



Annual Financial Report

City of Alexandria

Alexandria, Minnesota

For the year ended December 31, 2021



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INTRODUCTORY SECTION

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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City of Alexandria, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2021

Elected

Name	Title	Term Expires
Bobbie Osterberg	Mayor	12/31/2024
Bill Franzen	Council	12/31/2022
Roger Thalman	Council	12/31/2022
Scott Allen	Council	12/31/2024
David Benson	Council	12/31/2022
Andrew Wiener	Council	12/31/2024

Appointed

Martin Schultz	City Administrator
Karin Tank	Assistant City Administrator/HR Director
Reed Heidelberger	City Assessor
Mike Weber	Community Development Coordinator
Jane Blade	Finance Director
Jeff Karrow	Fire Chief
Andy Mellgren	Liquor Operations Manager
Scott Kent	Police Chief
Bill Thoennes	Public Works Director - Parks and Facilities
Dane Bosl	Public Works Director - Streets and Stormwater
Vinnie Hennen	Runestone Community Center Manager
Sara Stadtherr	Communications Coordinator
Thomas Jacobson	City Attorney
Tim Schoonhoven	City Engineer

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FINANCIAL SECTION
CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Alexandria, Minnesota

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Alexandria, Minnesota, (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Alexandria's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Alexandria's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter – Prior Period Adjustment

As described in Note 9, the City reported a prior period adjustment during 2021 to properly account for the Storm Water fund as a Business type activity. Our opinion on this matter is not modified.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the Schedule of Employer's Share of the Net Pension Liability, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, the Schedule of Employer's Contributions, the related note disclosures, and the Schedule of Changes in the City's OPEB Liability and Related Ratios starting on page 96 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.



Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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Mankato, Minnesota
June 23, 2022



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Management's Discussion and Analysis

As management of the City of Alexandria, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021.

Financial Highlights – Government-wide financial statements

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$73,889,539 (net position). Of this amount, \$2,919,573 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$3,221,383, compared to an increase of \$4,915,606 in the previous year. Of this increase, business-type activities (enterprise funds) had an increase of \$477,247 and governmental activities had an increase of \$2,744,136, a majority of this increase relates to a \$1,754,766 in governmental capital grants. Also, there was an increase of \$1,539,379 in charges for services in the business-type activities.

Financial Highlights – Fund financial statements

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,492,793, an increase of \$1,747,794 in comparison with a decrease of \$230,560 the prior year. The major factor of this increase was due to proceeds from debt issued for the Fire and Public Works Capital Project funds. Approximately 32.6 percent the total fund balance, \$4,727,888, is available for spending at the City's discretion.

Overview of the Financial Statements

This discussion and analysis is 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 supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 show how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure 1
Required Components of the
City’s Annual Financial Report

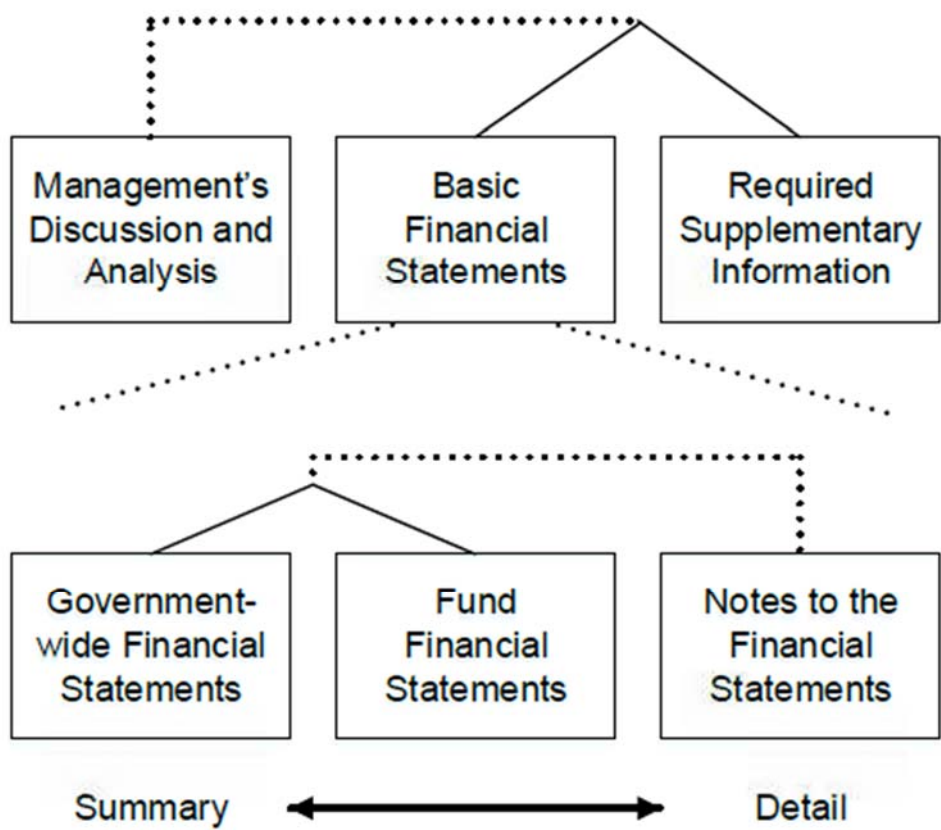


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire, streets and parks	The activity the City operates similar to a private business is the liquor dispensary.
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities with the difference 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. There are many additional non-financial factors to assess the overall health of the City, such as changes in the City's property tax base and the condition of the City's infrastructure and other capital assets.

The *statement of activities* presents information showing how the City'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 revenue (*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, economic development, culture and recreation, interest on long-term debt and airport. The business-type activities of the City include a municipal liquor store. The City's water, electric and fiber utility operations are included as a component unit.

The government-wide financial statements include not only the City itself (known as the *primary government*), as well as an economic development authority for which the City is financially accountable. The economic development authority functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found starting on page 31 of this report.

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 and proprietary funds.

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 by 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*.

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, the Debt Service fund, and the Capital Projects fund, all of which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found starting on page 36 of this report.

Proprietary funds. The City maintains two types of proprietary fund. *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 liquor store operations and storm water operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the enterprise fund which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found starting on page 41 of this report.

Notes to the 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 starting on page 45 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to financial statements. Combining and individual fund financial statements and schedules can be found starting on page 104 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$73,889,539 at the close of the most recent fiscal year.

A large portion of the City's net position (79.9 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Alexandria's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2021	Restated 2020	Increase (Decrease)	2021	Restated 2020	Increase (Decrease)
Assets						
Current and other assets	\$ 23,331,378	\$ 21,495,243	\$ 1,836,135	\$ 2,901,492	\$ 2,306,324	\$ 595,168
Capital assets	66,100,139	66,447,613	(347,474)	12,170,580	12,399,556	(228,976)
Total Assets	89,431,517	87,942,856	1,488,661	15,072,072	14,705,880	366,192
Deferred outflows of resources	4,022,630	1,884,346	2,138,284	254,416	37,641	216,775
Liabilities						
Long-term liabilities						
outstanding	23,348,644	25,733,785	(2,385,141)	1,773,155	1,982,379	(209,224)
Other liabilities	2,066,871	1,648,735	418,136	301,796	293,545	8,251
Total Liabilities	25,415,515	27,382,520	(1,967,005)	2,074,951	2,275,924	(200,973)
Deferred inflows of resources	7,070,555	4,220,741	2,849,814	330,075	23,382	306,693
Net Position						
Net investment in						
capital assets	48,367,046	46,671,859	1,695,187	10,702,833	10,658,383	44,450
Restricted	11,900,087	11,016,853	883,234	-	-	-
Unrestricted	700,944	535,229	165,715	2,218,629	1,785,832	432,797
Total Net Position	\$ 60,968,077	\$ 58,223,941	\$ 2,744,136	\$ 12,921,462	\$ 12,444,215	\$ 477,247

An additional portion of the City's net position (16.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (4.0 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

There was an increase of \$477,247 in net position reported in connection with the City's business-type activities. The Municipal Liquor Dispensary fund's gross profit percentage has increased from the previous year, currently at 25.3 percent and was 23.4 in 2020.

The City's total net position increased by \$3,221,383, compared to an increase of \$4,915,606 in the previous year. Of this increase, business-type activities (enterprise funds) had an increase of \$477,247 while governmental activities had an increase of \$2,744,136.

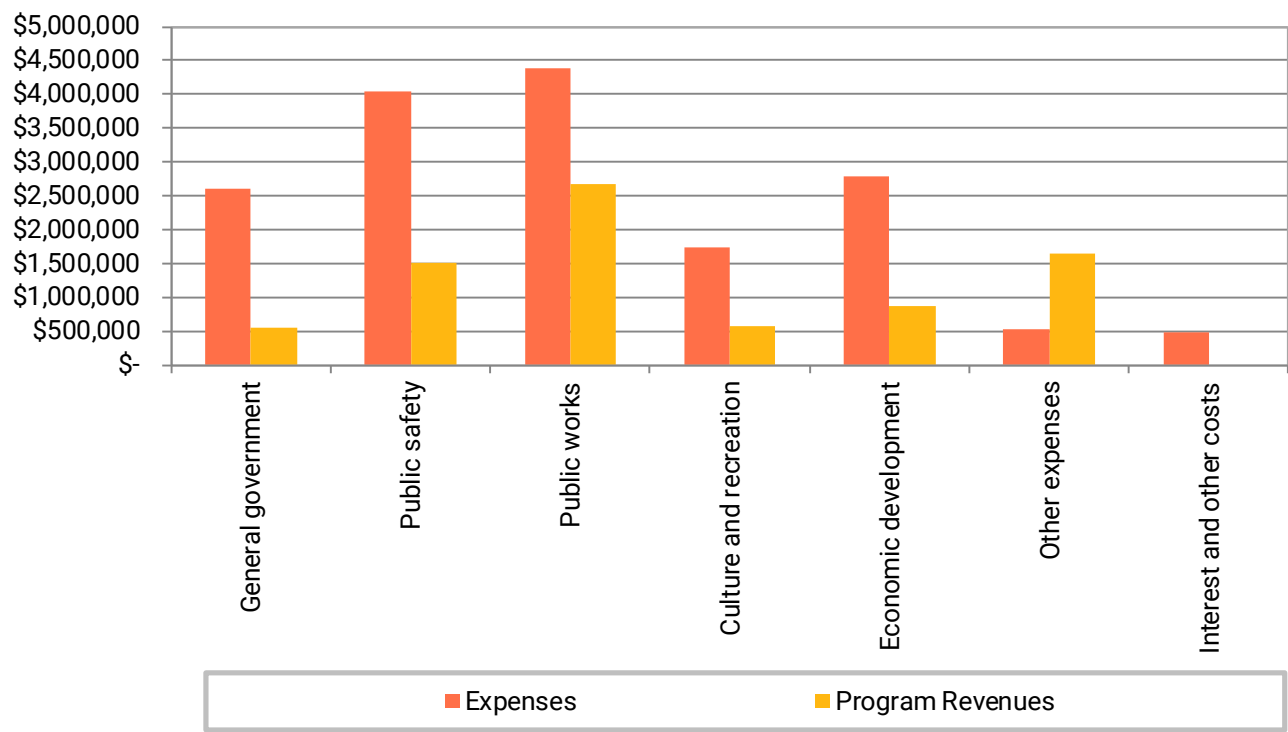
Governmental activities. The change in net position is described above and summarized as follows:

