\$ 107,068</u>	<u>\$ 137,589</u>	<u>\$ 7,609</u>	<u>\$ 81,629</u>
\$ -	\$ 35,849	\$ -	\$ 17,274	\$ 33,379	\$ 7,183	\$ 54,669
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	3,100	-
-	-	850	-	-	-	-
-	35,849	850	17,274	33,379	10,283	54,669
-	-	-	-	-	-	-
-	-	-	-	-	-	-
430,601	-	321,404	89,794	104,210	-	26,960
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(2,674)	-
<u>430,601</u>	<u>-</u>	<u>321,404</u>	<u>89,794</u>	<u>104,210</u>	<u>(2,674)</u>	<u>26,960</u>
<u>\$ 430,601</u>	<u>\$ 35,849</u>	<u>\$ 322,254</u>	<u>\$ 107,068</u>	<u>\$ 137,589</u>	<u>\$ 7,609</u>	<u>\$ 81,629</u>

**CITY OF BAXTER, MINNESOTA
COMBINING BALANCE SHEET (CONTINUED)
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	TIF District 9 Grand Oaks Court	TIF District 10 Isle Drive	TIF District 11 Sprucewood Townhomes	TIF District 12 Isle/Falcon Drive
ASSETS				
Cash and Pooled Investments	\$ 10,416	\$ 6,339	\$ 1,450	\$ 4,969
Accounts Receivable	-	-	-	-
Prepaid Items	-	-	-	-
Special Assessments Receivable	-	-	-	-
Total Assets	<u>\$ 10,416</u>	<u>\$ 6,339</u>	<u>\$ 1,450</u>	<u>\$ 4,969</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 8,000	\$ 131	\$ -	\$ -
Due to Other Governments	-	-	-	-
Salaries Payable	-	-	-	-
Unearned Revenues	-	-	-	-
Advances from Other Funds	-	-	-	146,000
Escrow Deposits	-	-	-	-
Total Liabilities	8,000	131	-	146,000
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue				
Special Assessments	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	2,416	6,208	1,450	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(141,031)
Total Fund Balances	<u>2,416</u>	<u>6,208</u>	<u>1,450</u>	<u>(141,031)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,416</u>	<u>\$ 6,339</u>	<u>\$ 1,450</u>	<u>\$ 4,969</u>

TIF District 13 Avantech	Alcohol Seizure	Drug Seizure	Recycling	Combined Totals
\$ 58	\$ 28,010	\$ 34,363	\$ 27,341	\$ 2,582,291
-	-	-	-	21,416
-	-	-	-	220
-	-	-	-	13,234
<u>\$ 58</u>	<u>\$ 28,010</u>	<u>\$ 34,363</u>	<u>\$ 27,341</u>	<u>\$ 2,617,161</u>
\$ -	\$ 4,804	\$ 2,156	\$ 18,491	\$ 207,015
-	-	-	-	7,475
-	-	-	-	7,658
-	-	-	8,584	14,739
53,980	-	-	-	203,080
-	-	3,055	-	119,164
<u>53,980</u>	<u>4,804</u>	<u>5,211</u>	<u>27,075</u>	<u>559,131</u>
-	-	-	-	13,234
-	-	-	-	220
-	23,206	29,152	-	1,035,401
-	-	-	266	1,188,972
-	-	-	-	17,830
<u>(53,922)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(197,627)</u>
<u>(53,922)</u>	<u>23,206</u>	<u>29,152</u>	<u>266</u>	<u>2,044,796</u>
<u>\$ 58</u>	<u>\$ 28,010</u>	<u>\$ 34,363</u>	<u>\$ 27,341</u>	<u>\$ 2,617,161</u>

**CITY OF BAXTER, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015**

	Cemetery	Community Development	Capital Park	Project Development
REVENUES				
Lodging Tax	\$ -	\$ -	\$ -	\$ -
Tax Increments	-	-	-	-
Special Assessments	-	36	-	-
Licenses, Permits, and Fees	-	162,465	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	102,190	-	-
Fines and Forfeits	-	241	-	-
Gifts and Contributions	-	-	6,000	-
Investment Earnings	645	5,105	7,433	1,991
Net Increase (Decrease) in Fair Value of Investments	42	351	508	136
Miscellaneous	8,400	669	65,768	-
Total Revenues	9,087	271,057	79,709	2,127
EXPENDITURES				
CURRENT				
General Government	4,485	-	-	-
Public Safety	-	159,008	-	-
Sanitation	-	-	-	-
Culture and Recreation	-	-	30,368	-
Economic and Community Development	-	240,715	-	-
CAPITAL OUTLAY				
Culture and Recreation	-	-	206,260	-
Economic and Community Development	-	-	-	-
DEBT SERVICE				
Bond Issue Costs	-	-	-	-
Total Expenditures	4,485	399,723	236,628	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,602	(128,666)	(156,919)	2,127
OTHER FINANCING SOURCES (USES)				
Issuance of GO Bonds	-	-	-	-
Issuance of GO Bonds - Premium	-	-	-	-
Transfers In	4,600	100,000	3,900	-
Transfers Out	-	(4,900)	-	-
Total Other Financing Sources (Uses)	4,600	95,100	3,900	-
NET CHANGE IN FUND BALANCES	9,202	(33,566)	(153,019)	2,127
Fund Balance - Beginning of Year	55,067	521,681	731,164	74,100
FUND BALANCE - END OF YEAR	\$ 64,269	\$ 488,115	\$ 578,145	\$ 76,227

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
\$ -	\$ 362,561	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	57,574	95,364	15,117	60,742
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,594	200	3,531	852	1,015	-	534
305	-	243	54	66	-	31
-	-	7,800	-	-	-	-
4,899	362,761	11,574	58,480	96,445	15,117	61,307
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	362,761	517	36,402	69,533	15,920	56,133
-	-	-	-	-	-	-
-	-	67,621	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	362,761	68,138	36,402	69,533	15,920	56,133
4,899	-	(56,564)	22,078	26,912	(803)	5,174
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,899	-	(56,564)	22,078	26,912	(803)	5,174
425,702	-	377,968	67,716	77,298	(1,871)	21,786
\$ 430,601	\$ -	\$ 321,404	\$ 89,794	\$ 104,210	\$ (2,674)	\$ 26,960

CITY OF BAXTER, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (CONTINUED)
OTHER GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2015

	TIF District 9 Grand Oaks Court	TIF District 10 Isle Drive	TIF District 11 Sprucewood Townhomes	TIF District 12 Isle/Falcon Drive
REVENUES				
Lodging Tax	\$ -	\$ -	\$ -	\$ -
Tax Increments	17,773	146,722	2,592	-
Special Assessments	-	-	-	-
Licenses, Permits, and Fees	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Gifts and Contributions	-	-	-	-
Investment Earnings	33	3,453	3	-
Net Increase (Decrease) in Fair Value of Investments	3	213	-	-
Miscellaneous	-	-	-	-
Total Revenues	17,809	150,388	2,595	-
EXPENDITURES				
CURRENT				
General Government	-	-	-	-
Public Safety	-	-	-	-
Sanitation	-	-	-	-
Culture and Recreation	-	-	-	-
Economic and Community Development	17,327	1,708	1,145	5,188
CAPITAL OUTLAY				
Culture and Recreation	-	-	-	-
Economic and Community Development	-	1,460,000	-	396,583
DEBT SERVICE				
Bond Issue Costs	-	10,523	-	3,575
Total Expenditures	17,327	1,472,231	1,145	405,346
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	482	(1,321,843)	1,450	(405,346)
OTHER FINANCING SOURCES (USES)				
Issuance of GO Bonds	-	1,045,000	-	355,000
Issuance of GO Bonds - Premium	-	28,055	-	7,950
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	1,073,055	-	362,950
NET CHANGE IN FUND BALANCES				
	482	(248,788)	1,450	(42,396)
Fund Balance - Beginning of Year	1,934	254,996	-	(98,635)
FUND BALANCE - END OF YEAR	\$ 2,416	\$ 6,208	\$ 1,450	\$ (141,031)

TIF District 13 Avantech	Alcohol Seizure	Drug Seizure	Recycling	Combined Totals
\$ -	\$ -	\$ -	\$ -	\$ 362,561
-	-	-	-	395,884
-	-	-	-	36
-	-	-	-	162,465
-	-	-	27,416	27,416
-	18	377	276	102,861
-	3,903	7,771	-	11,915
-	-	-	-	6,000
-	240	380	275	30,284
-	15	25	20	2,012
-	-	-	-	82,637
-	4,176	8,553	27,987	1,184,071
-	-	-	-	4,485
-	83	4,239	-	163,330
-	-	-	35,114	35,114
-	-	-	-	30,368
53,922	-	-	-	861,271
-	-	-	-	206,260
-	-	-	-	1,924,204
-	-	-	-	14,098
<u>53,922</u>	<u>83</u>	<u>4,239</u>	<u>35,114</u>	<u>3,239,130</u>
(53,922)	4,093	4,314	(7,127)	(2,055,059)
-	-	-	-	1,400,000
-	-	-	-	36,005
-	-	-	6,900	115,400
-	-	-	-	(4,900)
-	-	-	6,900	1,546,505
(53,922)	4,093	4,314	(227)	(508,554)
-	19,113	24,838	493	2,553,350
<u>\$ (53,922)</u>	<u>\$ 23,206</u>	<u>\$ 29,152</u>	<u>\$ 266</u>	<u>\$ 2,044,796</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Investment Earnings	\$ 100	\$ 100	\$ 645	\$ 545
Net Increase (Decrease) in Fair Value of Investments	-	-	42	42
Miscellaneous Other Miscellaneous Revenues	3,000	3,000	8,400	5,400
Total Revenues	3,100	3,100	9,087	5,987
EXPENDITURES				
CURRENT				
General Government Cemetery	7,700	7,700	4,485	3,215
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,600)	(4,600)	4,602	9,202
OTHER FINANCING SOURCES				
Transfers In	4,600	4,600	4,600	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	9,202	<u>\$ 9,202</u>
Fund Balance - Beginning of Year			55,067	
FUND BALANCE - END OF YEAR			<u>\$ 64,269</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, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Special Assessments				
Principal	\$ -	\$ -	\$ 34	\$ 34
Interest	-	-	2	2
Licenses, Permits, and Fees	161,900	161,900	162,465	565
Charges for Services	96,200	96,200	102,190	5,990
Fines and Forfeits	-	-	241	241
Investment Earnings	1,000	1,000	5,105	4,105
Net Increase (Decrease) in Fair Value of Investments	-	-	351	351
Miscellaneous Other Miscellaneous Revenues	-	-	669	669
Total Revenues	<u>259,100</u>	<u>259,100</u>	<u>271,057</u>	<u>11,957</u>
EXPENDITURES				
CURRENT				
Public Safety				
Building Inspection	156,200	156,200	159,008	(2,808)
Economic and Community Development Planning	<u>316,500</u>	<u>316,500</u>	<u>240,715</u>	<u>75,785</u>
Total Expenditures	<u>472,700</u>	<u>472,700</u>	<u>399,723</u>	<u>72,977</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(213,600)	(213,600)	(128,666)	84,934
OTHER FINANCING SOURCES (USES)				
Transfers In	100,000	100,000	100,000	-
Transfers Out	<u>(4,900)</u>	<u>(4,900)</u>	<u>(4,900)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>95,100</u>	<u>95,100</u>	<u>95,100</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (118,500)</u>	<u>\$ (118,500)</u>	<u>(33,566)</u>	<u>\$ 84,934</u>
Fund Balance - Beginning of Year			<u>521,681</u>	
FUND BALANCE - END OF YEAR			<u>\$ 488,115</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Gifts and Contributions	\$ -	\$ -	\$ 6,000	\$ 6,000
Investment Earnings	2,000	2,000	7,433	5,433
Net Increase (Decrease) in Fair Value of Investments	-	-	508	508
Miscellaneous Timber Sales	-	-	9,171	9,171
Park Dedication	79,000	79,000	56,597	(22,403)
Total Revenues	<u>81,000</u>	<u>81,000</u>	<u>79,709</u>	<u>(1,291)</u>
EXPENDITURES				
CURRENT				
Culture and Recreation Capital Park	35,700	35,700	30,368	5,332
CAPITAL OUTLAY				
Culture and Recreation	105,000	255,000	206,260	48,740
Total Expenditures	<u>140,700</u>	<u>290,700</u>	<u>236,628</u>	<u>54,072</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(59,700)	(209,700)	(156,919)	52,781
OTHER FINANCING SOURCES				
Transfers In	3,900	3,900	3,900	-
NET CHANGE IN FUND BALANCE	<u>\$ (55,800)</u>	<u>\$ (205,800)</u>	(153,019)	<u>\$ 52,781</u>
Fund Balance - Beginning of Year			<u>731,164</u>	
FUND BALANCE - END OF YEAR			<u>\$ 578,145</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, 2015**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Lodging Tax	\$ 310,000	\$ 310,000	\$ 362,561	\$ 52,561
Investment Earnings	-	-	200	200
Total Revenues	<u>310,000</u>	<u>310,000</u>	<u>362,761</u>	<u>52,761</u>
EXPENDITURES				
CURRENT				
Economic and Community Development	<u>310,000</u>	<u>310,000</u>	<u>362,761</u>	<u>(52,761)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year			<u>-</u>	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