City of Alexandria's Changes in Net Position

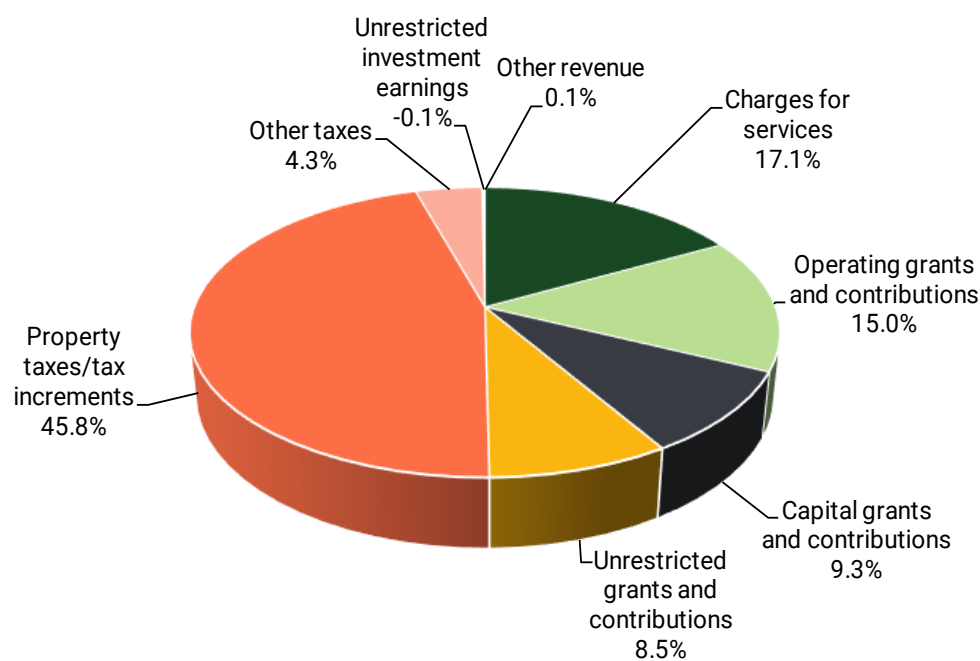
	Governmental Activities			Business-type Activities		
	2021	Restated 2020	Increase (Decrease)	2021	Restated 2020	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 3,245,774	\$ 2,906,214	\$ 339,560	\$ 8,709,559	\$ 8,037,869	\$ 671,690
Operating grants and contributions	2,850,952	3,544,491	(693,539)	9,480	8,449	1,031
Capital grants and contributions	1,754,766	3,800,551	(2,045,785)	-	-	-
General Revenues						
Property taxes/tax increments	8,712,937	8,495,632	217,305	-	-	-
Other taxes	806,263	689,286	116,977	-	-	-
Grants and contributions not restricted to specific programs	1,612,605	1,603,963	8,642	-	-	-
Unrestricted investment earnings	(28,092)	165,708	(193,800)	4,907	10,634	(5,727)
Other revenues	13,668	2,403	11,265	-	1,733	(1,733)
Gain on sale of capital assets	7,277	16,255	(8,978)	-	-	-
Total Revenues	<u>18,976,150</u>	<u>21,224,503</u>	<u>(2,248,353)</u>	<u>8,723,946</u>	<u>8,058,685</u>	<u>665,261</u>
Expenses						
General government	2,600,538	2,634,127	(33,589)	-	-	-
Public safety	4,034,717	4,839,924	(805,207)	-	-	-
Public works	4,377,175	4,945,399	(568,224)	-	865,496	(865,496)
Culture and recreation	1,737,363	1,684,599	52,764	-	-	-
Economic development	2,779,846	1,798,294	981,552	-	-	-
Other expenses	528,192	416,875	111,317	-	-	-
Interest and other costs	475,817	573,040	(97,223)	-	-	-
Liquor	-	-	-	7,212,911	6,609,828	603,083
Storm water	-	-	-	732,154	-	732,154
Total Expenses	<u>16,533,648</u>	<u>16,892,258</u>	<u>(358,610)</u>	<u>7,945,065</u>	<u>7,475,324</u>	<u>469,741</u>
Increase (Decrease) in Net Position						
Before Transfers and Contributions	2,442,502	4,332,245	(1,889,743)	778,881	583,361	195,520
Transfers	<u>301,634</u>	<u>240,000</u>	<u>61,634</u>	<u>(301,634)</u>	<u>(240,000)</u>	<u>(61,634)</u>
Change in Net Position	2,744,136	4,572,245	(1,828,109)	477,247	343,361	133,886
Net Position - January 1	69,346,805	64,774,560	4,572,245	1,321,351	977,990	343,361
Prior Period Adjustment	<u>(11,122,864)</u>	<u>-</u>	<u>(11,122,864)</u>	<u>11,122,864</u>	<u>-</u>	<u>11,122,864</u>
Net Position - December 31	<u>\$ 60,968,077</u>	<u>\$ 69,346,805</u>	<u>\$ (8,378,728)</u>	<u>\$ 12,921,462</u>	<u>\$ 1,321,351</u>	<u>\$ 11,600,111</u>

The following graphs depict various governmental activities and show the revenues and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities



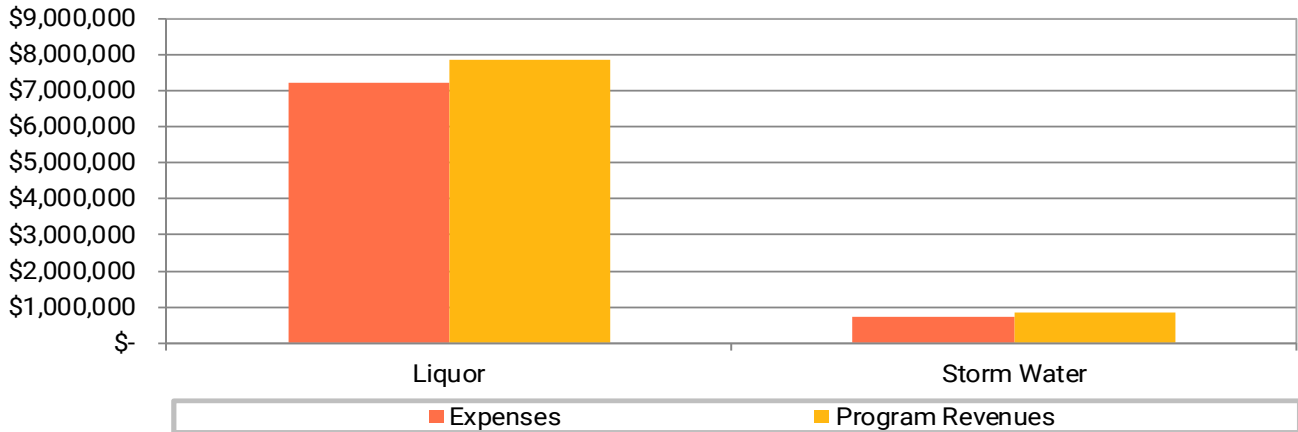
Revenues by Source - Governmental Activities



Business-type activities. Key elements of the change in net position are summarized as follows:

- Sales for business-type activities increased by \$671,690, or 8.4 percent during the year.
- Total expenses increased by approximately \$469,741 during 2021.
- The City's Municipal Liquor fund showed a gain due to operating revenues exceeding operating expenses. Profits before transfers for the past two years were \$778,881 and \$583,361, respectively.

Expenses and Program Revenues - Business-type Activities



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,492,793, an increase of \$1,747,794 in comparison with a decrease of \$230,560 in the prior year. The major factor of this increase was due to proceeds from debt issued for the Fire and Public Works Capital Project funds. Approximately 32.6 percent of the total fund balance amount, \$1,178,830 constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The *restricted* fund balance totals \$9,755,149; *committed* - \$3,162,331; *assigned* - \$386,727; and *nonspendable* - \$9,756.

The *General fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund was \$5,804,117. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 58.4 percent of 2021 fund expenditures, while total fund balance represents 59.0 percent of that same amount.

The fund balance of the City's General fund increased by \$481,828 during the current fiscal year. The key factors to this net increase are listed on the following page under General Fund Budgetary Highlights.

The *Debt Service fund* has a total fund balance of \$4,424,602, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service fund was \$482,488. The key factor in this decrease was due to scheduled debt payments.

The *Capital Project fund* has a total fund balance deficit of \$738,935. The net increase in fund balance during the current year in the Capital Project fund was \$1,458,385. The key factor for this increase was due to proceeds from debt issued for the Fire and Public Works Capital Project funds.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unassigned net position of the enterprise funds at the end of the year amounted to \$2,218,629. The total increase in net position for the funds was \$477,247. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General fund budget was not amended during the year. Revenues exceeded expectations by \$301,490 and the expenditures budget was underspent by \$147,333.

Some highlights include:

- Building permit revenues for the year exceeded budget by \$243,842 due to an increase in permits issued for commercial projects and single-family dwellings over the previous year.
- Runestone Community Center revenues were \$660,175, which was \$16,931 under budget. RCC expenditures were also under budget by \$16,288. The revenues and expenditures in 2021 were more in-line with pre-pandemic years.
- Investment earnings were under budget by \$112,201, mostly due the book adjustment to market value on investments required by GASB Statement No. 31: Accounting and Financial Reporting for Certain Investments and for External Investment Pools. It is important to note that the adjustment is based on the market value of the investments as of December 31, 2021; the City's investments when purchased are intended to be held to maturity, therefore not affected by market fluctuations.
- State Training Reimbursement revenue for the Fire Department exceeded budget by \$22,288, due to an additional allocation of training funds by the State.
- Total payroll and related expenditures for the City's General fund were under budget by \$53,900. In 2021 the City continued its hiring freeze which began in 2020 as a result of the COVID-19 pandemic.
- The City's General Fund training and travel expenditures were under budget by \$75,500. In 2021 in-person had not fully resumed to pre-pandemic levels.
- City Attorney expenditures were under budget by \$49,000 mostly due to decreased prosecution costs from court closures continuing into 2021 as a result of the COVID-19 pandemic.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2021, amounts to \$78,270,719 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities and roads. The total decrease in the City's investment in capital assets for the current fiscal year was 0.7 percent (a 0.5 percent decrease for governmental activities and a 1.8 percent decrease for business-type activities.)

Major capital assets purchased or constructed during the current fiscal year include the following:

- Airport, Bellanca Building Renovations - \$346,358
- Airport, 2020 Airport Improvements - \$595,871
- Airport, 10 – Unit Tee Hangar - \$1,148,668
- Police Department, Patrol SUV - \$28,474
- Runestone Community Center, Kubota Skid Loader - \$29,458
- Street Department, Rooftop Air Conditioning Unit - \$20,334
- Street Department, Viking Place Paving - \$42,587
- Street Department, International Plow Truck - \$81,445
- Storm Sewer Improvements including reconstruction of portions of South Le Homme Dieu Drive, Maple Ave, Darling Street, and Woodland Park Drive - \$676,070
- Street Improvement including reconstruction of portions of Maple Ave, Darling Street, Woodland Park Drive, Deerwood Drive, and the completion of the 2020 Street Reconstruction Project - \$3,316,082

Additional information on the City's capital assets can be found in Note 3D starting on page 58 of this report.

City of Alexandria's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Land	\$ 2,887,179	\$ 2,887,179	\$ -	\$ 101,413	\$ 101,413	\$ -
Buildings	13,143,121	12,190,182	952,939	142,312	164,294	(21,982)
Improvements Other than Buildings	41,776,179	39,195,280	2,580,899	11,743,830	11,933,883	(190,053)
Machinery and Equipment	6,360,009	6,721,680	(361,671)	183,025	176,657	6,368
Construction in Progress	1,933,651	5,453,292	(3,519,641)	-	23,309	(23,309)
Total	<u>\$ 66,100,139</u>	<u>\$ 66,447,613</u>	<u>\$ (347,474)</u>	<u>\$ 12,170,580</u>	<u>\$ 12,399,556</u>	<u>\$ (228,976)</u>

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$18,405,000. Of this amount \$5,140,000 is general obligation improvement debt and \$13,265,000 is general obligation debt. All of the City's bonds are backed by the full faith and credit of the City.

City of Alexandria's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
General Obligation Bonds	\$ 13,265,000	\$ 13,900,000	\$ (635,000)	\$ -	\$ -	\$ -
General Obligation Improvement Bonds	3,905,000	5,195,000	(1,290,000)	1,235,000	1,390,000	(155,000)
CHAP Loans	1,441,919	7,280	1,434,639	-	-	-
Total	<u>\$ 18,611,919</u>	<u>\$ 19,102,280</u>	<u>\$ (490,361)</u>	<u>\$ 1,235,000</u>	<u>\$ 1,390,000</u>	<u>\$ (155,000)</u>

The City's total debt decreased \$645,361, or 3.1 percent during the current fiscal year. General obligation improvement bonds were issued in the amount of \$1,440,014 and principal of \$2,085,375 was retired during the year.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is \$47,489,139, which is significantly greater than the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3F starting on page 63 of this report.

Economic Factors and Next Year's Budgets and Rates

The Budget Committee and then the City Council looked comprehensively at a number of external and internal factors in crafting the 2022 budget.

- A significant amount of time was spent during the 2022 budget process considering the effects of COVID-19 and various scenarios relating to the ARPA funds received by the City.
- As is customary, the City Council reviewed not only the proposed 2022 budget but also considered a five-year (2022-2026) budget blueprint when discussing the 2022 budget.
- Property value increases and growth through new construction contributed to a 5.3% increase in tax capacity from 2021 to 2022.
- The overall property tax levy increased by 7.90% for 2022. Due to COVID-19, the levy increase for 2021 was 1.08%, which was the smallest increase in many years. A larger levy increase in 2022 had the effect of balancing out the small increase in 2021.
- Alexandria has a pull factor index of 3.09, according to the 2016 Retail Trade Analysis of Alexandria prepared by the University of Minnesota Extension Center for Community Vitality. This study was released in September 2018 and used data from 2016. The pull factor compares local taxable sales per capita to that of the state. A pull factor greater than 1.0 indicates that businesses are pulling in customers from outside the community. Alexandria ranked #1 statewide in the index of "pulling power" of the eleven cities outside the metro area with populations between 9,300 and 17,400. Those population numbers represent cities +/- 30% of the population of Alexandria.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Alexandria, 704 Broadway, Alexandria, Minnesota 56308.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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City of Alexandria, Minnesota
Statement of Net Position
December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	ALP Utilities
Assets				
Cash and temporary investments	\$ 15,334,056	\$ 1,938,326	\$ 17,272,382	\$ 21,123,591
Restricted debt service reserve deposits	-	-	-	865,523
Receivables				
Interest	15,804	-	15,804	10,369
Delinquent taxes	57,200	-	57,200	-
Accounts, net of allowance	274,707	93,316	368,023	921,081
Notes and loans, net of allowance	959,023	-	959,023	-
Special assessments	3,529,867	-	3,529,867	3,684
Intergovernmental	1,829,915	-	1,829,915	-
Internal balances	251,699	(251,699)	-	-
Due from component unit	117,427	65,468	182,895	-
Inventories	-	1,056,081	1,056,081	1,576,139
Prepaid items	9,756	-	9,756	47,611
Net pension asset	951,924	-	951,924	-
Capital assets				
Capital assets not being depreciated	4,820,830	101,413	4,922,243	2,231,274
Capital assets net of accumulated depreciation	61,279,309	12,069,167	73,348,476	62,747,770
Total Assets	89,431,517	15,072,072	104,503,589	89,527,042
Deferred Outflows of Resources				
Deferred pension resources	3,914,588	246,668	4,161,256	1,266,244
Deferred other postemployment benefit resources	108,042	7,748	115,790	3,357
Total Deferred Outflows of Resources	4,022,630	254,416	4,277,046	1,269,601
Liabilities				
Accounts and contracts payable	672,295	185,945	858,240	1,632,962
Due to other governments	61,410	75,782	137,192	710,519
Accrued interest payable	215,057	13,083	228,140	34,178
Accrued salaries payable	254,699	26,986	281,685	119,320
Due to primary government	-	-	-	182,895
Deposits payable	68,588	-	68,588	387,620
Unearned revenue	794,822	-	794,822	-
Noncurrent liabilities				
Due within one year				
Long-term liabilities	2,619,642	193,154	2,812,796	1,124,340
Due in more than one year				
Long-term liabilities	17,457,515	1,212,907	18,670,422	8,626,998
Net pension liability	2,847,361	348,087	3,195,448	1,810,670
Other postemployment benefits liability	424,126	19,007	443,133	39,211
Total Liabilities	25,415,515	2,074,951	27,490,466	14,668,713
Deferred Inflows of Resources				
Deferred pension resources	5,370,081	322,911	5,692,992	1,664,565
Deferred other postemployment benefit resources	211,615	7,164	218,779	55,097
Advance from other government	1,488,859	-	1,488,859	-
Total Deferred Inflows of Resources	7,070,555	330,075	7,400,630	1,719,662
Net Position				
Net investment in capital assets	48,367,046	10,702,833	59,069,879	56,060,010
Restricted for				
Debt service	6,569,540	-	6,569,540	865,523
Wellness	13,816	-	13,816	-
Capital outlay	2,031,035	-	2,031,035	-
Economic development	3,285,696	-	3,285,696	-
Unrestricted	700,944	2,218,629	2,919,573	17,482,735
Total Net Position	\$ 60,968,077	\$ 12,921,462	\$ 73,889,539	\$ 74,408,268

The notes to the financial statements are an integral part of this statement.

City of Alexandria, Minnesota
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,600,538	\$ 488,294	\$ 56,532	\$ 1,762
Public safety	4,034,717	788,684	733,270	-
Public works	4,377,175	1,006,329	1,258,454	417,710
Culture and recreation	1,728,741	561,805	10,254	-
Economic development	2,779,846	165,869	710,800	-
Airport	528,192	234,793	73,020	1,335,294
Interest and other costs	475,817	-	-	-
Total Governmental Activities	<u>16,525,026</u>	<u>3,245,774</u>	<u>2,842,330</u>	<u>1,754,766</u>
Business-type Activities				
Liquor	7,221,533	7,850,428	18,019	-
Storm Water Utility	732,154	859,131	83	-
Total business-type activities	<u>7,953,687</u>	<u>8,709,559</u>	<u>18,102</u>	<u>-</u>
Total Primary Government	<u>\$ 24,478,713</u>	<u>\$ 11,955,333</u>	<u>\$ 2,860,432</u>	<u>\$ 1,754,766</u>
Component Unit				
ALP Utilities	<u>\$ 26,780,062</u>	<u>\$ 30,397,901</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

Property taxes, levied for general purposes
Property taxes, levied for debt service
Tax increments
Lodging Tax
Franchise taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings (loss)
Gain on sale of capital assets
Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Prior period adjustment (Note 10)

Net Position, January 1 as Restated

Net Position, December 31

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	ALP Utilities
\$ (2,053,950)		\$ (2,053,950)	
(2,512,763)		(2,512,763)	
(1,694,682)		(1,694,682)	
(1,156,682)		(1,156,682)	
(1,903,177)		(1,903,177)	
1,114,915		1,114,915	
(475,817)		(475,817)	
<u>(8,682,156)</u>		<u>(8,682,156)</u>	
-	\$ 646,914	646,914	
-	127,060	127,060	
-	<u>773,974</u>	<u>773,974</u>	
<u>(8,682,156)</u>	<u>773,974</u>	<u>(7,908,182)</u>	
			<u>\$ 3,617,839</u>
5,761,546	-	5,761,546	-
1,670,687	-	1,670,687	-
1,280,704	-	1,280,704	-
349,563	-	349,563	-
456,700	-	456,700	-
1,612,605	-	1,612,605	-
(28,092)	4,907	(23,185)	(11,042)
7,277	-	7,277	-
13,668	-	13,668	105,929
301,634	(301,634)	-	-
<u>11,426,292</u>	<u>(296,727)</u>	<u>11,129,565</u>	<u>94,887</u>
<u>2,744,136</u>	<u>477,247</u>	<u>3,221,383</u>	<u>3,712,726</u>
69,346,805	1,321,351	70,668,156	70,695,542
<u>(11,122,864)</u>	<u>11,122,864</u>	<u>-</u>	<u>-</u>
58,223,941	12,444,215	70,668,156	70,695,542
<u>\$ 60,968,077</u>	<u>\$ 12,921,462</u>	<u>\$ 73,889,539</u>	<u>\$ 74,408,268</u>

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Alexandria, Minnesota

Balance Sheet

Governmental Funds

December 31, 2021

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and temporary investments	\$ 5,846,440	\$ 4,413,923	\$ 1,994,161	\$ 3,079,532	\$ 15,334,056
Receivables					
Interest	15,804	-	-	-	15,804
Delinquent taxes	34,500	13,300	3,900	5,500	57,200
Accounts	223,695	-	5,502	45,510	274,707
Notes and loans, net of allowance	-	-	-	959,023	959,023
Special assessments	5,643	2,346,695	1,177,529	-	3,529,867
Intergovernmental	128,322	18,427	1,676,226	6,940	1,829,915
Due from other funds	51,024	-	-	-	51,024
Due from component unit	117,427	-	-	-	117,427
Advances to other funds	-	-	-	215,544	215,544
Prepaid items	9,756	-	-	-	9,756
Total Assets	\$ 6,432,611	\$ 6,792,345	\$ 4,857,318	\$ 4,312,049	\$ 22,394,323
Liabilities					
Accounts payable	\$ 159,751	\$ 7,748	\$ 440,567	\$ 47,716	\$ 655,782
Contracts payable	-	-	16,513	-	16,513
Advance from other funds	-	-	14,782	-	14,782
Due to other governments	61,410	-	-	-	61,410
Due to other funds	87	-	-	-	87
Accrued salaries payable	254,699	-	-	-	254,699
Deposits payable	68,588	-	-	-	68,588
Unearned revenue	43,816	-	17,312	733,694	794,822
Total Liabilities	588,351	7,748	489,174	781,410	1,866,683
Deferred Inflows of Resources					
Unavailable revenue - taxes	34,500	13,300	3,900	5,500	57,200
Unavailable revenue - special assessments	5,643	2,346,695	1,177,529	-	3,529,867
Unavailable revenue - intergovernmental	-	-	958,921	-	958,921
Advance from other government	-	-	1,488,859	-	1,488,859
Total Deferred Inflows of Resources	40,143	2,359,995	3,629,209	5,500	6,034,847
Fund Balances					
Nonspendable for					
Prepaid items	9,756	-	-	-	9,756
Restricted for					
Debt service	-	4,424,602	-	-	4,424,602
Wellness	13,816	-	-	-	13,816
Capital outlay	-	-	2,030,937	98	2,031,035
Economic development	-	-	-	3,285,696	3,285,696
Committed for					
Capital outlay	-	-	2,883,980	-	2,883,980
Payment of benefits	-	-	-	241	241
Firefighter's retirement obligation	-	-	-	100,630	100,630
Economic development	-	-	-	40,208	40,208
Tree Preservation	-	-	-	88,815	88,815
Sanitary sewer district appropriations	-	-	-	9,451	9,451
Wellness	39,006	-	-	-	39,006
Assigned for					
Capital outlay	-	-	386,727	-	386,727
Unassigned	5,741,539	-	(4,562,709)	-	1,178,830
Total Fund Balances	5,804,117	4,424,602	738,935	3,525,139	14,492,793
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,432,611	\$ 6,792,345	\$ 4,857,318	\$ 4,312,049	\$ 22,394,323

The notes to the financial statements are an integral part of this statement.

City of Alexandria, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2021

Total Fund Balances - Governmental Funds	\$ 14,492,793
Amounts reported for governmental activities in the statement of net position are different because	
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	951,924
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	66,100,139
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Compensated absences payable	(902,145)
Other postemployment benefit liability	(424,126)
Bonds payable	(17,170,000)
Loans payable	(1,441,919)
Capital leases payable	(11,316)
Bond premium and discount, net of accumulated amortization	(551,777)
Net pension liability	(2,847,361)
Long-term assets are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	
Delinquent property taxes receivable	57,200
Special assessments receivable	3,529,867
Intergovernmental receivable	958,921
Governmental funds do not report long-term amounts related to pensions and other post employment benefits	
Deferred outflows of resources - pension resources	3,914,588
Deferred outflows of resources - other post employment benefits	108,042
Deferred inflows of resources - pension resources	(5,370,081)
Deferred inflows of resources - other post employment benefits	(211,615)
Governmental funds do not report a liability for accrued interest until due and payable.	(215,057)
Total Net Position - Governmental Activities	<u>\$ 60,968,077</u>

The notes to the financial statements are an integral part of this statement.