**CITY OF BAXTER, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
RECYCLING SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental				
State and Local	\$ 35,900	\$ 35,900	\$ 27,416	\$ (8,484)
Charges for Services	200	200	276	76
Investment Earnings	-	-	275	275
Net Increase (Decrease) in Fair Value of Investments	-	-	20	20
Total Revenues	36,100	36,100	27,987	(8,113)
EXPENDITURES				
CURRENT				
Sanitation	39,600	39,600	35,114	4,486
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(3,500)	(3,500)	(7,127)	(3,627)
OTHER FINANCING SOURCES				
Transfers In	3,500	6,900	6,900	-
Total Other Financing Sources (Uses)	3,500	6,900	6,900	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 3,400</u>	(227)	<u>\$ (3,627)</u>
Fund Balance - Beginning of Year			493	
FUND BALANCE - END OF YEAR			<u>\$ 266</u>	

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**CITY OF BAXTER, MINNESOTA
COMBINING BALANCE SHEET
DEBT SERVICE FUND – BY BOND ISSUE
DECEMBER 31, 2015**

	2006A G.O. CIP Bonds	2006B G.O. Improvement Bonds	2007B G.O. Improvement Bonds	2009A G.O. Sales Tax Wastewater Note
ASSETS				
Cash and Pooled Investments	\$ -	\$ -	\$ 1,254,601	\$ 149
Due From Other Governments	-	-	13,198	-
Delinquent Taxes Receivable	-	-	6,590	-
Special Assessments Receivable	-	-	669,250	-
	<u>-</u>	<u>-</u>	<u>669,250</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,943,639</u>	<u>\$ 149</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Governments	-	-	2,226	-
	<u>-</u>	<u>-</u>	<u>2,226</u>	<u>-</u>
Total Liabilities	-	-	2,226	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue				
Taxes	-	-	6,590	-
Special Assessments	-	-	669,250	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	-	-	675,840	-
FUND BALANCES				
Restricted	-	-	1,265,573	149
	<u>-</u>	<u>-</u>	<u>1,265,573</u>	<u>149</u>
Total Fund Balances	-	-	1,265,573	149
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,943,639</u>	<u>\$ 149</u>

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	2015 G.O. Improvement Bonds	Combined Totals
\$ 765	\$ 1,211,822	\$ 2,036,199	\$ 162,758	\$ 20	\$ 4,666,314
-	13,598	8,245	3,560	655,982	694,583
-	10,863	12,488	-	-	29,941
-	1,121,816	795,797	1,167,510	4,605,788	8,360,161
<u>\$ 765</u>	<u>\$ 2,358,099</u>	<u>\$ 2,852,729</u>	<u>\$ 1,333,828</u>	<u>\$ 5,261,790</u>	<u>\$ 13,750,999</u>
\$ -	\$ -	\$ -	\$ 450	\$ -	\$ 450
-	2,790	6,000	-	-	11,016
-	2,790	6,000	450	-	11,466
-	10,863	12,488	-	-	29,941
-	1,121,816	795,797	1,167,510	4,605,788	8,360,161
-	-	-	-	655,982	655,982
-	1,132,679	808,285	1,167,510	5,261,770	9,046,084
<u>765</u>	<u>1,222,630</u>	<u>2,038,444</u>	<u>165,868</u>	<u>20</u>	<u>4,693,449</u>
<u>765</u>	<u>1,222,630</u>	<u>2,038,444</u>	<u>165,868</u>	<u>20</u>	<u>4,693,449</u>
<u>\$ 765</u>	<u>\$ 2,358,099</u>	<u>\$ 2,852,729</u>	<u>\$ 1,333,828</u>	<u>\$ 5,261,790</u>	<u>\$ 13,750,999</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, 2015

	2006A G.O. CIP Bonds	2006B G.O. Improvement Bonds	2007B G.O. Improvement Bonds	2009A G.O. Sales Tax Wastewater Note
REVENUES				
Taxes	\$ -	\$ -	\$ 418,853	\$ -
Special Assessments	-	-	190,985	-
Intergovernmental	-	-	-	-
Investment Earnings	-	-	10,454	-
Net Increase (Decrease) in Fair Value of Investments	-	-	645	-
Total Revenues	-	-	620,937	-
EXPENDITURES				
DEBT SERVICE				
Principal	195,000	350,000	220,000	69,000
Interest and Fiscal Charges	63,197	29,200	79,460	4,728
Total Expenditures	258,197	379,200	299,460	73,728
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(258,197)	(379,200)	321,477	(73,728)
OTHER FINANCING SOURCES (USES)				
Principal Payment on Refunded Bonds	(2,865,000)	(1,110,000)	-	-
Transfers In	2,865,000	1,110,000	-	73,728
Transfers Out	(429,764)	(1,093,292)	-	-
Total Other Financing Sources (Uses)	(429,764)	(1,093,292)	-	73,728
NET CHANGE IN FUND BALANCES	(687,961)	(1,472,492)	321,477	-
Fund Balance - Beginning of Year	687,961	1,472,492	944,096	149
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,265,573</u>	<u>\$ 149</u>

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	2015 G.O. Improvement Bonds	Internal Eliminations	Combined Totals
\$ -	\$ 552,855	\$ 149,662	\$ -	\$ -	\$ -	\$ 1,121,370
-	267,669	270,919	185,393	20	-	914,986
72,258	-	-	-	-	-	72,258
1	8,958	20,737	869	-	-	41,019
-	535	1,266	95	-	-	2,541
72,259	830,017	442,584	186,357	20	-	2,152,174
396,667	785,000	-	-	-	-	2,015,667
222,711	39,256	81,100	20,583	-	-	540,235
619,378	824,256	81,100	20,583	-	-	2,555,902
(547,119)	5,761	361,484	165,774	20	-	(403,728)
-	-	-	-	-	-	(3,975,000)
547,119	-	1,573,056	-	-	(5,498,056)	670,847
-	-	(3,975,000)	-	-	5,498,056	-
547,119	-	(2,401,944)	-	-	-	(3,304,153)
-	5,761	(2,040,460)	165,774	20	-	(3,707,881)
765	1,216,869	4,078,904	94	-	-	8,401,330
\$ 765	\$ 1,222,630	\$ 2,038,444	\$ 165,868	\$ 20	\$ -	\$ 4,693,449

**CITY OF BAXTER, MINNESOTA
COMBINING BALANCE SHEET
CAPITAL PROJECT FUND – BY PROJECT
DECEMBER 31, 2015**

	<u>Collector Street</u>	<u>Street Replacement</u>	<u>Capital Equipment</u>	<u>Trails Construction</u>
ASSETS				
Cash and Pooled Investments	\$ 3,417,102	\$ 353,001	\$ 902,000	\$ 349,335
Accounts Receivable	-	-	-	-
Delinquent Taxes Receivable	-	-	568	-
Special Assessments Receivable	332,044	14,096	-	-
	<u>332,044</u>	<u>14,096</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 3,749,146</u>	<u>\$ 367,097</u>	<u>\$ 902,568</u>	<u>\$ 349,335</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 7,164	\$ 4,544	\$ -
Due to Other Funds	-	-	-	-
Contracts Payable	-	-	11,244	-
	<u>-</u>	<u>-</u>	<u>11,244</u>	<u>-</u>
Total Liabilities	-	7,164	15,788	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue				
Taxes	-	-	568	-
Special Assessments	332,044	14,096	-	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	332,044	14,096	568	-
FUND BALANCES				
Assigned	3,417,102	345,837	886,212	349,335
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>3,417,102</u>	<u>345,837</u>	<u>886,212</u>	<u>349,335</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,749,146</u>	<u>\$ 367,097</u>	<u>\$ 902,568</u>	<u>\$ 349,335</u>

City Center Building	Cypress Drive	Woida Wildflower	Dellwood Novotny Ext	Cypress Town Center	Eagle Drive	Cypress Dr - Hinckley to 48
\$ 425,710	\$ -	\$ -	\$ 251,198	\$ 47,410	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 425,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,198</u>	<u>\$ 47,410</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 659	\$ -	\$ 18,167	\$ -	\$ -	\$ -
-	20,030	-	-	-	5,523	36,807
-	-	-	77,031	-	-	-
-	20,689	-	95,198	-	5,523	36,807
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
425,710	-	-	156,000	47,410	-	-
-	(20,689)	-	-	-	(5,523)	(36,807)
<u>425,710</u>	<u>(20,689)</u>	<u>-</u>	<u>156,000</u>	<u>47,410</u>	<u>(5,523)</u>	<u>(36,807)</u>
<u>\$ 425,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,198</u>	<u>\$ 47,410</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF BAXTER, MINNESOTA
COMBINING BALANCE SHEET (CONTINUED)
CAPITAL PROJECT FUND – BY PROJECT
DECEMBER 31, 2015**

	Potlatch Phase 2	South Isle Dr Extension	Fairview Extension 371 NW	Inglewood/ Fairview/ Foley
ASSETS				
Cash and Pooled Investments	\$ 41,756	\$ 736,799	\$ -	\$ 73,394
Accounts Receivable	21,493	-	-	-
Delinquent Taxes Receivable	-	-	-	-
Special Assessments Receivable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 63,249</u>	<u>\$ 736,799</u>	<u>\$ -</u>	<u>\$ 73,394</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 402,378	\$ 20,138	\$ -
Due to Other Funds	-	-	11,697	-
Contracts Payable	65,077	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	65,077	402,378	31,835	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue				
Taxes	-	-	-	-
Special Assessments	-	-	-	-
Other	21,493	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	21,493	-	-	-
FUND BALANCES				
Assigned	-	334,421	-	73,394
Unassigned	(23,321)	-	(31,835)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>(23,321)</u>	<u>334,421</u>	<u>(31,835)</u>	<u>73,394</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 63,249</u>	<u>\$ 736,799</u>	<u>\$ -</u>	<u>\$ 73,394</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
\$ 79,335	\$ -	\$ -	\$ 11,882	\$ 48,576	\$ 985	\$ -
-	-	-	-	-	-	48,819
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 79,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,882</u>	<u>\$ 48,576</u>	<u>\$ 985</u>	<u>\$ 48,819</u>
\$ -	\$ 2,503	\$ -	\$ -	\$ -	\$ 985	\$ 1,950
-	16,003	-	-	-	-	43,869
-	-	-	11,882	31,024	-	-
-	18,506	-	11,882	31,024	985	45,819
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
79,335	-	-	-	17,552	-	3,000
-	(18,506)	-	-	-	-	-
<u>79,335</u>	<u>(18,506)</u>	<u>-</u>	<u>-</u>	<u>17,552</u>	<u>-</u>	<u>3,000</u>
<u>\$ 79,335</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,882</u>	<u>\$ 48,576</u>	<u>\$ 985</u>	<u>\$ 48,819</u>