City of Alexandria, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Debt Service	Capital Projects	Other Governmental Funds	Totals
Revenues					
Taxes	\$ 4,966,242	\$ 1,717,209	\$ 518,985	\$ 2,307,741	\$ 9,510,177
Payment in lieu of taxes	1,014,844	-	-	-	1,014,844
Special assessments	1,762	351,875	234,878	-	588,515
Licenses and permits	754,029	-	-	-	754,029
Intergovernmental	2,054,352	74,374	1,916,458	1,406,721	5,451,905
Charges for services	1,053,427	-	260,386	129,157	1,442,970
Fines and forfeits	99,490	-	-	-	99,490
Investment earnings	(72,201)	22,451	7,078	51,292	8,620
Other revenue	166,146	3,658	66,925	9,078	245,807
Total Revenues	<u>10,038,091</u>	<u>2,169,567</u>	<u>3,004,710</u>	<u>3,903,989</u>	<u>19,116,357</u>
Expenditures					
Current					
General government	2,526,062	-	1,901	-	2,527,963
Public safety	4,222,301	-	-	159,635	4,381,936
Public works	1,437,317	-	8,023	628,882	2,074,222
Culture and recreation	1,402,440	-	3,108	3,850	1,409,398
Economic development	-	-	-	2,779,846	2,779,846
Airport	183,589	-	12,662	-	196,251
Capital outlay					
General government	5,328	-	32,103	-	37,431
Public safety	16,708	-	59,088	-	75,796
Public works	-	-	1,721,032	4,311	1,725,343
Culture and recreation	26,941	-	171,843	8,622	207,406
Airport	13,582	-	1,155,832	-	1,169,414
Debt service					
Principal	-	1,989,434	-	5,423	1,994,857
Interest and other	-	537,279	-	346	537,625
Total Expenditures	<u>9,834,268</u>	<u>2,526,713</u>	<u>3,165,592</u>	<u>3,590,915</u>	<u>19,117,488</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>203,823</u>	<u>(357,146)</u>	<u>(160,882)</u>	<u>313,074</u>	<u>(1,131)</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	-	7,277	-	7,277
Transfers in	278,005	65,708	237,684	-	581,397
Debt issued	-	-	1,440,014	-	1,440,014
Transfers out	-	(191,050)	(65,708)	(23,005)	(279,763)
Total Other Financing Sources (Uses)	<u>278,005</u>	<u>(125,342)</u>	<u>1,619,267</u>	<u>(23,005)</u>	<u>1,748,925</u>
Net Change in Fund Balances	481,828	(482,488)	1,458,385	290,069	1,747,794
Fund Balances, January 1 restated	5,320,065	4,907,090	(719,450)	3,235,070	12,742,775
Prior Period Adjustment (Note 10)	<u>2,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,224</u>
Fund Balances, December 31	<u>\$ 5,804,117</u>	<u>\$ 4,424,602</u>	<u>\$ 738,935</u>	<u>\$ 3,525,139</u>	<u>\$ 14,492,793</u>

The notes to the financial statements are an integral part of this statement.

City of Alexandria, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2021

Amounts reported for governmental activities in the statement
of activities are different because

Net Change in Fund Balances - Governmental Funds	\$ 1,747,794
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.	
Capital outlay	2,871,368
Depreciation expense	(3,215,192)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations)	
Gain on trade-in on capital assets	(3,650)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Debt issued or incurred	(1,440,014)
Principal repayments	1,994,809
Premium/discount on bonds issued, net of amortization expense	53,227
Long-term pension activity is not reported in governmental funds.	
Pension expense	868,985
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	8,629
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes	(7,100)
Special assessments	(308,319)
State grants	167,935
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.	
Compensated absences	5,664
Change in Net Position - Governmental Activities	<u>\$ 2,744,136</u>

The notes to the financial statements are an integral part of this statement.

City of Alexandria, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts <u></u>	Variance with Final Budget <u></u>
Revenues			
Taxes	\$ 4,972,628	\$ 4,966,242	\$ (6,386)
Payment in lieu of taxes	1,010,000	1,014,844	4,844
Special assessments	-	1,762	1,762
Licenses and permits	490,175	754,029	263,854
Intergovernmental	1,991,083	2,054,352	63,269
Charges for services	1,052,415	1,053,427	1,012
Fines and forfeits	92,000	99,490	7,490
Investment earnings	40,000	(72,201)	(112,201)
Other revenue	88,300	166,146	77,846
Total Revenues	<u>9,736,601</u>	<u>10,038,091</u>	<u>301,490</u>
Expenditures			
Current			
General government	2,521,792	2,526,062	(4,270)
Public safety	4,416,362	4,222,301	194,061
Public works	1,347,676	1,437,317	(89,641)
Culture and recreation	1,460,371	1,402,440	57,931
Airport	182,200	183,589	(1,389)
Capital outlay			
General government	4,500	5,328	(828)
Public safety	30,700	16,708	13,992
Public works	5,000	-	5,000
Culture and recreation	10,000	26,941	(16,941)
Airport	3,000	13,582	(10,582)
Total Expenditures	<u>9,981,601</u>	<u>9,834,268</u>	<u>147,333</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(245,000)</u>	<u>203,823</u>	<u>448,823</u>
Other Financing Sources (Uses)			
Transfers in	255,000	278,005	23,005
Transfers out	(10,000)	-	10,000
Total Other Financing Sources (Uses)	<u>245,000</u>	<u>278,005</u>	<u>33,005</u>
Net Change in Fund Balances	-	481,828	481,828
Fund Balances, January 1	5,320,065	5,320,065	-
Prior Period Adjustment (Note 10)	<u>-</u>	<u>2,224</u>	<u>2,224</u>
Fund Balances, December 31	<u>\$ 5,320,065</u>	<u>\$ 5,804,117</u>	<u>\$ 484,052</u>

The notes to the financial statements are an integral part of this statement.

City of Alexandria, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2021

	609 Downtown Liquor	610 Plaza Liquor	211 Storm Water Utility	Totals
Assets				
Current Assets				
Cash and temporary investments	\$ 363,982	\$ 754,568	\$ 819,776	\$ 1,938,326
Receivables				
Accounts	30,236	63,080	-	93,316
Due from other funds	-	1,436	-	1,436
Due from component unit	-	-	65,468	65,468
Inventories	509,917	546,164	-	1,056,081
Total Current Assets	904,135	1,365,248	885,244	3,154,627
Noncurrent Assets				
Capital assets				
Land	68,603	32,810	-	101,413
Buildings	439,516	610,590	8,346	1,058,452
Equipment	219,657	224,969	-	444,626
Other improvements	45,487	25,224	21,296,953	21,367,664
Less accumulated depreciation	(592,484)	(644,531)	(9,564,560)	(10,801,575)
Total Capital Assets (Net of Accumulated Depreciation)	180,779	249,062	11,740,739	12,170,580
Total Assets	1,084,914	1,614,310	12,625,983	15,325,207
Deferred Outflows of Resources				
Deferred pension resources	98,318	124,483	23,867	246,668
Deferred other postemployment benefit resources	5,999	170	1,579	7,748
Total Deferred Outflows of Resources	104,317	124,653	25,446	254,416
Liabilities				
Current Liabilities				
Accounts and contracts payable	48,531	114,800	22,614	185,945
Due to other governments	28,408	47,374	-	75,782
Accrued interest payable	-	-	13,083	13,083
Accrued salaries payable	10,508	13,232	3,246	26,986
Compensated absences payable	10,565	16,768	5,821	33,154
Due to other funds	26,939	25,434	-	52,373
Advance from other funds, current portion	10,030	42,653	-	52,683
Bonds payable, current portion	-	-	160,000	160,000
Total Current Liabilities	134,981	260,261	204,764	600,006
Noncurrent Liabilities				
Compensated absences payable	25,487	22,509	5,243	53,239
Bonds payable	-	-	1,159,668	1,159,668
Other postemployment benefits	10,955	2,007	6,045	19,007
Net pension liability	138,742	175,665	33,680	348,087
Advance from other funds, net of current maturities	43,570	104,509	-	148,079
Total Noncurrent Liabilities	218,754	304,690	1,204,636	1,728,080
Total Liabilities	353,735	564,951	1,409,400	2,328,086
Deferred Inflows of Resources				
Deferred pension resources	128,707	162,960	31,244	322,911
Deferred other postemployment benefit resources	1,298	2,882	2,984	7,164
Total Deferred Inflows of Resources	130,005	165,842	34,228	330,075
Net Position				
Net investment in capital assets	137,209	144,553	10,421,071	10,702,833
Unrestricted	568,282	863,617	786,730	2,218,629
Total Net Position	\$ 705,491	\$ 1,008,170	\$ 11,207,801	\$ 12,921,462

The notes to the financial statements are an integral part of this statement.

City of Alexandria, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	609 Downtown Liquor	610 Plaza Liquor	211 Storm Water Utility	Totals
Operating Revenues				
Sales	\$ 3,105,499	\$ 4,740,253	\$ -	\$ 7,845,752
Cost of sales	(2,321,039)	(3,540,228)	-	(5,861,267)
Charges for services	-	-	859,131	859,131
Total Operating Revenues	<u>784,460</u>	<u>1,200,025</u>	<u>859,131</u>	<u>2,843,616</u>
Operating Expenses				
Personel services	398,525	536,337	107,455	1,042,317
Operating supplies and expenses	21,801	15,781	1,940	39,522
Insurance	14,745	20,361	-	35,106
Utilities	12,945	14,709	-	27,654
Depreciation and amortization	16,820	49,875	435,305	502,000
Other services and charges	97,618	146,479	167,788	411,885
Total Operating Expenses	<u>562,454</u>	<u>783,542</u>	<u>712,488</u>	<u>2,058,484</u>
Operating Income	<u>222,006</u>	<u>416,483</u>	<u>146,643</u>	<u>785,132</u>
Nonoperating Revenues (Expenses)				
Intergovernmental revenue	4,653	4,744	83	9,480
Miscellaneous income	1,901	2,775	-	4,676
Investment income	76	320	4,511	4,907
Amortization of premium	-	-	12,096	12,096
Interest expense	(1,204)	(4,444)	(31,762)	(37,410)
Total Nonoperating Revenues (Expenses)	<u>5,426</u>	<u>3,395</u>	<u>(15,072)</u>	<u>(6,251)</u>
Income Before Transfers	227,432	419,878	131,571	778,881
Transfers in	-	-	191,050	191,050
Transfers Out	<u>(45,000)</u>	<u>(210,000)</u>	<u>(237,684)</u>	<u>(492,684)</u>
Change in Net Position	182,432	209,878	84,937	477,247
Net Position, January 1	523,059	798,292	-	1,321,351
Prior Period Adjustment (Note 10)	<u>-</u>	<u>-</u>	<u>11,122,864</u>	<u>11,122,864</u>
Net Position, December 31	<u><u>\$ 705,491</u></u>	<u><u>\$ 1,008,170</u></u>	<u><u>\$ 11,207,801</u></u>	<u><u>\$ 12,921,462</u></u>

The notes to the financial statements are an integral part of this statement.