**CITY OF BAXTER, MINNESOTA
COMBINING BALANCE SHEET (CONTINUED)
CAPITAL PROJECT FUND – BY PROJECT
DECEMBER 31, 2015**

	Excelsior - Cypress to East Limit	Briarwood Lane	Golf Course - Excelsior to Wolda	Excelsior - Inglewood to Edgewood
ASSETS				
Cash and Pooled Investments	\$ 649,237	\$ -	\$ -	\$ -
Accounts Receivable	-	-	-	-
Delinquent Taxes Receivable	-	-	-	-
Special Assessments Receivable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 649,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 140,339	\$ -	\$ -	\$ -
Due to Other Funds	-	-	12,643	101
Contracts Payable	21,894	-	-	-
	<u>162,233</u>	<u>-</u>	<u>12,643</u>	<u>101</u>
Total Liabilities	162,233	-	12,643	101
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue				
Taxes	-	-	-	-
Special Assessments	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES				
Assigned	487,004	-	-	-
Unassigned	-	-	(12,643)	(101)
	<u>487,004</u>	<u>-</u>	<u>(12,643)</u>	<u>(101)</u>
Total Fund Balances	487,004	-	(12,643)	(101)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 649,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF BAXTER, MINNESOTA
COMBINING BALANCE SHEET (CONTINUED)
CAPITAL PROJECT FUND – BY PROJECT
DECEMBER 31, 2015**

Inglewood - Woida to CSAH 77	2016 Fairview Project	North Perch Lake Utilities	2016 Dellwood North	Inglewood - 210 to Foley	2015 Mill and Overlays	Combined Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 537,319	\$ 7,925,039
-	-	-	-	-	-	70,312
-	-	-	-	-	-	568
-	-	-	-	-	-	346,140
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 537,319</u>	<u>\$ 8,342,059</u>
\$ -	\$ 16,950	\$ -	\$ 203	\$ 5,147	\$ 93,876	\$ 715,003
-	22,922	128	-	-	-	169,723
-	-	-	-	-	97,913	316,065
-	39,872	128	203	5,147	191,789	1,200,791
-	-	-	-	-	-	568
-	-	-	-	-	-	346,140
-	-	-	-	-	-	21,493
-	-	-	-	-	-	368,201
-	-	-	-	-	345,530	6,967,842
-	(39,872)	(128)	(203)	(5,147)	-	(194,775)
-	(39,872)	(128)	(203)	(5,147)	345,530	6,773,067
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 537,319</u>	<u>\$ 8,342,059</u>

**CITY OF BAXTER, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CAPITAL PROJECT FUND – BY PROJECT
YEAR ENDED DECEMBER 31, 2015**

	Collector Street	Street Replacement	Capital Equipment	Trails Construction
REVENUES				
Special Assessments	\$ 4,382	\$ 10,287	\$ -	\$ -
Intergovernmental	-	120,496	-	-
Charges for Services	-	-	-	-
Investment Earnings	45,112	3,336	8,601	3,650
Net Increase (Decrease) in Fair Value of Investments	2,901	211	549	245
Miscellaneous	-	-	3,100	-
Total Revenues	52,395	134,330	12,250	3,895
EXPENDITURES				
CURRENT				
General Government	-	-	6,547	-
Public Works	-	194,831	-	-
Culture and Recreation	-	-	-	30,913
CAPITAL OUTLAY				
General Government	-	-	32,028	-
Public Works	-	-	29,574	-
Culture and Recreation	-	-	38,029	-
DEBT SERVICE				
Bond Issue Costs	-	-	-	-
Total Expenditures	-	194,831	106,178	30,913
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	52,395	(60,501)	(93,928)	(27,018)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	3,300	-
Issuance of GO Bonds	-	-	-	-
Issuance of GO Bonds - premium	-	-	-	-
Transfers In	337,000	174,200	339,300	28,500
Transfers Out	(758,544)	-	-	-
Total Other Financing Sources (Uses)	(421,544)	174,200	342,600	28,500
NET CHANGE IN FUND BALANCES				
	(369,149)	113,699	248,672	1,482
Fund Balance - Beginning of Year	3,786,251	232,138	637,540	347,853
FUND BALANCE - END OF YEAR				
	\$ 3,417,102	\$ 345,837	\$ 886,212	\$ 349,335

City Center Building	Cypress Drive	Woida Wildflower	Dellwood Novotny Ext	Cypress Town Center	Eagle Drive	Cypress Dr - Hinckley to 48
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	60,000	-	-	-	-
-	-	-	-	-	-	-
4,542	-	-	-	506	-	-
301	(11)	-	(64)	34	(3)	(26)
-	-	-	-	-	-	-
4,843	(11)	60,000	(64)	540	(3)	(26)
-	-	-	-	-	-	-
-	9,137	(7)	1,869	-	3,021	393
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	365,214	903,246	-	-	-
-	-	-	-	-	-	-
-	-	-	10,253	-	-	-
-	9,137	365,207	915,368	-	3,021	393
4,843	(9,148)	(305,207)	(915,432)	540	(3,024)	(419)
-	-	-	-	-	-	-
-	-	-	1,018,876	-	-	-
-	-	-	22,764	-	-	-
-	-	111,315	195,102	-	-	-
-	-	-	(56,754)	-	-	-
-	-	111,315	1,179,988	-	-	-
4,843	(9,148)	(193,892)	264,556	540	(3,024)	(419)
420,867	(11,541)	193,892	(108,556)	46,870	(2,499)	(36,388)
\$ 425,710	\$ (20,689)	\$ -	\$ 156,000	\$ 47,410	\$ (5,523)	\$ (36,807)

CITY OF BAXTER, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
CAPITAL PROJECT FUND – BY PROJECT
YEAR ENDED DECEMBER 31, 2015

	Potlatch Phase 2	South Isle Dr Extension	Fairview Extension 371 NW	Inglewood/ Fairview/ Foley
REVENUES				
Special Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	49,665	-	-
Charges for Services	-	159,457	-	-
Investment Earnings	445	-	-	783
Net Increase (Decrease) in Fair Value of Investments	30	(1,212)	1	52
Miscellaneous	-	-	-	-
Total Revenues	475	207,910	1	835
EXPENDITURES				
CURRENT				
General Government	-	-	-	-
Public Works	-	971,084	36,390	-
Culture and Recreation	-	-	-	-
CAPITAL OUTLAY				
General Government	-	-	-	-
Public Works	-	2,755,915	-	-
Culture and Recreation	-	-	-	-
DEBT SERVICE				
Bond Issue Costs	-	30,823	-	-
Total Expenditures	-	3,757,822	36,390	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	475	(3,549,912)	(36,389)	835
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	-	-
Issuance of GO Bonds	-	3,063,048	-	-
Issuance of GO Bonds - premium	-	68,435	-	-
Transfers In	-	1,157,996	-	-
Transfers Out	-	(107,584)	-	-
Total Other Financing Sources (Uses)	-	4,181,895	-	-
NET CHANGE IN FUND BALANCES				
	475	631,983	(36,389)	835
Fund Balance - Beginning of Year	(23,796)	(297,562)	4,554	72,559
FUND BALANCE - END OF YEAR				
	\$ (23,321)	\$ 334,421	\$ (31,835)	\$ 73,394

<u>Cypress Phase 1 RR to 210</u>	<u>South Sewer Interceptor</u>	<u>Isle/ CSAH 48 Intersection</u>	<u>College/48 Intersection</u>	<u>Inglewood- Fairview to Excelsior</u>	<u>Falcon Drive</u>	<u>Independence Road</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	8,132	-	48,819
847	-	-	-	-	-	-
56	(7)	-	-	-	-	(11)
-	-	-	-	-	-	-
<u>903</u>	<u>(7)</u>	<u>-</u>	<u>-</u>	<u>8,132</u>	<u>-</u>	<u>48,808</u>
-	-	-	-	-	-	-
350	12,616	1	-	53	74	210
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	732,761	(36,248)	85,804
-	-	-	-	-	-	-
-	-	-	-	1,213	-	416
<u>350</u>	<u>12,616</u>	<u>1</u>	<u>-</u>	<u>734,027</u>	<u>(36,174)</u>	<u>86,430</u>
553	(12,623)	(1)	-	(725,895)	36,174	(37,622)
-	-	-	-	-	-	-
-	-	-	-	120,497	-	48,021
-	-	-	-	2,692	-	924
-	-	9,846	-	640,544	-	-
-	-	-	-	(12,559)	(3,535)	(1,579)
-	-	<u>9,846</u>	<u>-</u>	<u>751,174</u>	<u>(3,535)</u>	<u>47,366</u>
553	(12,623)	9,845	-	25,279	32,639	9,744
<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>\$ 79,335</u>	<u>\$ (18,506)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,552</u>	<u>\$ -</u>	<u>\$ 3,000</u>

CITY OF BAXTER, MINNESOTA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
CAPITAL PROJECT FUND – BY PROJECT
YEAR ENDED DECEMBER 31, 2015

	Excelsior - Cypress to East Limit	Briarwood Lane	Golf Course - Excelsior to Woida	Excelsior - Inglewood to Edgewood
REVENUES				
Special Assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,045,000	-	-	-
Charges for Services	21,764	-	-	-
Investment Earnings	404	-	-	-
Net Increase (Decrease) in Fair Value of Investments	-	(23)	(7)	-
Miscellaneous	-	-	-	-
Total Revenues	1,067,168	(23)	(7)	-
EXPENDITURES				
CURRENT				
General Government	-	-	-	-
Public Works	1	472	7,719	101
Culture and Recreation	-	-	-	-
CAPITAL OUTLAY				
General Government	-	-	-	-
Public Works	2,473,102	60,106	-	-
Culture and Recreation	-	-	-	-
DEBT SERVICE				
Bond Issue Costs	3,107	624	-	-
Total Expenditures	2,476,210	61,202	7,719	101
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,409,042)	(61,225)	(7,726)	(101)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	-	-
Issuance of GO Bonds	303,999	62,518	-	-
Issuance of GO Bonds - premium	6,898	1,386	-	-
Transfers In	1,751,989	-	-	-
Transfers Out	(52,015)	(1,107)	-	-
Total Other Financing Sources (Uses)	2,010,871	62,797	-	-
NET CHANGE IN FUND BALANCES	601,829	1,572	(7,726)	(101)
Fund Balance - Beginning of Year	(114,825)	(1,572)	(4,917)	-
FUND BALANCE - END OF YEAR	\$ 487,004	\$ -	\$ (12,643)	\$ (101)

Inglewood - Woida to CSAH 77	2016 Fairview Project	North Perch Lake Utilities	2016 Dellwood North	Inglewood - 210 to Foley	2015 Mill and Overlays	Internal Eliminations	Combined Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,669
-	-	-	-	-	-	-	1,275,161
-	-	-	-	-	30,285	-	268,457
37	-	-	-	-	-	-	68,263
1	(3)	-	-	-	(143)	-	2,871
-	-	-	-	-	-	-	3,100
38	(3)	-	-	-	30,142	-	1,632,521
-	-	-	-	-	-	-	6,547
(2)	39,869	128	203	5,147	3,031	-	1,286,691
-	-	-	-	-	-	-	30,913
-	-	-	-	-	-	-	32,028
54,604	-	-	-	-	2,152,930	-	9,577,008
-	-	-	-	-	-	-	38,029
474	-	-	-	-	24,842	-	71,752
55,076	39,869	128	203	5,147	2,180,803	-	11,042,968
(55,038)	(39,872)	(128)	(203)	(5,147)	(2,150,661)	-	(9,410,447)
-	-	-	-	-	-	-	3,300
44,635	-	-	-	-	2,468,406	-	7,130,000
1,051	-	-	-	-	55,149	-	159,299
9,878	-	-	-	-	13,314	(771,925)	3,997,059
(526)	-	-	-	-	(40,678)	771,925	(262,956)
55,038	-	-	-	-	2,496,191	-	11,026,702
-	(39,872)	(128)	(203)	(5,147)	345,530	-	1,616,255
-	-	-	-	-	-	-	5,156,812
\$ -	\$ (39,872)	\$ (128)	\$ (203)	\$ (5,147)	\$ 345,530	\$ -	\$ 6,773,067