City of Alexandria, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	609 Downtown Liquor	610 Plaza Liquor	211 Storm Water Utility	Totals
Cash Flows from Operating Activities				
Receipts from customers	\$ 3,112,400	\$ 4,742,106	\$ 859,131	\$ 8,713,637
Payments to suppliers and vendors	(2,554,940)	(3,783,787)	(156,501)	(6,495,228)
Payments to and on behalf of employees	(408,332)	(476,327)	(104,941)	(989,600)
Other receipts	1,901	2,775	-	4,676
Net Cash Provided by Operating Activities	<u>151,029</u>	<u>484,767</u>	<u>597,689</u>	<u>1,233,485</u>
Cash Flows from Noncapital Financing Activities				
Grants received	4,653	4,744	83	9,480
Transfer in	-	-	191,050	-
Transfers out	(45,000)	(210,000)	(237,684)	(492,684)
Decrease in due from component unit	-	-	(835)	-
Net Cash Used by Noncapital Financing Activities	<u>(40,347)</u>	<u>(205,256)</u>	<u>(47,386)</u>	<u>(483,204)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(20,961)	(21,214)	(230,849)	(273,024)
Principal paid on advance	(12,160)	(41,487)	-	(53,647)
Interest paid on advance	(1,204)	(4,444)	-	(5,648)
Principal paid on long-term debt	-	-	(155,000)	(155,000)
Interest paid on long-term debt	-	-	(33,700)	(33,700)
Net Cash Used by Capital and Related Financing Activities	<u>(34,325)</u>	<u>(67,145)</u>	<u>(419,549)</u>	<u>(521,019)</u>
Cash Flows from Investing Activities				
Interest received on cash and investments	<u>76</u>	<u>320</u>	<u>4,511</u>	<u>4,907</u>
Net Increase (Decrease) In Cash and Cash Equivalents	76,433	212,686	135,265	424,384
Cash and Cash Equivalents, January 1	<u>287,549</u>	<u>541,882</u>	<u>684,511</u>	<u>1,513,942</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 363,982</u></u>	<u><u>\$ 754,568</u></u>	<u><u>\$ 819,776</u></u>	<u><u>\$ 1,938,326</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 222,006	\$ 416,483	\$ 146,643	\$ 785,132
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	16,820	49,875	435,305	502,000
Other income related to operations	1,901	2,775	-	4,676
(Increase) decrease in assets				
Accounts receivable	357	(4,277)	-	(3,920)
Due from other funds/departments	6,544	6,130	-	12,674
Inventories	(80,140)	(60,705)	-	(140,845)
(Increase) decrease in deferred outflows of resources				
Deferred pension resources	(81,434)	(108,804)	(19,810)	(210,048)
Deferred other postemployment benefit resources	(5,576)	129	(1,014)	(6,461)
Increase (decrease) in liabilities				
Accounts and contracts payable	(10,744)	12,939	(534)	1,661
Due to other governments	(261)	4,128	-	3,867
Due to other funds/departments	4,353	(2,591)	-	1,762
Due to component unit	-	-	13,761	13,761
Accrued salaries payable	1,428	2,211	1,022	4,661
Compensated absences payable	(610)	11,298	3,194	13,882
Net pension liability	(49,056)	1,270	(11,449)	(59,235)
Other postemployment benefits liability	5,550	(2,429)	104	3,225
Increase (decrease) in deferred inflows of resources				
Deferred pension resources	118,598	153,572	28,815	300,985
Deferred other postemployment benefit resources	1,293	2,763	1,652	5,708
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 151,029</u></u>	<u><u>\$ 484,767</u></u>	<u><u>\$ 597,689</u></u>	<u><u>\$ 1,233,485</u></u>
Noncash Investing, Capital and Financing Activities				
Amortization of bond (premium) discount	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (12,096)</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

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City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Alexandria, Minnesota (the City) is a municipality governed by an elected Mayor and a five-member Council. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the City is considered to be financially accountable. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Each blended component unit has a December 31 year end. The discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the City. The discretely presented component unit has a December 31 year end.

Blended Component Unit. The Alexandria Economic Development Authority (EDA) was created pursuant to Minnesota statutes, 469.090 through 469.108 to encourage the development and redevelopment of certain properties within the City in accordance with policies established by the City Council. The EDA is considered blended because the City has significant influence on the EDA activities, the EDA has six members, all of whom hold the office of City Council member or mayor and there is a financial benefit or burden relationship between the EDA and the City. This fund is included with the tax increment financing funds.

Discretely Presented Component Units. The Board of Public Works DBA ALP Utilities includes the operations of the water and electric utilities and is governed by a six-member Board of Commissioners, five members appointed by the City Council plus the Utility's general manager. The City does have the authority to approve or modify the operational and capital budgets of the Board of Public Works and any bonded debt of the Board of Public Works must be approved by City Council. The Board of Public Works does not provide services entirely to the City and the Board of Public Works debt is not expected to be repaid by the City's resources. It is this criterion that results in the Board of Public Works being reported as a discretely presented component unit. Completed financial statements of the Board of Public Works can be obtained from the Board of Public Works, 316 Fillmore Street, Alexandria, Minnesota 56308.

Related Organizations. The Alexandria Housing and Redevelopment Authority (the HRA) board members are appointed by the City Council, but the City's accountability for the HRA does not extend beyond making the appointments. Audited financial statements are available upon request from the HRA offices located at 805 Fillmore Street, Alexandria, MN, 56308.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its Component Units. For the most part, the effect of interfund activity has been removed from these statements. *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 for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and component unit financial statements. 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. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 of 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 City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City reports the following major governmental funds:

The *General fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service fund* accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

The *Capital Projects fund* accounts for the acquisition, construction of major capital facilities and equipment other than those financed by proprietary funds.

The City reports the following major proprietary funds:

The *Downtown Liquor and Plaza Liquor funds* account for the operations of the City's off-sale municipal liquor stores.

The *Storm Water Utility fund* accounts for the operations related to the City's Storm water

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and electric functions and various other 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 revenues of the City's enterprise funds are charges to customers for sales and services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows or Resources and Net Position/Fund Balance

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statements of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Investments are stated at fair value. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

The city has the following recurring fair value measurements as of December 31, 2021:

- Governmental Agency Securities of \$2,160,804 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposit of \$4,360,565 are valued using a matrix pricing model (Level 2 inputs)

The Board of Public Works has the following recurring fair value measurements as of December 31, 2021:

- Governmental Agency Securities of \$8,419,319 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposit of \$738,783 are valued using a matrix pricing model (Level 2 inputs)

Property Taxes

The Council annually adopts a tax levy and certifies it to the County in December for collection the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Treasurer and tax settlement payments are made to the City during January, June and December each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the governmental fund financial statements.

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. The Board of Public Works accounts receivable of \$921,081 are recorded net of allowance for doubtful accounts of \$62,650 at December 31, 2021. Accounts are considered past due based on how recently payments have been received. Accounts of customers who have terminated their electric service are considered uncollectible and charged-off if no payment has been received after 60 days. The Municipal Liquor Dispensary receivable is the total amount of credit card receivables at year end. No allowance for doubtful accounts has been provided for the City or the Municipal Liquor Dispensary because such amounts are not expected to be material.

Notes Receivable

Notes receivable represent the amount of revolving loans the City has made to other entities. An allowance account in the amount of \$104,929 has been recorded related to these notes.

Due from Other Governments

Due from other governments includes amounts due from State and/or Federal grantors for grants related to specific financial assistance programs and also amounts due from the County for the January property tax settlement. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

Payment In Lieu of Taxes

The Board of Public Works is exempt from federal and state income taxes. However, the Board of Public Works makes monthly payment in lieu of taxes to the City. That payment is reflected as an expense on the statements of revenues, expenses and changes in net position and General fund revenue on the City's statement revenues, expenditures and changes in fund balance. The City also received payment in lieu of taxes from Douglas County HRA.

Capital Contributions

Capital assets are contributed to the Board of Public Works from the governmental funds of the City. The value of property contributed to the Utility is reported as capital contribution in the statement of revenues, expenses and changes in net position.

Note 1: Summary of Significant Accounting Policies (Continued)

Due to Other Governments

Due to other governments represent amounts the City owes to other governments for various projects. The Board of Public Works collects revenue from customers of the Alexandria Lakes Area Sanitary District (ALASD). The collections are paid to ALASD monthly.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are annually certified to the County or received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/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."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventories and Prepaid Items

Inventories for the Municipal Liquor Dispensary are stated at the lower of cost or market on an average cost basis of the first-in, first out (FIFO) method. A perpetual inventory tracking system is used for the management of inventory and pricing by the Municipal Liquor Dispensary.

Inventories at the Board of Public Works are generally used for construction, operation and maintenance work rather than for resale. They are valued at lower of cost or market utilizing the average cost method and charged to construction or expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain proceeds from revenue bonds of the Board of Public Works are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the acquisition value of the item at the date of its donation.

For financial statement purposes only, the City's capitalization threshold is \$2,500.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30 - 50
Other Improvements	5 - 25
Furniture and Equipment	5 - 25

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items which qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and component unit financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the most part, the General fund is typically used to liquidate governmental compensated absences payable.

Employees are also compensated for 50 percent of their unused sick leave up to 60 days upon termination or retirement and 100 percent upon death. However, the Board of Public Works' union employees are compensated for 75 percent of their unused sick leave and non-union employees will be paid for unused sick leave based on the lesser of a percentage of the unused balance determined by their years of service or 120 days of accumulated sick leave in the event of retirement, termination or death. Therefore, 50 percent of sick leave for the City employees and 75 percent for the Board of Public Works' employees is accrued and expensed as earned in the government-wide, proprietary funds and component unit financial statements.

Postemployment Benefits Other than Pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement 75, at December 31, 2021. The General fund is typically used to liquidate governmental other postemployment benefits payable.

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 reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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. The General fund is typically used to liquidate the governmental net pension liability.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

The total pension expense for the General Employee Plan (GERP), Police and Fire Plan (PEPFP) and Alexandria Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)		Fire Relief Association	Total All Plans
	GERP	PEPFP		
Pension expense - Primary Government	\$ 29,136	\$ (61,275)	\$ 194,799	\$ 162,660
Pension expense - Component Unit	15,694	-	-	15,694

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: taxes, special assessments, intergovernmental and advance from other governments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Furthermore, the City has additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources, deferred other postemployment benefit resources and advance from other governments, are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions and also the City receiving an advance from the State for MSA dollars.

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council (the Council), which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Council itself or by an official to which the governing body delegates the authority. The Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The City has formally adopted a fund balance policy for the General fund. It is the City's policy that at the end of each fiscal year, the City will strive to maintain unassigned portion of the fund balance for cash flow of 35 to 50 percent of fund operating revenues or no less than five months of operating expenditures. When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed 2) assigned and 3) unassigned.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consist of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets".

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.

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

Beginning in April each year, the Budget Committee discusses the budget for the coming year. They begin with a discussion on budget trends beginning with revenue. Department heads are then given budget instructions that they use in formulating draft budgets that are presented to the Budget Committee beginning in June. The City Council begins discussion of the budget in August at Work Sessions and adopts a preliminary budget and levy after a public hearing prior to September 30. A final budget is prepared and adopted in early December following the Truth-in-Taxation public hearing.

Budgeted amounts are as originally adopted or as amended by the Council. No budget amendments were made during the year.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on all Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rate "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the City.

At year end, the City's carrying amount of deposits was \$10,729,493 and the bank balance was \$11,399,869. Of the bank balance, \$1,509,352 was covered by federal depository insurance. The remaining balance was collateralized with FHLB letters of credit held by the pledging financial institution's trust department in the City's name.

The carrying amount of deposits for the Board of Public Works DBA ALP Utilities, a discretely presented component unit, was \$12,495,329 and the bank balance was \$12,580,490. The bank balance was covered by \$1,240,220 of federal depository insurance. The remaining balances were collateralized with FHLB letters of credit held by pledging financial institution's trust department in the Board's name.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on all Funds (Continued)

Investments

The investments of the City are subject to the following risks:

- *Credit Risk.* Is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the City's investments.
- *Custodial Credit Risk.* The 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 does not have an investment policy but typically limits its exposure by purchasing insured or registered investments.
- *Concentration of Credit Risk.* Is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount that may be invested in any one issuer. This risk is mitigated by most of the City's investments being in certificates of deposit at local banks.
- *Interest Rate Risk.* Is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its exposure to declines in fair values by limiting the maturity of its investment portfolio to less than five years and mainly investing in investments with little exposure to declines in fair value.

Generally, the City's investing activities are managed under the custody of the City Administrator and Finance Director. Investing is performed in accordance state statutes. The City has adopted an investment policy, and follows the related statute which is described in Note 1.