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		
	2006	2007	2008
Governmental Activities			
Net Investment in Capital Assets	\$ 357,452	\$ 2,262,489	\$ 6,355,520
Restricted for:			
General Government	-	17,602	20,002
Capital Projects	-	1,379,922	105,963
Debt Service	9,149,905	25,283,411	20,957,105
Economic Development	-	-	-
Sales Tax Funded Infrastructure	-	-	-
Revolving Loans	-	-	-
Tax Increment Financing	-	-	-
Police Activity	-	-	-
Unrestricted	24,273,132	7,737,948	10,234,105
Total Governmental Activities Net Position	\$ 33,780,489	\$ 36,681,372	\$ 37,672,695
Business-Type Activities			
Net Investment in Capital Assets	\$ 33,643,933	\$ 34,692,230	\$ 34,958,321
Unrestricted	3,362,203	8,144,091	8,601,996
Total Business-Type Activities Net Position	\$ 37,006,136	\$ 42,836,321	\$ 43,560,317
Primary Government			
Net Investment in Capital Assets	\$ 34,001,385	\$ 36,954,719	\$ 41,313,841
Restricted for:			
General Government	-	17,602	20,002
Capital Projects	-	1,379,922	105,963
Debt Service	9,149,905	25,283,411	20,957,105
Economic Development	-	-	-
Sales Tax Funded Infrastructure	-	-	-
Revolving Loans	-	-	-
Tax Increment Financing	-	-	-
Police Activity	-	-	-
Unrestricted	27,635,335	15,882,039	18,836,101
Total Primary Government Net Position	\$ 70,786,625	\$ 79,517,693	\$ 81,233,012

							Fiscal Year	
2009	2010	2011	2012	2013	2014	2015		
\$ 9,755,015	\$ 14,638,901	\$ 19,093,683	\$ 22,675,313	\$ 18,567,059	\$ 21,024,796	\$ 21,859,902		
22,577	-	-	-	-	-	-		
1,080,801	-	-	-	-	-	-		
17,788,265	13,977,284	9,634,569	8,805,956	7,868,180	8,395,615	13,492,038		
-	2,939,435	2,939,925	2,964,012	2,977,504	3,016,196	3,397,600		
-	5,890,212	5,311,147	5,785,750	7,057,415	8,467,296	7,953,458		
-	402,556	411,558	419,549	420,061	425,702	430,601		
-	999,858	521,192	462,417	616,906	801,698	552,442		
-	19,002	20,108	25,082	32,669	43,951	52,358		
12,327,885	6,610,863	147,101	(2,571,438)	3,152,221	2,980,658	2,967,478		
<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>	<u>\$ 50,705,877</u>		
\$ 34,178,791	\$ 33,290,422	\$ 42,523,243	\$ 45,066,969	\$ 44,021,212	\$ 43,430,296	\$ 44,586,970		
8,400,102	8,523,113	8,457,050	9,739,329	10,979,563	11,646,054	11,257,688		
<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>	<u>\$ 55,844,658</u>		
\$ 43,933,806	\$ 47,929,323	\$ 53,175,816	\$ 59,751,282	\$ 54,714,808	\$ 57,139,494	\$ 59,811,872		
22,577	-	-	-	-	-	-		
1,080,801	-	-	-	-	-	-		
17,788,265	13,977,284	9,634,569	8,805,956	7,868,180	8,395,615	13,492,038		
-	2,939,435	2,939,925	2,964,012	2,977,504	3,016,196	3,397,600		
-	5,890,212	5,311,147	5,785,750	7,057,415	8,467,296	7,953,458		
-	402,556	411,558	419,549	420,061	425,702	430,601		
-	999,858	521,192	462,417	616,906	801,698	552,442		
-	19,002	20,108	25,082	32,669	43,951	52,358		
20,727,987	15,133,976	17,045,261	15,158,891	22,005,247	21,942,310	20,860,166		
<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>	<u>\$ 106,550,535</u>		

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

	Fiscal Year		
	2006	2007	2008
Expenses			
Governmental Activities			
General Government	\$ 1,216,795	\$ 1,378,865	\$ 1,356,288
Public Safety	1,757,316	1,798,739	1,889,619
Public Works	2,718,121	2,354,018	2,683,004
Sanitation	29,924	28,739	34,670
Culture and Recreation	553,874	582,079	1,999,735
Economic and Community Development	760,719	772,561	672,902
Interest	1,031,227	1,193,519	1,112,782
Total Governmental Activities Expenses	\$ 8,067,976	\$ 8,108,520	\$ 9,749,000
Business-Type Activities			
Water	\$ 1,089,586	\$ 1,606,679	\$ 1,627,520
Sewer	1,036,331	1,221,479	1,353,043
Storm Water	109,418	160,464	234,470
Total Business-Type Activities Expenses	2,235,335	2,988,622	3,215,033
Total Primary Government Expenses	\$ 10,303,311	\$ 11,097,142	\$ 12,964,033
Program Revenues			
Governmental Activities			
Fees, Charges, Fines, and Other			
General Government	\$ 659,115	\$ 535,496	\$ 427,129
Public Safety	373,082	289,655	382,192
Public Works	-	57,000	-
Sanitation	498	463	359
Culture and Recreation	254,170	48,034	51,136
Economic and Community Development	251,719	225,233	52,859
Operating Grants and Contributions	858,607	343,110	210,626
Capital Grants and Contributions	6,540,288	3,571,220	2,061,332
Total Governmental Activities Program Revenues	\$ 8,937,479	\$ 5,070,211	\$ 3,185,633
Business-Type Activities			
Fees, Charges, Fines, and Other			
Water	\$ 1,440,594	\$ 1,709,478	\$ 1,308,318
Sewer	1,273,067	1,518,970	1,184,963
Storm Water	149,782	245,956	291,053
Operating Grants and Contributions	-	8,900	36,862
Capital Grants and Contributions	349,068	2,596,900	41,700
Total Business-Type Activities Program Revenues	3,212,511	6,080,204	2,862,896
Total Primary Government Program Revenues	\$ 12,149,990	\$ 11,150,415	\$ 6,048,529

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
\$ 1,425,790	\$ 1,428,267	\$ 1,416,819	\$ 1,212,361	\$ 1,373,321	\$ 1,522,265	\$ 1,537,205
1,977,046	2,034,789	1,939,880	1,874,740	1,894,095	2,020,278	2,041,833
2,233,639	2,111,757	2,380,427	2,267,214	2,352,349	2,518,595	3,389,767
36,090	34,669	38,338	35,476	34,944	37,970	35,114
693,850	618,718	687,545	670,426	723,667	777,891	847,953
578,480	779,170	1,115,103	818,460	827,988	781,557	1,376,093
1,025,079	1,079,936	940,392	822,443	879,723	696,429	505,783
<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>	<u>\$ 9,733,748</u>
\$ 1,743,771	\$ 1,677,288	\$ 1,652,130	\$ 1,674,473	\$ 1,968,324	\$ 1,793,208	\$ 1,728,615
1,319,966	1,332,248	1,451,130	1,623,673	1,731,740	1,739,067	1,705,465
236,948	248,377	259,517	282,810	322,326	302,180	302,516
<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>3,736,596</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>	<u>\$ 13,470,344</u>
\$ 476,731	\$ 575,102	\$ 497,891	\$ 518,048	\$ 477,130	\$ 462,537	\$ 475,694
477,155	325,824	322,447	555,768	416,024	426,505	368,760
-	1,221,493	-	23,434	7,875	525	600
287	405	379	391	244	162	276
27,785	72,155	7,373	211,123	269,462	301,626	69,638
14,387	120,536	35,397	43,782	33,005	26,717	400,285
205,647	279,697	360,152	276,068	235,669	231,786	289,696
1,037,841	921,662	687,075	956,669	509,946	2,367,570	7,515,674
<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>	<u>\$ 9,120,623</u>
\$ 1,430,105	\$ 1,458,913	\$ 1,406,582	\$ 1,785,969	\$ 1,861,747	\$ 1,721,660	\$ 1,723,923
1,174,023	1,206,950	1,271,248	1,606,991	1,669,945	1,549,520	1,470,789
304,492	303,841	304,605	311,327	316,202	318,857	321,866
2,246	121,386	18,177	20,690	84,294	37,344	18,527
2,500	57,375	111,272	755,526	95,020	329,375	35,135
<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>3,570,240</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>	<u>\$ 12,690,863</u>

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

	Fiscal Year		
	2006	2007	2008
Net (Expense)/Revenue			
Governmental Activities	\$ 869,503	\$ (3,038,309)	\$ (6,563,367)
Business-Type Activities	977,176	3,091,582	(352,137)
Total Primary Government Net (Expense)/Revenue	<u>\$ 1,846,679</u>	<u>\$ 53,273</u>	<u>\$ (6,915,504)</u>
General Revenues and Other Changes in Net Position			
Governmental Activities			
Property Taxes	\$ 3,873,216	\$ 4,653,175	\$ 5,039,645
Lodging Tax	263,573	287,486	282,654
Sales Tax	471,158	2,032,718	1,921,680
Tax Increments	288,162	382,414	389,568
Grants and Contributions not Restricted for a Particular Purpose	84,130	190,051	100,663
Investment Earnings	681,212	693,913	488,173
Net Increase (Decrease) in Fair Value of Investments	-	-	-
Miscellaneous	118,395	63,324	118,419
Gain on Sale of Capital Assets	8,100	3,902	-
Transfers	(4,325,963)	(2,367,791)	(786,112)
Total Governmental Activities	<u>\$ 1,461,983</u>	<u>\$ 5,939,192</u>	<u>\$ 7,554,690</u>
Business-Type Activities			
Investment Earnings	\$ -	\$ 370,812	\$ 290,021
Net Increase (Decrease) in Fair Value of Investments	-	-	-
Transfers	4,325,963	2,367,791	786,112
Total Business-Type Activities Program Revenues	<u>4,325,963</u>	<u>2,738,603</u>	<u>1,076,133</u>
Total Primary Government Program Revenues	<u>\$ 5,787,946</u>	<u>\$ 8,677,795</u>	<u>\$ 8,630,823</u>
Change in Net Position	\$ 7,634,625	\$ 8,731,068	\$ 1,715,319
Net Position -- Beginning of Year, as Restated	<u>63,152,000</u>	<u>70,786,625</u>	<u>79,517,693</u>
Net Position -- End of Year	<u>\$ 70,786,625</u>	<u>\$ 79,517,693</u>	<u>\$ 81,233,012</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						
2009		2010		2011		2012		2013		2014		2015	
\$	(5,730,141)	\$	(4,570,432)	\$	(6,607,790)	\$	(5,115,837)	\$	(6,136,732)	\$	(4,537,557)	\$	(613,125)
	(387,319)		(109,448)		(250,893)		899,547		4,818		122,301		(166,356)
\$	<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>	\$	<u>(779,481)</u>
\$	5,453,694	\$	5,312,680	\$	5,667,151	\$	5,405,829	\$	5,479,108	\$	5,355,718	\$	5,584,724
	251,007		265,889		287,419		297,361		291,331		321,994		362,561
	1,875,168		1,917,505		1,936,851		2,124,950		2,216,167		2,332,743		2,500,784
	371,551		392,575		333,922		228,037		354,610		358,473		395,884
	33,120		2,957		2,433		2,493		2,556		2,423		32,819
	265,196		301,744		220,984		256,429		136,094		288,085		270,251
	-		-		-		-		(153,737)		35,901		16,151
	53,039		56,613		69,536		79,518		99,345		89,538		106,833
	-		17,351		1,400		18,202		27,663		8,529		3,300
	729,214		806,686		(9,310,734)		(2,809,624)		(191,031)		208,050		(997,865)
\$	<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>	\$	<u>8,275,442</u>
\$	135,109	\$	150,776	\$	106,917	\$	116,834	\$	73,895	\$	143,879	\$	134,613
	-		-		-		-		(75,267)		17,445		8,126
	(729,214)		(806,686)		9,310,734		2,809,624		191,031		(208,050)		997,865
	(594,105)		(655,910)		9,417,651		2,926,458		189,659		(46,726)		1,140,604
\$	<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>	\$	<u>9,416,046</u>
\$	2,320,424	\$	3,738,210	\$	1,767,930	\$	4,313,363	\$	2,319,851	\$	4,539,472	\$	8,636,565
	81,233,012		83,553,436		87,291,646		89,059,576		93,372,939		95,692,790		97,913,970
\$	<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>	\$	<u>106,550,535</u>