At December 31, 2021, the City had the following investments that are insured or registered, or securities held by the City or it's agent in the City's name:

Types of Investments	Credit Quality Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Non-pooled Investments at Amortized Costs					
Money Market Funds	N/A	less than 1 year	\$ 17,638		
Non-pooled Investments at Fair Value					
Government Agency Securities	AAA	1 to 5 years	739,109	\$ 739,109	\$ -
Government Agency Securities	N/A	less than 1 year	1,177,388	1,177,388	-
Government Agency Securities	N/A	1 to 5 years	244,307	244,307	-
Negotiable certificates of deposit	N/A	less than 1 year	943,826	-	943,826
Negotiable certificates of deposit	N/A	1 to 5 years	2,538,129	-	2,538,129
Negotiable certificates of deposit	N/A	more than 5 years	878,610	-	878,610
Total Investments			<u>\$ 6,539,007</u>	<u>\$ 2,160,804</u>	<u>\$ 4,360,565</u>

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A indicates not applicable or available.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on all Funds (Continued)

Discretely Presented Component Unit

Board of Public Works

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Pooled Investments at Amortized Costs					
4M Fund	N/A	less than 6 months	\$ 5		
Non-pooled Investments at Amortized Costs					
Money Market Funds	N/A	less than 6 months	335,428		
Non-pooled Investments at Fair Value					
Government Agency Securities	AAA	1 to 5 years	7,652,319	\$ 7,652,319	\$ -
Government Agency Securities	AA2	1 to 5 years	221,345	221,345	-
Government Agency Securities	AA+	1 to 5 years	545,655	545,655	-
Negotiable certificates of deposit	N/A	1 to 5 years	738,783	-	738,783
Total Investments			<u>\$ 9,493,535</u>	<u>\$ 8,419,319</u>	<u>\$ 738,783</u>

Cash on Hand

Cash in the possession of the City, consisting of petty cash and change funds, totals \$4,132.

Cash and Investments Summary

A reconciliation of cash and investments as shown on the statement of net position for the City, including the component units, follows:

	Primary Government	Component Unit Board of Public Works	Total Reporting Entity
Deposits	\$ 10,729,493	\$ 12,495,329	\$ 23,224,822
Investments	6,539,007	9,493,535	16,032,542
Cash on Hand	3,882	250	4,132
Total	<u>\$ 17,272,382</u>	<u>\$ 21,989,114</u>	<u>\$ 39,261,496</u>
Cash and Cash Equivalents	\$ 17,272,382	\$ 21,123,591	\$ 38,395,973
Restricted Debt Service Reserve Deposits	-	865,523	865,523
Total	<u>\$ 17,272,382</u>	<u>\$ 21,989,114</u>	<u>\$ 39,261,496</u>

B. Operating Lease Receivable

The City has agreed to lease land to a local non-profit organization for a period of 25 years ending on February 28, 2031. This lease is renewable by the lessee for an additional 5 years. The lease payments are to be \$1,200 per year.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on all Funds (Continued)

C. Loans Receivable

The City has loaned funds to various local businesses. These notes will be paid back with monthly payments at interest rates ranging from 1 to 6 percent. The balance of these loans, net of an allowance of \$84,729, at December 31, 2021 is \$790,940.

The City has City Housing Assistance Program (CHAP) loans receivable to various qualified homeowners. These loans may become forgivable if the homeowner remains for a specified time period. The balance of these loans, net of an allowance of \$20,200, at December 31, 2021 is \$31,300

The City has Housing Trust loans receivable to various qualified homeowners. These loans are deferred for 30 years, at zero percent interest. These loans are payable upon the sale of the home or the primary mortgage is refinanced and equity is taken out. The balance of these loans, at December 31, 2021 is \$136,783.

D. Capital Assets

Primary Government

Capital asset activity for the primary government for the year ended December 31, 2021 was as follows:

	Beginning Balance	Prior Period Adjustment*	Increases	Decreases	Ending Balance
Governmental Activities					
Capital Assets not being Depreciated					
Land	\$ 2,887,179	\$ -	\$ -	\$ -	\$ 2,887,179
Construction in progress	5,476,601	(23,309)	2,779,250	(6,298,891)	1,933,651
Total Capital Assets not being Depreciated	8,363,780	(23,309)	2,779,250	(6,298,891)	4,820,830
Capital Assets being Depreciated					
Buildings	21,065,037	-	1,542,709	-	22,607,746
Improvements other than buildings	95,362,436	(21,051,141)	4,556,914	(1,559,205)	77,309,004
Machinery and equipment	15,268,529	-	291,386	(145,058)	15,414,857
Total Capital Assets Being Depreciated	131,696,002	(21,051,141)	6,391,009	(1,704,263)	115,331,607
Less Accumulated Depreciation for					
Buildings	(8,874,855)	-	(589,770)	-	(9,464,625)
Improvements other than buildings	(44,245,270)	9,129,255	(1,976,015)	1,559,205	(35,532,825)
Machinery and equipment	(8,546,849)	-	(649,407)	141,408	(9,054,848)
Total Accumulated Depreciation	(61,666,974)	9,129,255	(3,215,192)	1,700,613	(54,052,298)
Total Capital Assets Being Depreciated, Net	70,029,028	(11,921,886)	3,175,817	(3,650)	61,279,309
Governmental Activities Capital Assets, Net	<u>\$ 78,392,808</u>	<u>\$ (11,945,195)</u>	<u>\$ 5,955,067</u>	<u>\$ (6,302,541)</u>	<u>\$ 66,100,139</u>

*See note 10 for further detail on the prior period adjustments.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on all Funds (Continued)

	Beginning Balance	Prior Period Adjustment*	Increases	Decreases	Ending Balance
Business-type Activities					
Capital Assets not being Depreciated					
Land	\$ 101,413	\$ -	\$ -	\$ -	\$ 101,413
Construction in progress	-	23,309	222,503	(245,812)	-
Total capital assets not being depreciated	101,413	23,309	222,503	(245,812)	101,413
Capital Assets being Depreciated					
Buildings	1,037,877	-	20,575	-	1,058,452
Equipment	414,680	-	29,946	-	444,626
Other improvements	70,711	21,051,141	245,812	-	21,367,664
Total Capital Assets Being Depreciated	1,523,268	21,051,141	296,333	-	22,870,742
Less Accumulated Depreciation for					
Buildings	(873,583)	-	(42,557)	-	(916,140)
Equipment	(238,023)	-	(23,578)	-	(261,601)
Other improvements	(58,714)	(9,129,255)	(435,865)	-	(9,623,834)
Total Accumulated Depreciation	(1,170,320)	(9,129,255)	(502,000)	-	(10,801,575)
Total Capital Assets Being Depreciated, Net	352,948	11,921,886	(205,667)	-	12,069,167
Business-type Activities Capital Assets, Net	<u>\$ 454,361</u>	<u>\$ 11,945,195</u>	<u>\$ 16,836</u>	<u>\$ (245,812)</u>	<u>\$ 12,170,580</u>

*See note 10 for further detail on the prior period adjustments.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	\$ 129,336
Public safety	349,645
Public works	2,005,322
Culture and recreation	398,946
Airport	331,943
Total Depreciation Expense - Governmental Activities	<u>\$ 3,215,192</u>
Business-type Activities	
Municipal Liquor Dispensary	\$ 66,695
Storm water	435,305
Total depreciation expense - business-type activities	<u>\$ 502,000</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on all Funds (Continued)

Discretely Presented Component Unit

Capital asset activity for the component units for the year ended December 31, 2021 are as follows:

Board of Public Works

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land and land rights	\$ 131,476	\$ -	\$ -	\$ 131,476
Srevice territory acquired	255,813	-	-	255,813
Construction in progress	2,059,189	3,658,162	(3,873,366)	1,843,985
Total Capital Assets not Being Depreciated	<u>2,446,478</u>	<u>3,658,162</u>	<u>(3,873,366)</u>	<u>2,231,274</u>
Capital Assets Being Depreciated				
Buildings and structures	2,848,749	10,899	-	2,859,648
Transmission plant	2,763,581	-	-	2,763,581
Distribution plant	95,845,484	3,875,890	-	99,721,374
General equipment	8,078,326	329,735	(95,445)	8,312,616
Total Capital Assets Being Depreciated	<u>109,536,140</u>	<u>4,216,524</u>	<u>(95,445)</u>	<u>113,657,219</u>
Less Accumulated Depreciation for				
Buildings and structures	(2,199,787)	(57,193)	-	(2,256,980)
Transmission plant	(1,376,282)	(83,515)	-	(1,459,797)
Distribution plant	(39,247,480)	(2,245,689)	-	(41,493,169)
General equipment	(5,408,787)	(386,161)	95,445	(5,699,503)
Total Accumulated Depreciation	<u>(48,232,336)</u>	<u>(2,772,558)</u>	<u>95,445</u>	<u>(50,909,449)</u>
Total Capital Assets Being Depreciated, Net	<u>61,303,804</u>	<u>1,443,966</u>	<u>-</u>	<u>62,747,770</u>
Business-type Activities Capital Assets, Net	<u>\$ 63,750,282</u>	<u>\$ 5,102,128</u>	<u>\$ (3,873,366)</u>	<u>\$ 64,979,044</u>

Depreciation expense was charged to functions/programs of the component units as follows:

Component unit	
Electric	\$ 1,640,570
Water	1,062,864
Fiber	<u>69,124</u>
Total Depreciation Expense - Component Unit	<u>\$ 2,772,558</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on all Funds (Continued)

Construction Commitments

The City has active construction projects as of December 31, 2021. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Hawthorne Street Improvement	\$ 20,955	\$ 23,161
Nokomis Street Improvement	14,625	41,625
TH 29 Sidewalk Extension	94,749	66,627
Woodland Park Dr.	26,910	690
18th Ave Reconstruction	339,426	320,370
2022 Local Street Improvement	7,600	60,220
	<u>\$ 504,265</u>	<u>\$ 512,693</u>
Total	<u>\$ 504,265</u>	<u>\$ 512,693</u>

E. Interfund Receivables, Payables and Transfers

Interfund Receivables/Payables

The composition of advances from/to other funds at December 31, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General	Proprietary	
	Downtown Liquor	\$ 25,503
	Plaza Liquor	25,434
Proprietary	General	87
Plaza Liquor	Downtown Liquor	<u>1,436</u>
Net Internal Balance		<u>\$ 52,460</u>

The outstanding balance between funds results mainly from the time lag between the dates that payments between funds are made.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on all Funds (Continued)

Advances from/to Other Funds

The advances from/to other funds relate to capital projects and energy savings project. This will be retired from net revenues.

Receivable Fund	Payable Fund	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Nonmajor governmental	Plaza Liquor Dispensary	3.00 %	07/01/09	07/01/24	\$ 87,443
Nonmajor governmental	Plaza Liquor Dispensary	2.00	04/11/16	11/01/27	59,719
Nonmajor governmental	Downtown Liquor Dispensary	2.00	04/11/16	11/01/27	51,920
Nonmajor governmental	Downtown Liquor Dispensary	2.00	06/11/18	05/01/22	1,680
Nonmajor governmental	Capital Projects	0.00	05/23/16	11/01/22	14,782
Total					<u>\$ 215,544</u>

A summary of total future interfund loan repayments follows:

Year Ending December 31,	Advances from/to Other Funds		
	Principal	Interest	Total
2022	\$ 67,465	\$ 4,249	\$ 71,714
2023	52,370	2,873	55,243
2024	39,027	1,541	40,568
2025	19,063	960	20,023
2026	19,448	575	20,023
2027	18,171	181	18,352
Total	<u>\$ 215,544</u>	<u>\$ 10,379</u>	<u>\$ 225,923</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on all Funds (Continued)

Interfund Transfers

Transfers made for the year ended December 31, 2021 are as follows:

Fund	Transfers In				Total
	General	Debt Service	Capital Projects	Storm Water	
Transfers Out					
Debt Service	\$ -	\$ -	\$ -	\$ 191,050	\$ 191,050
Capital Projects	-	65,708	-	-	65,708
Nonmajor governmental	23,005	-	-	-	23,005
Downtown Liquor	45,000	-	-	-	45,000
Plaza Liquor	210,000	-	-	-	210,000
Storm Water Utility	-	-	237,684	-	237,684
Total Transfers Out	<u>\$ 278,005</u>	<u>\$ 65,708</u>	<u>\$ 237,684</u>	<u>\$ 191,050</u>	<u>\$ 772,447</u>

During the year, reoccurring transfers are used to 1) transfer a portion of the profits from the Downtown Liquor and Plaza Liquor fund to the General fund and 2) transfer funds to cover bond and lease payments. Further, during the year ended December 31, 2021, the government made the following one-time transfers:

- From Debt Service fund to Storm Water fund for \$191,050 for bond payments.
- From Capital Projects fund to Debt service fund for \$65,708 to cover Vehicle Lease payments.
- From the Crime Bike fund to the General fund for \$2,805 to close the Crime Bike fund.
- From the Storm Water fund to the 2020 Street reconstruction fund for \$237,684 for construction costs.
- From the Employee Benefit fund to the General fund to cover expenses related to vacation and sick leave payments for employee retirements and separations in the amount of \$20,200.

F. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund special assessments related bonds. General obligation bonds currently outstanding are as follows:

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on all Funds (Continued)

Primary Government Debt

General Obligation Improvement Bonds

The following bonds are direct obligations and pledge full faith and credit of the City. These bond issues will be repaid primarily from ad valorem taxes.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 2010A	\$ 5,205,000	1.50 - 5.00 %	09/15/10	02/01/31	\$ 3,215,000
G.O. Refunding Bonds of 2014B	1,470,000	2.00 - 3.00	09/15/14	02/01/30	855,000
G.O. Bonds of 2016A	7,060,000	2.00 - 3.00	08/25/16	02/01/37	6,375,000
G.O. Refunding Bonds of 2016B	780,000	2.00 - 3.00	08/25/16	02/01/30	655,000
G.O. Improvement Bonds of 2020A	2,165,000	4.00 - 1.50	08/27/20	02/01/36	2,165,000
Total General Obligation Bonds					<u>\$ 13,265,000</u>

The annual debt service requirements to maturity for general obligation improvement bonds are as follows:

Year Ending December 31,	General Obligation Bonds Governmental Activities		
	Principal	Interest	Total
2022	730,000	378,391	\$ 1,108,391
2023	960,000	350,154	1,310,154
2024	990,000	316,959	1,306,959
2025	1,005,000	282,354	1,287,354
2026	1,040,000	248,831	1,288,831
2027 - 2031	5,445,000	731,453	6,176,453
2032 - 2036	2,720,000	177,115	2,897,115
2037	375,000	4,453	379,453
Total	<u>\$ 13,265,000</u>	<u>\$ 2,489,710</u>	<u>\$ 15,754,710</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on all Funds (Continued)

G.O. Special Assessment (Improvement) Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 2011A	\$ 2,475,000	1.00 - 2.90 %	08/15/11	02/01/22	\$ 335,000
G.O. Improvement Bonds of 2013A	5,490,000	2.60 - 3.00	09/01/13	02/01/24	1,935,000
G.O. Improvement Bonds of 2014A	2,900,000	2.60 - 3.00	09/15/14	02/01/24	1,410,000
G.O. Refunding Bonds of 2014B	1,470,000	2.00 - 3.00	09/15/14	02/01/25	225,000
G.O. Refunding Bonds of 2016B	1,685,000	2.00 - 3.00	08/25/16	02/01/28	1,235,000
Total G.O. Improvement Bonds					<u>\$ 5,140,000</u>

The annual debt service requirements to maturity for general obligation improvement bonds are as follows:

Year Ending December 31,	General Obligation Improvement Bonds Governmental Activities			General Obligation Improvement Bonds Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 1,305,000	\$ 86,730	\$ 1,391,730	\$ 160,000	\$ 29,000	\$ 189,000
2023	985,000	56,366	1,041,366	165,000	24,125	189,125
2024	990,000	29,638	1,019,638	170,000	19,100	189,100
2025	340,000	11,375	351,375	175,000	13,925	188,925
2026	285,000	3,563	288,563	185,000	9,450	194,450
2027 - 2028	-	-	-	380,000	7,600	387,600
Total	<u>\$ 3,905,000</u>	<u>\$ 187,672</u>	<u>\$ 4,092,672</u>	<u>\$ 1,235,000</u>	<u>\$ 103,200</u>	<u>\$ 1,338,200</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on all Funds (Continued)

Loans Payable

The following loans were issued to finance capital improvements. They will be retired from net revenues of the governmental funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
City Homestead Assistance Program loan	\$ 172,500	4.00 - 8.25 %	01/01/04	12/31/22	\$ 1,905
Fire Truck	1,248,959	2.75	10/15/21	02/01/36	1,248,959
John Deere Tractor Mower	191,055	2.50	10/15/21	02/01/26	191,055
Total Loans Payable					<u>\$ 1,441,919</u>

The annual debt service requirements to maturity for loans payable are as follows:

Year Ending December 31,	Loans Payable Governmental Activities		
	Principal	Interest	Total
2022	\$ 131,562	\$ 11,672	\$ 143,234
2023	105,562	35,653	141,215
2024	108,374	32,845	141,219
2025	111,261	29,958	141,219
2026	114,225	26,994	141,219
2027 - 2031	405,978	98,030	504,008
2032 - 2036	464,957	39,055	504,012
Total	<u>\$ 1,441,919</u>	<u>\$ 274,207</u>	<u>\$ 1,716,126</u>

Capital Leases Payable

The following loans were issued to finance public works vehicles. They will be retired from property taxes of the governmental funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2017 Capital Lease for Public Works Vehicles	\$ 308,689	2.48 %	03/27/17	03/27/22	<u>\$ 11,316</u>

The annual debt service requirements to maturity for loans payable are as follows:

Year Ending December 31,	Capital Lease Governmental Activities		
	Principal	Interest	Total
2022	<u>\$ 11,316</u>	<u>\$ 68</u>	<u>\$ 11,384</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on all Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Prior Period Adjustment	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities						
Bonds Payable						
General obligation bonds	\$ 13,900,000	\$ -	\$ -	\$ (635,000)	\$ 13,265,000	\$ 730,000
General obligation improvement bonds	6,585,000	(1,390,000)	-	(1,290,000)	3,905,000	1,305,000
Bond discount	(2,789)	-	-	1,395	(1,394)	-
Bond premium	704,557	(96,764)	-	(54,622)	553,171	-
Total Bonds Payable	21,186,768	(1,486,764)	-	(1,978,227)	17,721,777	2,035,000
Loans	7,280	-	1,440,014	(5,375)	1,441,919	131,562
Capital Lease	75,750	-	-	(64,434)	11,316	11,316
Compensated Absences payable	910,982	(7,870)	596,980	(597,947)	902,145	441,764
Governmental Activity Long-term Liabilities	<u>\$ 22,180,780</u>	<u>\$ (1,494,634)</u>	<u>\$ 2,036,994</u>	<u>\$ (2,645,983)</u>	<u>\$ 20,077,157</u>	<u>\$ 2,619,642</u>
Business-type Activities						
Bonds Payable						
General obligation improvement bonds	\$ -	\$ 1,390,000	\$ -	\$ (155,000)	\$ 1,235,000	\$ 160,000
Bond Premium	-	96,764	-	(12,096)	84,668	-
Total Bonds Payable	-	1,486,764	-	(167,096)	1,319,668	160,000
Compensated Absences Payable	64,641	7,870	68,452	(54,570)	86,393	33,154
Business-type Activity Long-term Liabilities	<u>\$ 64,641</u>	<u>\$ 1,494,634</u>	<u>\$ 68,452</u>	<u>\$ (221,666)</u>	<u>\$ 1,406,061</u>	<u>\$ 193,154</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on all Funds (Continued)

Discretely Presented Component Unit

Board of Public Works

Revenue Bonds

The following bonds were issued to finance capital improvements. They will be retired from net revenues of the enterprise funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Electric Utility Revenue Bonds of 2015A	\$ 5,395,000	2.00 - 3.25 %	12/30/15	12/01/35	\$ 4,040,000
Electric Utility Refunding Bonds of 2017A	1,685,000	2.20	10/16/17	12/01/24	585,000
Electric Utility Revenue Bonds of 2019A	2,680,000	4.00 - 5.00	06/19/19	12/01/33	<u>2,230,000</u>
Total Revenue Bonds					<u><u>\$ 6,855,000</u></u>

The annual debt service requirements to maturity for Revenue bonds are as follows:

Year Ending December 31,	Revenue Bonds		
	Principal	Interest	Total
2022	\$ 565,000	\$ 225,525	\$ 790,525
2023	590,000	209,645	799,645
2024	605,000	192,955	797,955
2025	420,000	175,555	595,555
2026	435,000	161,568	596,568
2027 - 2031	2,435,000	565,307	3,000,307
2032 - 2035	<u>1,805,000</u>	<u>137,480</u>	<u>1,942,480</u>
Total	<u><u>\$ 6,855,000</u></u>	<u><u>\$ 1,668,035</u></u>	<u><u>\$ 8,523,035</u></u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on all Funds (Continued)

G.O. Revenue Notes

The following notes were issued to finance capital improvements. They will be retired from net revenues of the enterprise funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue Note of 2002	\$ 1,050,116	3.38 %	07/30/02	08/20/22	\$ 71,000
G.O. Drinking Water Revenue Note of 2009	3,765,480	2.445	09/01/09	08/20/29	1,656,000
Total G.O. Revenue Notes					<u>\$ 1,727,000</u>

The annual debt service requirements to maturity for Revenue notes are as follows:

Year Ending December 31,	G.O. Revenue Notes		
	Principal	Interest	Total
2022	\$ 261,000	\$ 42,889	\$ 303,889
2023	195,000	35,844	230,844
2024	199,000	31,076	230,076
2025	204,000	26,210	230,210
2026	209,000	21,223	230,223
2027 - 2029	659,000	32,494	691,494
Total	<u>\$ 1,727,000</u>	<u>\$ 189,736</u>	<u>\$ 1,916,736</u>

Annual revenues from charges for services, principal and interest payments, and percentages of revenue required to cover principal and interest payments are as follows:

	Board of Public Works
Revenues	\$ 29,931,895
Principal and Interest	1,094,627
Percentage of Revenues	3.7%

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on all Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type Activities					
Bonds Payable					
Revenue bonds	\$ 7,400,000	\$ -	\$ (545,000)	\$ 6,855,000	\$ 565,000
G.O. revenue notes	1,981,000	-	(254,000)	1,727,000	261,000
Bond premium	364,867	-	(27,833)	337,034	-
Total Bonds Payable	9,745,867	-	(826,833)	8,919,034	826,000
Compensated Absences Payable	956,292	333,880	(457,868)	832,304	298,340
Business-type Activity Long-term Liabilities	<u>\$ 10,702,159</u>	<u>\$ 333,880</u>	<u>\$ (1,284,701)</u>	<u>\$ 9,751,338</u>	<u>\$ 1,124,340</u>

Conduit Debt Obligation

The City has set forth a policy statement in an effort to be consistent with its use to Industrial Development Bonds within the City's jurisdiction. It is the judgement of the Council that tax exempt financing is to be used on a selective basis to encourage certain development that offers a benefit to the City as a whole, including significant employment and housing opportunities. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The conduit debt obligation for the year ended December 31, 2021 was as follows:

Issued to	Issue Date	Maturity Date	Amount Issued	Balance at Year End
St. Mary's Church School Project - 2005A	03/22/05	03/01/30	\$ 2,800,000	\$ 1,313,165
Knute Nelson - Assisted Living Facility	06/08/06	06/01/27	4,300,000	1,516,182
Alexandria Area YMCA	12/15/08	06/15/20	6,000,000	859,328
Knute Nelson Project	07/08/10	07/08/25	4,500,000	1,208,330
ATCC Foundation	09/01/11	03/01/43	7,040,000	5,665,228

Note 4: Defined Benefit Pension Plans - Statewide

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.

General Employees Retirement Plan

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to either the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Plan

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

B. Benefits Provided

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

Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

General Employees Plan 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 Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Police and Fire Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2021, 2020 and 2019 were \$238,876, \$222,976 and \$223,475, respectively. The Board of Public Works contributions to the GERP for the years ending December 31, 2021, 2020 and 2019 were \$224,225, \$227,803 and \$227,298, respectively. The City's and Board of Public Works contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2021, 2020 and 2019 were \$372,173, \$380,636 and \$345,991, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2021, the City reported a liability of \$1,810,670 for its proportionate share of the General Employees Fund's net pension liability. At December 31, 2021, the Board of Public Works reported a liability of \$1,810,670 for its proportionate share of the GERP's net pension liability. The net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$55,301 and with the Board of Public Works totaled \$55,174. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's and Board of Public Works proportionate share of the net pension liability was based on the City's and Board of Public Works contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0424 percent which was an increase of 0.0005 percent from its proportion measured as of June 30, 2020. The Board of Public Works proportionate share was 0.0424 percent which was a decrease of 0.0001 percent from its proportion measured as of June 30, 2020.