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

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned (Designated 2002-2009)	-	-	-	-
Unassigned (Unrestricted, Undesignated)	<u>2,670,101</u>	<u>2,685,029</u>	<u>2,763,542</u>	<u>2,777,951</u>
Total General Fund	<u>\$ 2,670,101</u>	<u>\$ 2,685,029</u>	<u>\$ 2,763,542</u>	<u>\$ 2,777,951</u>
All Other Governmental Funds				
Nonspendable				
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	25,064
Debt Service Fund	-	10,536,564	8,697,629	7,645,710
Capital Project Fund	989,602	1,246,291	104,763	1,001,565
Assigned (Designated 2002-2009)				
Special Revenue Funds	278,793	-	-	-
Debt Service Fund	9,149,905	-	-	-
Capital Project Fund	-	-	-	-
Unassigned (Unrestricted, Undesignated)				
Special Revenue Funds	<u>2,181,093</u>	<u>3,151,887</u>	<u>4,883,894</u>	<u>6,861,900</u>
Total All Other Governmental Funds	<u>\$ 12,599,393</u>	<u>\$ 15,062,830</u>	<u>\$ 13,707,488</u>	<u>\$ 15,534,239</u>

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					
2010	2011	2012	2013	2014	2015
\$ 4,149	\$ 3,802	\$ 2,115	\$ 21,485	\$ 110,880	\$ 150,890
565,400	565,400	813,100	766,300	601,800	509,300
2,782,544	2,782,891	2,680,221	2,719,679	2,778,695	2,866,434
<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>	<u>\$ 3,526,624</u>
\$ 942	\$ 165	\$ -	\$ 1,324	\$ 1,065	\$ 54,200
8,027,883	6,985,359	9,357,527	10,933,814	12,633,044	12,247,806
11,433,456	8,576,137	4,523,512	8,474,339	8,401,330	4,693,449
638,971	753,473	1,218,392	1,475,553	1,366,512	1,188,972
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,406	15,191	16,059	16,491	14,928	17,830
-	-	-	-	-	-
1,908,456	4,080,260	4,600,960	5,454,174	5,156,812	6,773,067
(10,966)	(11,167)	(11,990)	(924)	(100,506)	(197,627)
<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>	<u>\$ 24,777,697</u>

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

	Fiscal Year			
	2006	2007	2008	2009
Revenues				
Taxes	\$ 3,857,157	\$ 4,520,077	\$ 4,828,170	\$ 5,170,688
Lodging Tax	263,573	287,486	282,654	251,007
Sales Tax	471,158	2,032,718	1,914,352	1,836,111
Tax Increments	288,162	382,414	389,568	371,551
Special Assessments	4,467,960	4,483,790	3,340,550	2,979,835
Licenses, Permits, and Fees	707,898	417,220	264,616	299,446
Intergovernmental	1,661,592	1,112,761	1,696,669	537,348
Charges for Services	694,640	733,708	544,356	611,278
Fines and Forfeits	74,582	104,511	132,048	130,195
Gifts and Contributions	47,686	1,250	24,512	5,211
Investment Earnings	681,212	693,913	488,173	265,196
Net Increase (Decrease) in Fair Value of Investments**	-	-	-	-
Miscellaneous	170,181	154,439	225,400	150,509
Revolving Loans	53,035	50,275	50,275	29,327
Total Revenues	13,438,836	14,974,562	14,181,343	12,637,702
Expenditures				
Current				
General Government	1,154,061	1,369,883	1,333,983	1,368,989
Public Safety	1,712,108	1,808,239	1,877,751	1,925,811
Public Works	847,037	871,334	971,514	583,939
Sanitation	-	28,739	34,670	36,090
Culture and Recreation	482,854	454,263	674,652	508,600
Economic and Community Development	949,525	1,070,651	714,819	592,660
Capital Outlay	12,818,079	4,374,199	2,865,591	5,324,000
Debt Service				
Principal	3,349,829	4,130,113	5,806,933	5,138,184
Interest and Fiscal Charges	878,191	1,188,664	1,161,914	1,057,541
Bond Issue Costs	106,949	57,349	-	-
Total Expenditures	22,298,633	15,353,434	15,441,827	16,535,814
Excess (Deficiency) of Revenues Over Expenditures	(8,859,797)	(378,872)	(1,260,484)	(3,898,112)
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	3,902	2,902	-
Issuance of Bonds	10,000,000	3,425,000	-	5,010,058
Issuance of Bonds/Notes - Premium	68,143	26,940	-	-
Issuance of Bonds/Notes - Discount	(10,078)	-	-	-
Issuance of Capital Lease	250,000	-	-	-
Principal Payment on Refunded Bonds	-	-	-	-
Transfers In	2,842,890	2,173,114	1,798,792	2,516,017
Transfers Out	(3,948,451)	(2,771,719)	(1,818,039)	(1,786,803)
Total Other Financing Sources (Uses)	9,202,504	2,857,237	(16,345)	5,739,272
Net Change in Fund Balances	\$ 342,707	\$ 2,478,365	\$ (1,276,829)	\$ 1,841,160
Debt Service as a Percentage of Noncapital Expenditures*	51.7%	48.4%	50.4%	55.2%

*Revised for fiscal years 2006-2010.

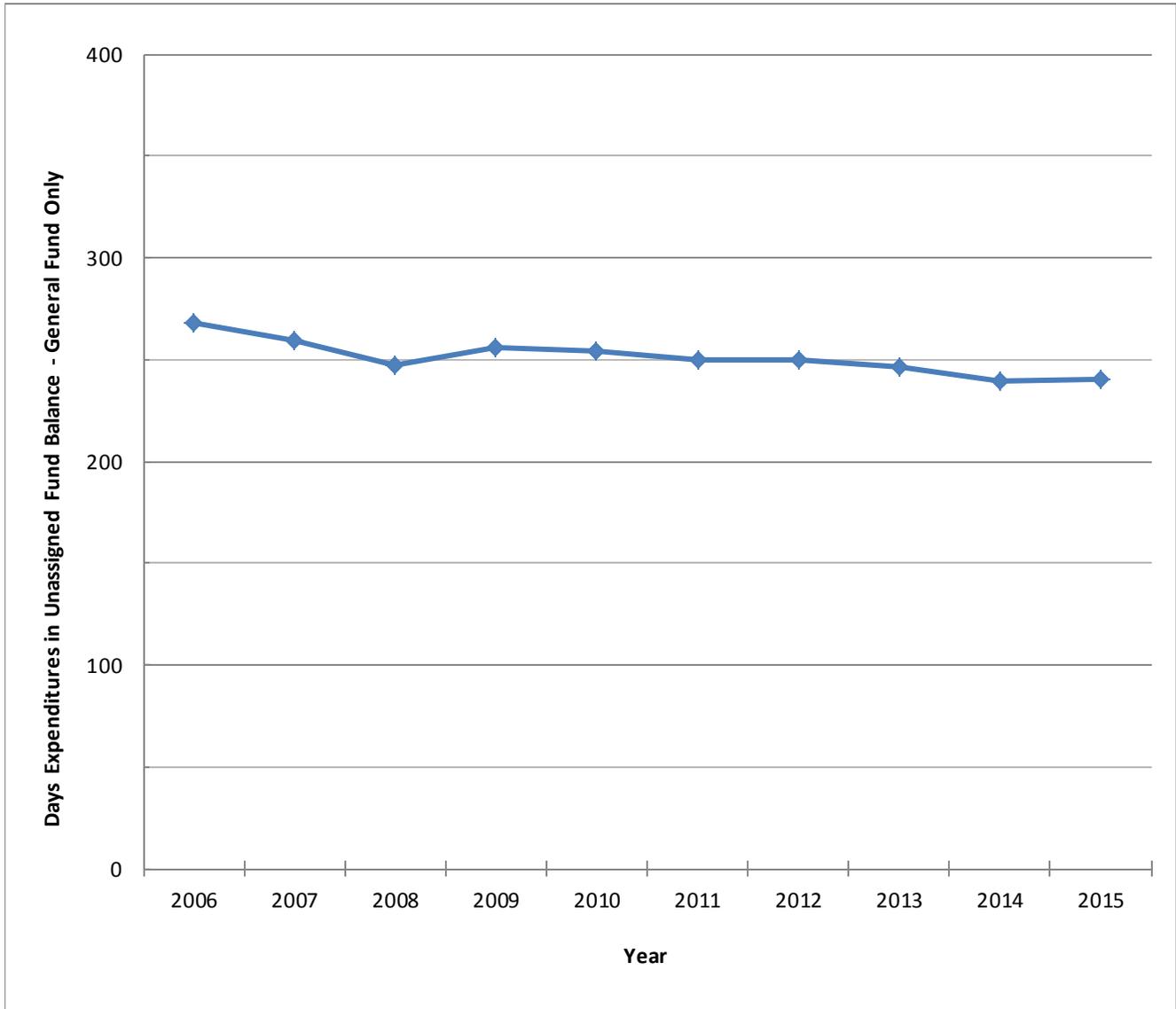
For all years, calculated as follows:

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

** Aggregated with Investment Earnings prior to 2013.

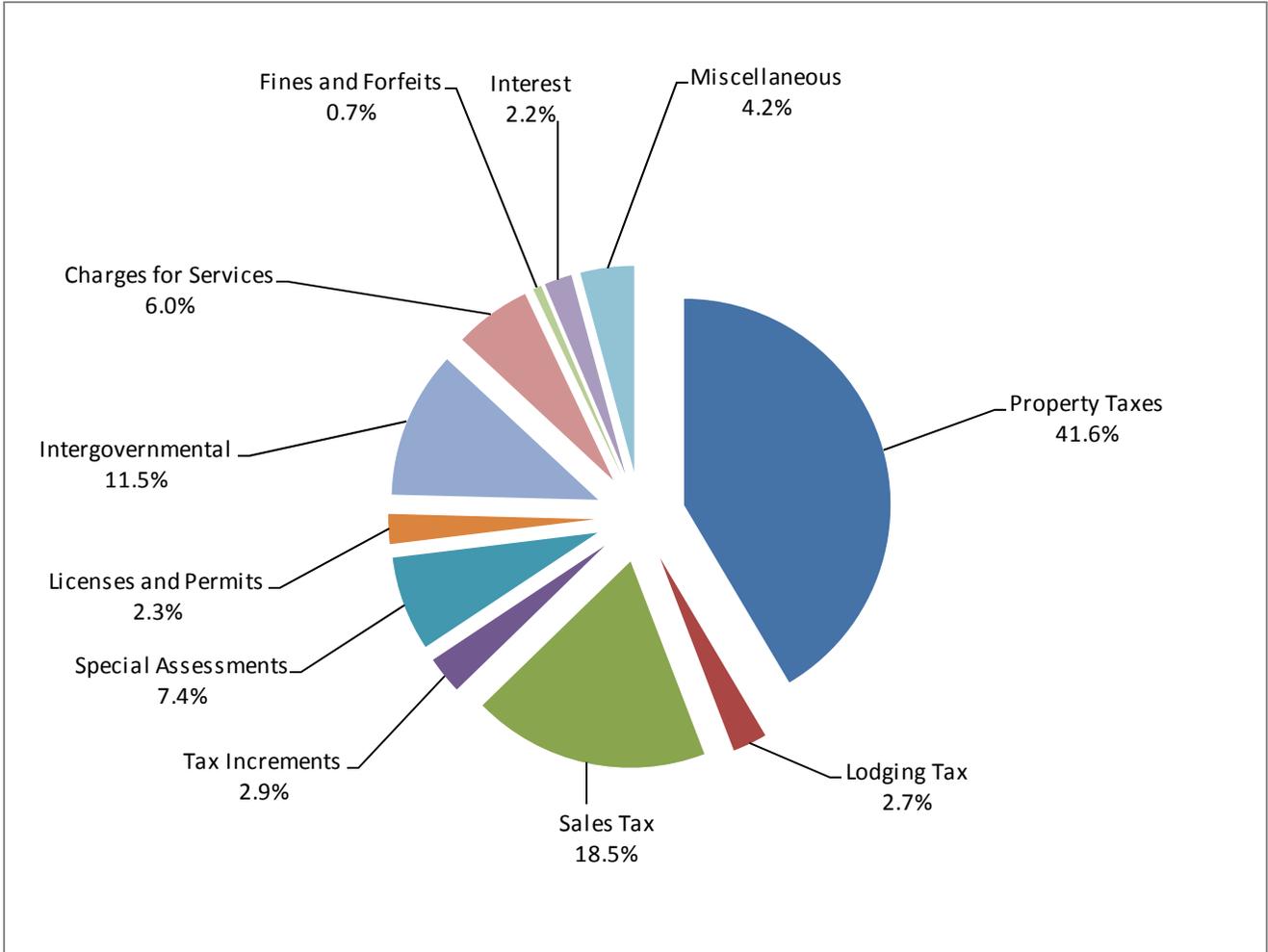
Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 5,498,763	\$ 5,871,854	\$ 5,497,267	\$ 5,486,196	\$ 5,430,652	\$ 5,570,060
265,889	287,419	297,361	291,331	321,994	362,561
1,938,915	1,951,316	2,127,170	2,214,519	2,330,735	2,488,992
392,575	333,922	228,037	354,610	358,473	395,884
3,418,718	2,063,769	1,861,457	1,294,827	985,975	995,347
183,762	364,655	405,148	344,444	354,722	313,521
624,073	377,280	316,829	356,311	879,871	1,548,012
1,730,146	607,773	660,110	563,774	661,019	809,615
125,579	87,850	108,610	78,299	86,308	88,196
3,100	3,960	1,910	2,792	9,352	7,500
301,739	220,989	256,421	136,102	288,085	275,415
-	-	-	(153,737)	35,901	16,151
131,045	89,106	2,109,805	385,043	396,240	557,872
-	36,642	36,642	36,642	-	-
14,614,304	12,296,535	13,906,767	11,391,153	12,139,327	13,429,126
1,388,835	1,382,197	1,244,668	1,325,191	1,480,618	1,470,873
1,973,467	1,925,231	1,839,208	1,863,858	1,982,072	1,992,278
604,009	667,421	520,445	655,100	935,517	1,811,667
34,669	38,338	35,476	34,944	37,970	35,114
471,005	525,931	502,857	553,710	593,214	628,965
790,883	1,132,979	839,686	853,244	807,155	1,400,119
5,886,965	2,416,666	1,771,214	196,280	4,398,208	11,787,845
4,912,770	5,420,721	2,524,110	2,543,333	2,252,000	2,040,667
1,026,125	987,564	795,870	673,454	660,081	540,235
35,925	-	-	46,965	47,734	85,850
17,124,653	14,497,048	10,073,534	8,746,079	13,194,569	21,793,613
(2,510,349)	(2,200,513)	3,833,233	2,645,074	(1,055,242)	(8,364,487)
13,468	1,839	8,008	27,663	8,529	3,300
8,765,571	-	-	4,045,000	1,925,000	8,530,000
-	-	-	135,633	15,988	195,304
(22,325)	-	-	-	-	-
-	-	-	-	-	-
-	-	(4,340,000)	-	-	(3,975,000)
2,408,814	5,589,133	3,040,267	1,950,971	2,450,593	5,044,386
(1,602,128)	(5,004,189)	(3,093,123)	(2,142,002)	(2,242,543)	(4,093,741)
9,563,400	586,783	(4,384,848)	4,017,265	2,157,567	5,704,249
\$ 7,053,051	\$ (1,613,730)	\$ (551,615)	\$ 6,662,339	\$ 1,102,325	\$ (2,660,238)
53.8%	53.0%	40.0%	37.6%	33.1%	25.8%

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



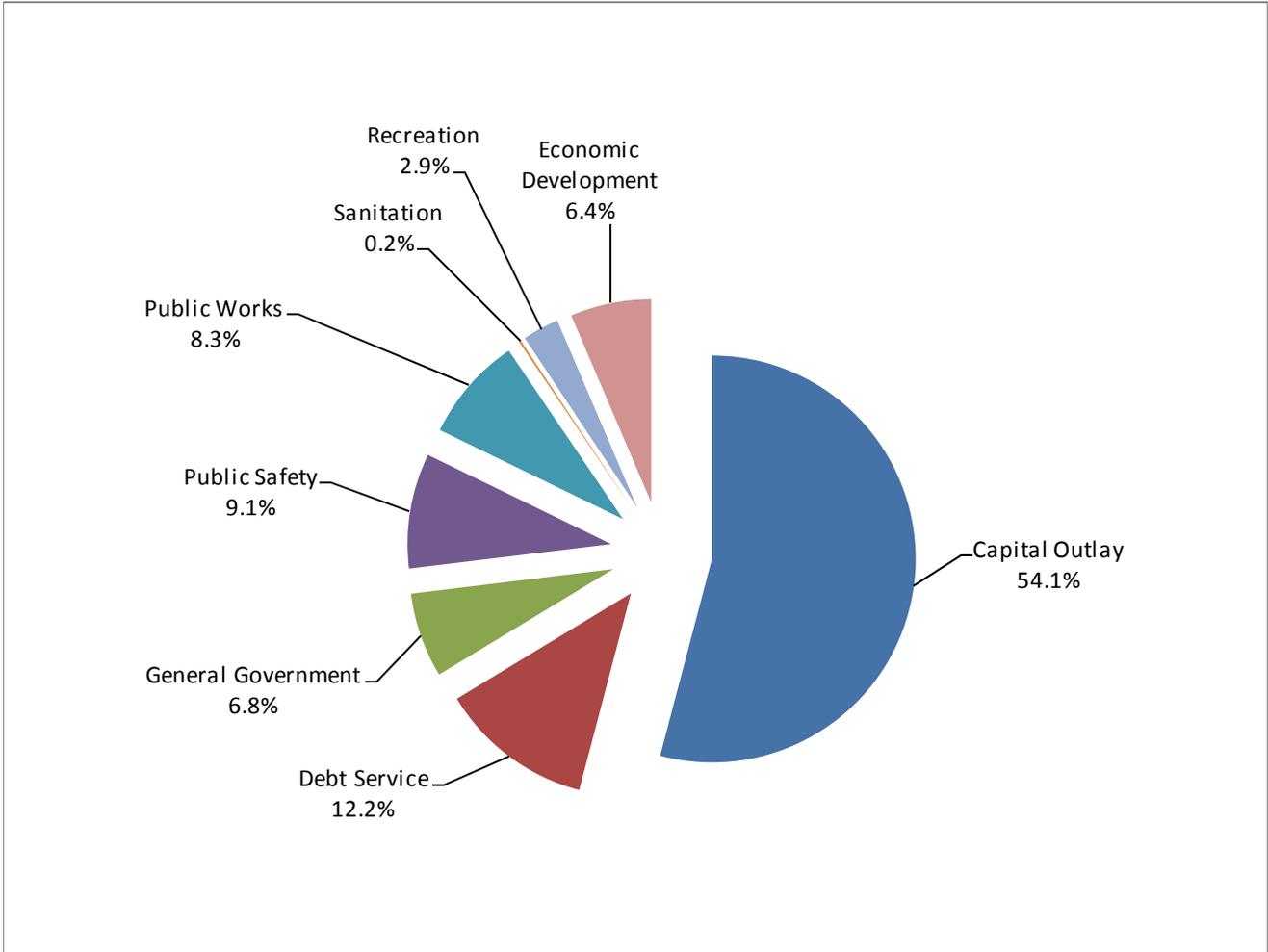
* Unreserved, undesignated fund balance prior to 2010.

**CITY OF BAXTER, MINNESOTA
REVENUES – GOVERNMENTAL FUNDS
DECEMBER 31, 2015**



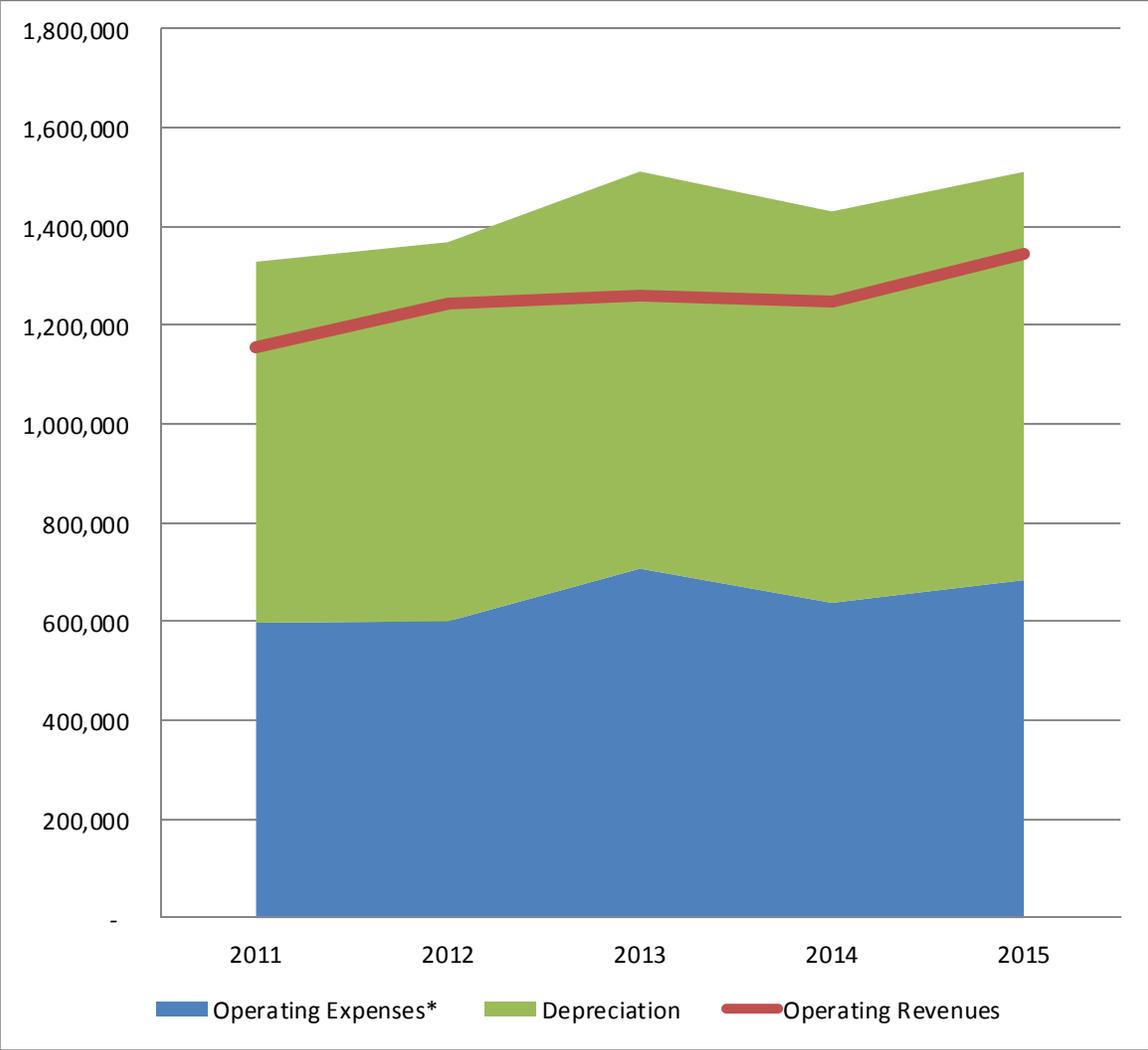
* Percentages may not foot to 100% due to rounding.

**CITY OF BAXTER, MINNESOTA
EXPENDITURES – GOVERNMENTAL FUNDS
DECEMBER 31, 2015**



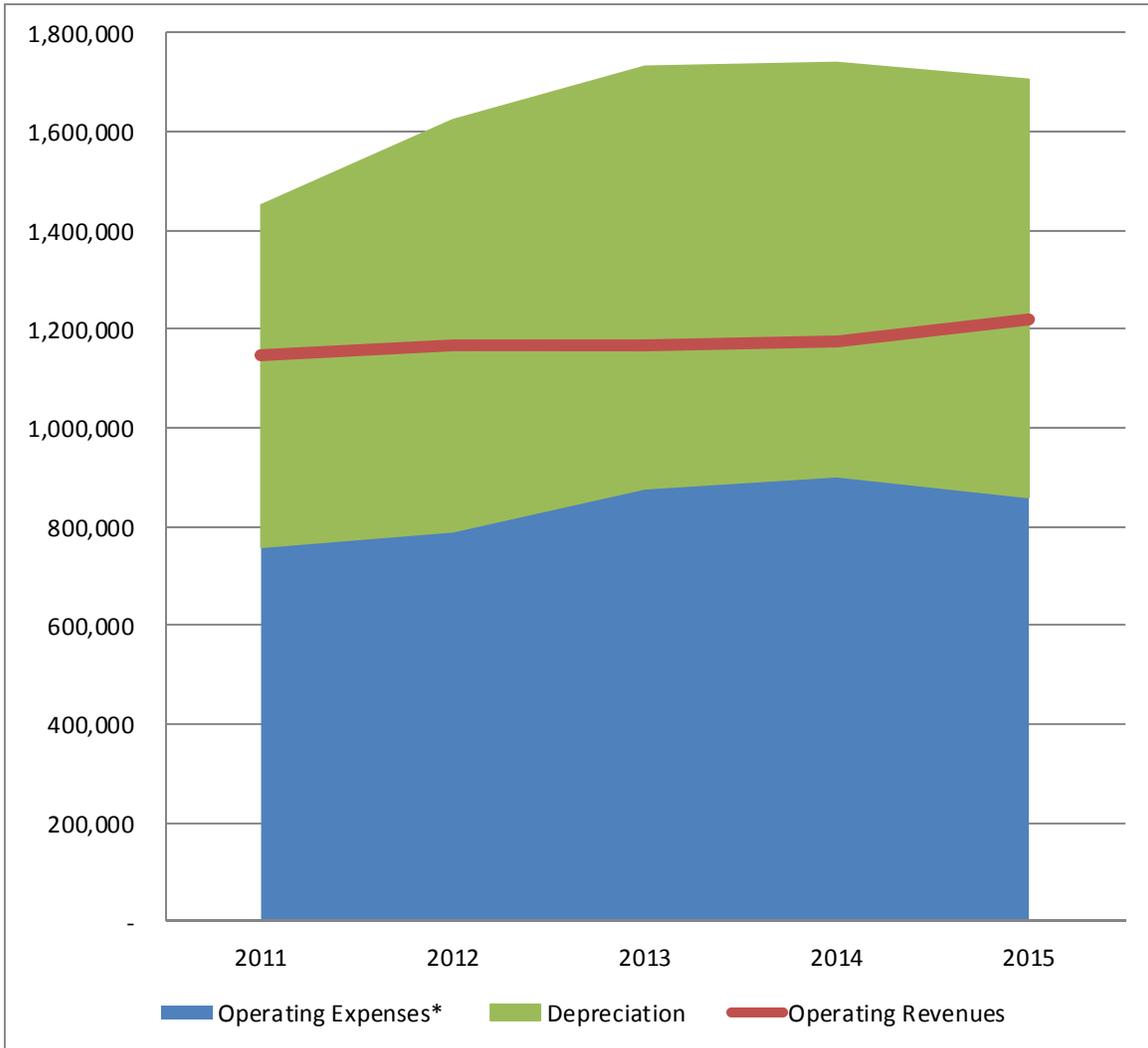
* Percentages may not foot to 100% due to rounding.

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



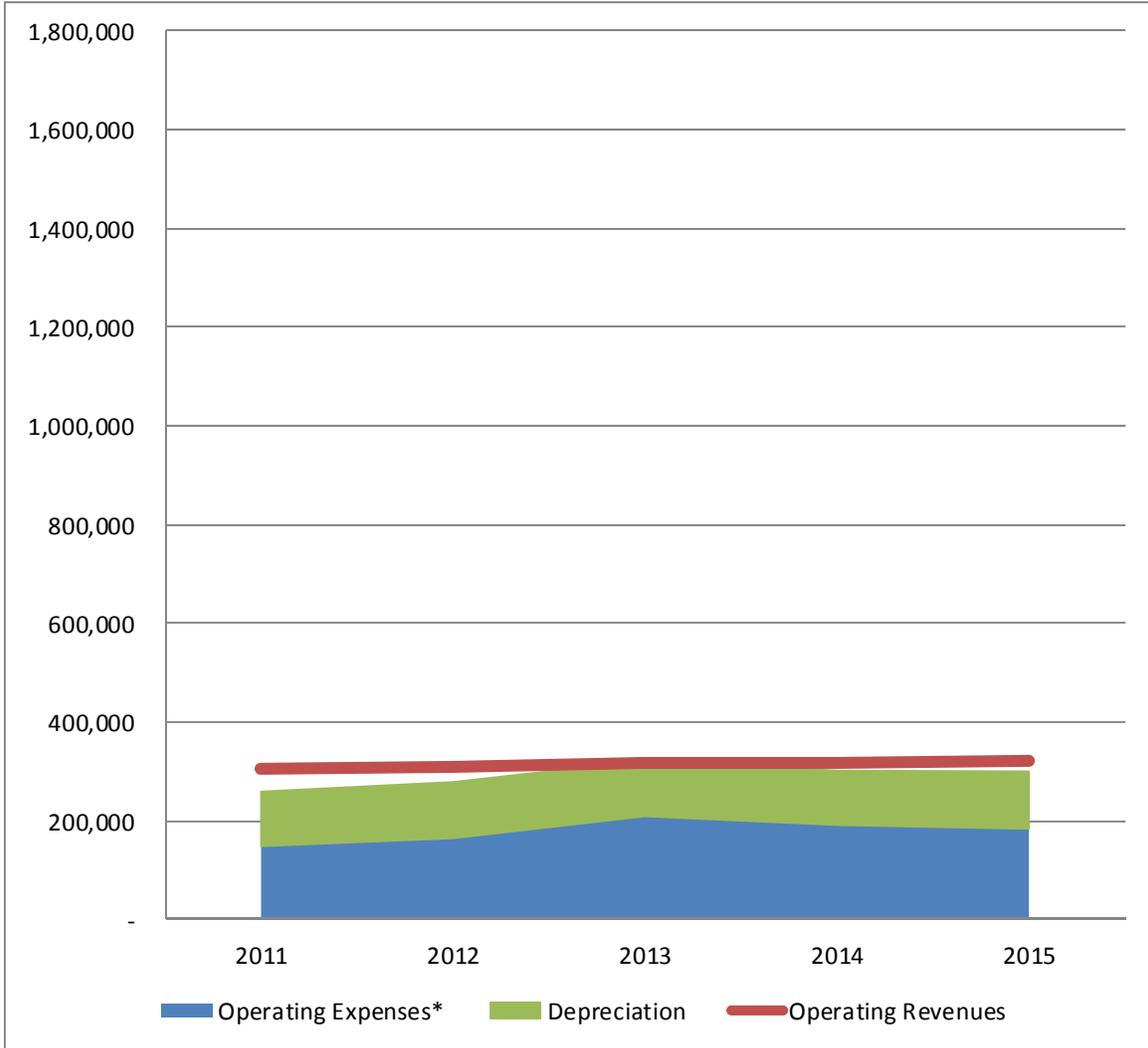
* Operating expenses excluding depreciation.

**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
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
2015	4,763,932	5,949,030	80,553	120,718	385,003

Source:
Bond Issue Official Statements and Crow Wing County.

<u>Net Tax Capacity</u>	<u>Total Direct Tax Rate</u>	<u>Assessor's Estimated Market Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 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
10,529,230	53.3	843,685,200	1.25

**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
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
2015	42.6	10.7	53.3

Source:
Crow Wing County.

Overlapping Rates

School District 181	Crow Wing County	Other	Total Overlapping	Total Direct and Overlapping Tax Rate
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	48.6	89.6
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	51.8	100.3
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
25.5	34.6	0.2	60.3	113.6

**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
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)	5,423,141	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
2015	4,475,900	1,126,000	(24,435)	5,577,465	5,517,329	98.9

Source:

Crow Wing County Auditor-Treasurer's Office

Note:

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

Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percentage of Levy Outstanding
	Amount	Percentage of Levy		
\$ 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
4,925	5,320,794	99.6	22,965	0.4
42,090	5,366,403	97.9	56,738	1.0
15,619	5,343,868	99.0	52,743	1.0
23,315	5,436,795	99.2	42,408	0.8
-	5,517,329	98.9	60,136	1.1

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

Taxpayer	2015			2006		
	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	6.80 %	\$ 511,376	1	5.85 %
Wal-Mart Stores, Inc.	177,742	2	1.69	245,639	3	2.39
Menards, Inc.	174,633	3	1.66	211,738	4	2.06
Costco Wholesale Corp	169,344	4	1.61			
Brainerd Lakes Integrated	159,806	5	1.52			
Dayton Hudson Corporation (Target)	109,394	6	1.04	137,212	7	1.57
Home Depot USA, Inc.	107,206	7	1.02	133,816	8	1.53
KTJ 243 LLC	99,551	8	0.95			
Arnold S Johnson Properties	99,515	9	0.95			
Winchester Properties	96,482	10	0.92			
Mills Properties Inc. (2nd)				302,128	2	3.46
Developers Diversified Realty				195,452	5	2.24
Kohl's Illinois Inc				146,706	6	1.68
Individual				118,168	9	1.35
Michael Holdings of Baxter LLC				101,577	10	1.16
Total	\$ 1,909,191		18.16 %	\$ 2,103,812		23.29 %

Source:
Crow Wing County.

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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
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
2015	18,491,639	6,635,000	-	-	5,900,614

*Most recent available data

Total Primary Government	Percentage of Personal Income		Per Capita
\$ 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
28,405,704	11.1		3,708
35,776,393	12.8		4,618
32,408,776	10.7		4,165
31,027,253	10.3 *		3,877

**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
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	11,613,748	1.4	1,516
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
2015	24,392,253	13,492,038	10,900,215	1.3	1,362

CITY OF BAXTER, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2015

	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Overlapping			
Crow Wing County	\$ 22,102,500	11.79 %	\$ 2,604,925
Brainerd I.S.D. No. 181	62,460,000	22.32	13,938,225
Total Overlapping			16,543,150
City of Baxter Direct Debt	25,126,639	100.00	25,126,639
Total Direct and Overlapping Debt			\$ 41,669,789

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				
	2006	2007	2008	2009	2010
Debt Limit	\$ 27,852,330	\$ 32,133,322	\$ 30,868,888	\$ 31,001,705	\$ 29,220,874
Total Net Debt Applicable to Limit	<u>4,535,000</u>	<u>4,320,000</u>	<u>4,085,000</u>	<u>3,930,000</u>	<u>3,770,000</u>
Legal Debt Margin	<u>\$ 23,317,330</u>	<u>\$ 27,813,322</u>	<u>\$ 26,783,888</u>	<u>\$ 27,071,705</u>	<u>\$ 25,450,874</u>
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	16.28%	13.44%	13.23%	12.68%	12.90%

Source:
Bond Issue Official Statements and Crow Wing County.

Fiscal Year				
2011	2012	2013	2014	2015
\$ 26,142,159	\$ 25,015,317	\$ 24,149,172	\$ 20,899,339	\$ 25,310,556
3,605,000	3,495,000	3,315,000	3,125,000	2,930,000
<u>\$ 22,537,159</u>	<u>\$ 21,520,317</u>	<u>\$ 20,834,172</u>	<u>\$ 21,024,172</u>	<u>\$ 22,380,556</u>

13.79% 13.97% 13.73% 14.95% 11.58%

Legal Debt Margin Calculation for Fiscal Year 2015

Estimated Market Value	843,685,200
Debt Limit (3% of Estimated Market Value)	25,310,556
Debt Applicable to Limit	<u>2,930,000</u>
Legal Debt Margin	<u>\$ 22,380,556</u>

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

Special Assessment Bonds						
Fiscal Year	Revenue	Less: Operating Expense	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2015	2,747,419	(1,450)	2,745,969	2,465,000	189,449	103.4

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
2015	667,495	(250)	667,245	205,000	48,750	263.0

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
2015	693,106	(2,050)	691,056	465,667	227,439	99.7

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

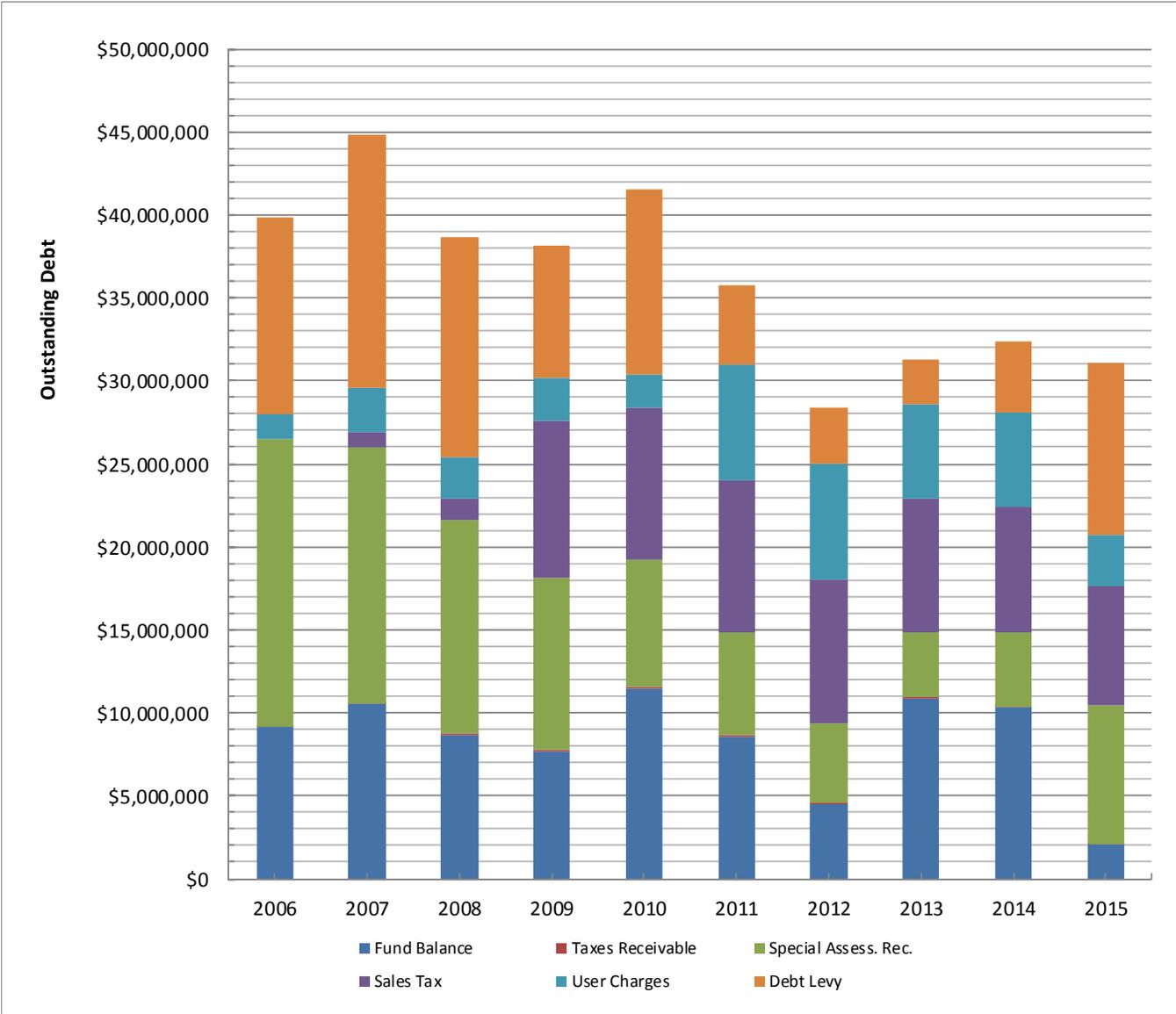
Special Assessment/Water Revenue Bonds

Fiscal Year	Revenue	Less: Operating Expense	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2015	1,144,964	(250)	1,144,714	3,805,000	220,400	28.4

**CITY OF BAXTER, MINNESOTA
 OUTSTANDING DEBT BY PAYMENT SOURCE
 LAST TEN 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)
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	8,002	302,628	37,819	6,600	5.9
2015	8,002 *	302,628	37,819 *	6,648	6.1

Notes:

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

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

(3) 2006-2009: 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

2013-5: 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.

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

Taxpayer	2015			2006		
	Employees	Rank	Percentage of Total Population	Employees	Rank	Percentage of Total Population
Wal-Mart	500	1	6.2 %	452	1	6.3 %
Costco	400	2	5.0			
MN Department of Transportation	200	3	2.5	175	4	2.4
Target	140	4	1.7	180	3	2.5
The Home Depot	130	5	1.6	125	9	1.7
Reichert Enterprises, Inc.	130	6	1.6			
Good Neighbor Home Health Care	120	7	1.5	150	7	2.1
Minnesota Home Care	120	8	1.5			
Olive Garden	120	9	1.5			
Kohl's Department Store	110	10	1.4			
Fleet Farm				309	2	4.3
Nor-Son Inc				170	5	2.4
Bisys				155	6	2.1
Menards				136	8	1.9
Best Buy Inc				120	10	1.7
Total	1,970		24.5 %	1,972		27.4 %

Sources:

2015 GO Improvement Bonds official statement.

2006A GO Refunding Bonds official statement.

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

	Full-Time Equivalent Employees as of December 31,				
	2006	2007	2008	2009	2010
General Government					
Administration	2.00	2.00	2.00	2.00	2.00
Finance	4.00	4.00	5.00	5.00	5.00
Information Systems	1.00	1.00	1.04	1.00	1.00
Public Works Admin	5.00	5.25	5.14	4.00	4.00
Cemetery	-	-	-	0.24	0.24
Public Safety					
Police	14.19	17.00	16.10	16.25	16.25
Building Inspections	4.00	3.00	3.00	2.00	2.00
Public Works					
Streets Maintenance	1.82	1.85	1.92	2.39	2.39
Culture and Recreation					
Park Maintenance	5.68	6.87	7.00	6.97	6.74
Recreation	2.24	0.60	0.75	0.70	0.64
Economic and Community Development					
Planning	3.00	3.00	3.00	2.00	2.00
Water, Sewer, and Storm Water					
Water	2.27	2.30	2.37	2.84	2.84
Sewer	2.27	2.30	2.37	2.84	2.84
Storm Water	0.12	0.15	0.22	0.25	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,

2011	2012	2013	2014	2015
1.54	1.00	1.33	2.50	2.50
5.00	5.00	5.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00
3.46	3.00	3.00	2.50	2.50
0.24	0.18	0.14	0.14	0.14
15.80	14.83	14.75	15.00	15.00
1.52	1.00	1.00	1.00	1.00
2.39	2.02	1.85	2.50	2.73
6.32	5.89	5.73	5.49	7.22
0.66	0.64	1.01	1.33	2.05
2.00	2.00	1.42	2.00	3.00
2.34	2.52	1.75	2.79	3.02
2.34	2.52	1.75	2.79	3.02
0.26	0.31	0.41	0.61	0.61

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

Function/Program	Fiscal Year			
	2006	2007	2008	2009
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	0	-	0	-
General	1	-	1	-
Cemetery				
Burials	3	8	6	7
Police				
All Police Calls	5,657	6,536	5,935	6,065
Arrests	422	490	567	644
Arrest Charges				
Burglaries	20	7	21	8
Drug Arrests	62	49	54	55
DUI	76	79	91	96
Forgeries	43	29	20	3
Fraud	127	130	123	90
Larcenies/Thefts	293	274	276	334
Building Inspection				
Building permits	1,039	925	912	638
Planning				
Zoning applications	90	55	28	28
Building permits for new construction	90	20	25	13
Architectural review projects	*	13	7	7
Code enforcement cases	*	*	63	63
Public Works Streets Maintenance				
Road constructed (miles)	2	1	2	-
Parks				
Program participants	*	*	*	*
Water				
Number of accounts	2,232	2,409	2,454	2,510
Amount distributed (millions of gallons)	326	332	298	288
Sewer				
Number of accounts	1,964	2,122	2,168	2,222
Amount processed (millions of gallons)	198	201	194	186
Storm Water				
Residential accounts	2,417	2,479	2,503	2,503
Commercial accounts	298	312	331	333
Commercial square footage	15,218,681	16,187,896	22,340,761	22,742,345

Source:

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

* Information is not available.

Fiscal Year						
2010	2011	2012	2013	2014	2015	
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	-	
0	-	0	-	0	-	
1	-	1	-	1	-	
9	6	12	12	9	10	
6,230	6,424	7,026	7,016	7,268	7,175	
659	717	881	741	638	*	
9	4	8	13	13	*	
65	47	57	69	147	*	
48	56	40	44	31	*	
1	3	5	8	8	*	
68	55	81	61	68	*	
288	380	496	389	379	*	
622	576	696	684	797	717	
36	34	48	44	32	31	
9	11	17	18	26	21	
8	15	12	8	8	6	
28	59	70	50	52	57	
-	-	-	-	1	2	
*	1,072	1,015	925	896	990	
2,570	2,562	2,606	2,619	2,680	2,740	
281	254	290	291	279	310	
2,270	2,292	2,322	2,363	2,411	2,464	
190	186	194	194	194	203	
2,535	2,543	2,555	2,552	2,545	2,566	
340	343	346	350	358	356	
22,885,837	22,950,822	23,984,568	24,264,116	24,264,116	24,607,447	

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

Function/Program	Fiscal Year			
	2006	2007	2008	2009
Police				
Stations	1	1	1	1
Patrol Units	8.0	9	9	9
Public Works				
Buildings	1	1	1	1
Trucks	7	8	8	10
Other Vehicles	4	4	5	5
Miles of streets	79	80	82	82
Street Lights	339	367	404	405
Culture and Recreation				
Number of parks	5	5	5	5
Acres of developed parks	58.5	58.5	58.5	58.5
Park structures	*	*	*	5.0
Playgrounds	*	*	*	5.0
Baseball fields	*	*	*	6.0
Hockey fields	*	*	*	2.0
Tennis courts	*	*	*	4.0
Basketball courts	*	*	*	4.0
Soccer fields	*	*	*	2.0
Skating rinks	*	*	*	2.0
Fishing pier	*	*	*	1.0
Utilities				
Watermain (miles)	*	*	85.0	85
Fire hydrants	*	*	800.0	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	71.0
Manholes	*	*	1,300.0	1,300
Lift stations	20	21	22	22

* Information is not available.

Fiscal Year

2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
9	9	9	8	8	8
1	1	1	1	1	1
9	8	8	7	6	7
7	7	7	7	8	8
82	82	82	82	83	85
406	406	488	503	505	561
5	5	6	7	7	8
58.5	58.5	61.5	64.0	64	65
5	5	5	5	7	7
5	5	5	5	5	6
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	87	87	87	90	90
800	819	832	847	850	850
2	2	3	3	3	3
1	1	1	1	1	1
1	1	1	1	1	1
71	72	72	72	74	74
1,300	1,329	1,349	1,367	1,370	1,370
22	22	22	22	22	22