City's proportionate share of the net pension liability	\$ 1,810,670
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>55,301</u>
Total	<u><u>\$ 1,865,971</u></u>
Board of Public Works proportionate share of the net pension liability	\$ 1,810,670
State of Minnesota's proportionate share of the net pension liability associated with the Board of Public Works	<u>55,174</u>
Total	<u><u>\$ 1,865,844</u></u>

For the year ended December 31, 2021, the City recognized pension expense of \$24,674 for its proportionate share of the General Employees Plan's pension expense. For the year ended December 31, 2021, the Board of Public Works recognized pension expense of \$11,242 for its proportionate share of General Employees Fund pension expense. In addition, the City recognized \$4,462 and the Board of Public Works recognized \$4,452 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

At December 31, 2021, the City and Board of Public Works reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Primary government		Component unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 10,731	\$ 55,337	\$ 10,836	\$ 55,427
Changes in Actuarial Assumptions	1,105,558	39,280	1,105,558	39,787
Net Difference Between Projected and Actual Earnings on Plan Investments	-	1,571,094	-	1,566,352
Changes in Proportion	46,009	14,001	38,780	2,999
Contributions Paid to PERA Subsequent To the Measurement Date	120,814	-	111,070	-
Total	<u>\$ 1,283,112</u>	<u>\$ 1,679,712</u>	<u>\$ 1,266,244</u>	<u>\$ 1,664,565</u>

The \$231,884 reported as deferred outflows of resources related to pensions resulting from the City's and Board of Public Works contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Primary government	Component unit
2022	\$ (70,033)	\$ (57,654)
2023	(4,845)	(10,071)
2024	(14,829)	(13,959)
2025	(427,707)	(427,707)

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Police and Fire Fund Pension Costs

At December 31, 2021, the City reported a liability of \$1,384,778 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1794 percent which was a decrease of 0.0082 percent from its proportionate share measured as of June 30, 2020.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized negative pension expense of \$72,615 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$11,340 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in state aid. The City recognized \$187,688 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2021, the City reported its proportionate share of Police and Fire Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 269,806	\$ 19,752
Changes in Actuarial Assumptions	2,093,859	814,319
Net Difference Between Projected and Actual Earnings on Plan Investments	-	2,632,517
Changes in Proportion	98,391	85,625
Contributions Paid to PERA Subsequent To the Measurement Date	187,688	-
Total	<u>\$ 2,649,744</u>	<u>\$ 3,552,213</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The \$187,688 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ (908,667)
2023	(159,434)
2024	(172,632)
2025	(294,982)
2022	445,558

E. Actuarial Assumptions

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

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

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

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
Alternative Assets (Private Market)	25.0	5.90
Bonds (Fixed Income)	25.0	0.75
International Equity	16.5	5.30
Total	<u>100.00 %</u>	

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

	City Proportionate Share of NPL		
	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Fund			
Primary government	\$ 3,692,842	\$ 1,810,670	\$ 266,233
Component unit	3,692,842	1,810,670	266,233
Police and Fire Fund	4,396,436	1,384,778	(1,084,035)

I. Pension Plan Fiduciary Net Position

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

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 5: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

All members of the Alexandria Fire Department (the Department) are covered by a defined benefit plan administered by the Alexandria Fire Department Relief Association (the Association). As of December 31, 2021, the plan covered 30 active firefighters and 8 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

B. Benefits Provided

A firefighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$159,635 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2021, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City made no voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

D. Pension Costs

At December 31, 2021, the City reported a net pension liability (asset) of (\$951,924) for the plan. The net pension liability (asset) was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by Van Iwaarden Associates applying an actuarial formula to specific census data certified by the Department as of December 31, 2021. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2021	\$ 2,591,120	\$ 3,348,041	\$ (756,921)
Changes for the Year			
Service cost	104,758	-	104,758
Interest on pension liability (asset)	169,818	-	169,818
Differences between expected and actual experience	(114,619)	-	(114,619)
Changes in assumptions	29,447	-	29,447
Changes of benefit terms	30,638	-	30,638
Contributions (State and local)	-	170,554	(170,554)
Net investment income	-	257,320	(257,320)
Benefit payments	(166,580)	(166,580)	-
Administrative expenses	-	(12,829)	12,829
Total Net Changes	53,462	248,465	(195,003)
Ending Balance December 31, 2021	\$ 2,644,582	\$ 3,596,506	\$ (951,924)

For the year ended December 31, 2021 the City recognized pension expense of \$194,799.

At December 31, 2021, the City reported deferred inflows of resources and deferred outflows of resources, and its contributions subsequent to the measurement date, to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 68,765	\$ 36,795
Net Difference Between Projected and Actual Investment Earnings	-	169,078
Difference Between Expected and Actual Liability	-	255,194
Contributions to Plan Subsequent To the Measurement Date	159,635	-
Total	\$ 228,400	\$ 461,067

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

Deferred outflows of resources totaling \$159,635 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

2022	\$ (115,689)
2023	(39,080)
2024	(150,961)
2025	(43,291)
2026	(14,199)
Thereafter	(29,082)

E. Actuarial Assumptions

The total pension liability at December 31, 2021 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement eligibility at age 50 or after completion of 20 years of service. If a member is both age 50 and has completed 10 years of service, but not 20 years, the lump sum pension will be reduced by 4 percent for each year of service less than 20 years.

Discount Rate	6.25%
Inflation Rate	2.25%
Investment Rate of Return	6.25%
20 Year Municipal Bond Yield	2.25%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	55.00 %	4.90 %
International Equity	20.00	5.32
Fixed Income	5.00	1.40
Real Estate and Alternatives	5.00	4.43
Cash and Equivalents	15.00	0.01
Total	<u>100.00 %</u>	

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the City's net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	1 Percent Decrease (5.25%)	Current (6.25%)	1 Percent Increase (7.25%)
Defined Benefit Plan	\$ (874,972)	\$ (951,924)	\$ (1,026,213)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. The report may be obtained by writing to the Alexandria Fire Department Relief Association, 704 Broadway, Alexandria, MN 56308.

Note 6: Postemployment Benefits other than Pensions

A. Plan Description

The City operates a single-employer retiree benefit plan ("the Plan") that provides health insurance to eligible employees and their families through the City's health insurance plan. The full cost of the benefits is covered by the plan. Benefit and eligibility provisions are established through negotiations between the City and various employee groups. The Plan does not issue a publicly available report.

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	9
Active Plan Members	73
Total Plan Members	82

B. Funding Policy

Contribution requirements are also negotiated between the City and union representatives. The City contributes a predetermined portion of the cost of current-year premiums for eligible retired plan members and their spouses based on the employment contract in effect at the time of retirement. For the year ended December 31, 2021, the City's average contribution rate was 10.58 percent of covered-employee payroll. For the year 2021, the City directly contributed \$13,889 to the Plan, while implicit contributions totaled \$29,709.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 6: Postemployment Benefits other than Pensions (Continued)

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$443,133 was measured as of December 31, 2020, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2020. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.00%
20-Year Municipal Bond Yield	2.00%
Inflation Rate	2.25%
Salary Increases	Varies
Medical Trend Rate	Actual for FY2021, 6.20% for FY2022, gradually decreasing over several decades to an ultimate rate of 3.70% in FY2074 and later years

The discount rate used to measure the total OPEB liability was 2.00 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate.

Mortality rates were based on the Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2020, and other adjustments.

The actuarial assumptions used in the December 31, 2020 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at December 31, 2020	\$ 485,878
Changes for the Year:	
Service cost	49,999
Interest	14,531
Differences between expected and actual experience	51,823
Changes in assumptions or other inputs	(144,150)
Benefit payments	(14,948)
Net Changes	(42,745)
Balances at December 31, 2021	\$ 443,133

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 6: Postemployment Benefits other than Pensions (Continued)

Since the prior measurement date, the following assumptions changed:

- The discount rate was changed from 2.75% to 2.00% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims cost were updated to reflect recent experience, including an adjustment to reflect age/gender based risk scores published by the Society of Actuaries.
- Withdrawal, retirement, mortality, disability, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 PERA Police & Fire Plan valuations to the rates used in the 7/1/2021 valuations.
- The percent of future retirees not eligible for an explicit subsidy assumed to elect coverage at retirement changed from 40% to 30% to reflect recent plan experience.
- The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

Since the prior measurement date, the following benefit terms changed:

- None

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.00 percent) or 1-percentage-point higher (3.00 percent) than the current discount rate:

<u>1 Percent Decrease (1.00%)</u>	<u>Current (2.00%)</u>	<u>1 Percent Increase (3.00%)</u>
\$ 455,817	\$ 443,133	\$ 427,683

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is 1-percentage point lower (5.20 percent decreasing to 2.70 percent) or 1-percentage-point higher (7.20 percent increasing to 4.70 percent) than the current cost trend rate:

<u>1 Percent Decrease (5.20% decreasing to 2.70%)</u>	<u>Healthcare Cost Trend Rates (6.20% decreasing to 3.70%)</u>	<u>1 Percent Increase (7.20% decreasing to 4.70%)</u>
\$ 403,747	\$ 443,133	\$ 489,495

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 6: Postemployment Benefits other than Pensions (Continued)

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$1,462. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 45,726	\$ 88,839
Changes in actuarial assumptions	26,465	129,940
Contributions to OPEB subsequent to the measurement date.	43,599	-
Total	<u>\$ 115,790</u>	<u>\$ 218,779</u>

Deferred outflows of resources totaling \$43,599 resulted from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31	
2022	\$ (23,468)
2023	(23,468)
2024	(23,468)
2025	(23,468)
2026	(23,877)
Thereafter	(28,839)

Note 7: Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

There are several pending litigations outstanding and at this point they are being handled by the League of Minnesota Cities legal team and the City could be subject to damages. At this time those damages are undeterminable.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 7: Other Information (Continued)

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

C. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA) program. The amount received in 2021 was \$1,580,675 which accounted for 15.7 percent of General fund revenues.

The Board of Public Works purchases substantially all power from two suppliers. Approximately forty percent of the Board of Public Work's labor force is subject to a collective bargaining agreement.

D. Commitments and Contingencies

The City, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigations. The City estimates that the potential claims resulting from such litigation and not covered by insurance would not materially affect the financial statements of the City. No Liability or provision of loss has been recorded in the December 31, 2021 financial statements in relation to any of these matters.

E. Joint Powers Agreement

The Flood Water Control Board was established by an agreement between the City of Alexandria, Douglas County, Alexandria Township, LaGrand Township, and Alexandria Lakes Area Sanitary District to prevent, control and abate water quality and flooding in the City watersheds. Per the agreement, in 2020, the City was not required to make a payment to the Water Control Board.

The Alexandria Area Economic Development Commission is a not-for-profit 501 C 6 organization that was founded by the City of Alexandria and surrounding Townships in 1990 as a result of the Star City program. The Alexandria Area Economic Development Commission is responsible for coordinating daily economic development activities for the City and surrounding area. During 2020 the City paid TIF administration fees of \$63,268 to the Alexandria Area Economic Development Commission.

The Lakes Area Economic Development Authority was formed in 2004 with special legislation that brought together the Cities of Alexandria and Garfield and the Townships of Alexandria and LaGrand into an Authority. The purpose of the organization is to fund the operations of the Alexandria Area Economic Development Commission and to support economic development initiatives, through designated powers by the State of Minnesota and as a political subdivision of the state.

Alexandria Joint Airport Zoning Board was established to control zoning and land use at the airport by an agreement between the City of Alexandria and Douglas County.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 7: Other Information (Continued)

The West Central Minnesota Drug & Violent Crime Task Force was established by an agreement between; Douglas County, Becker County, Otter Tail County, Grant County, Pope County, Wadena County, City of Glenwood, City of Starbuck, City of Fergus Falls, City of Pelican Rapids, City of Alexandria and City of Wadena, for the purpose of coordinating and strengthening efforts to identify, apprehend, and prosecute drug related and violent crime offenders, including but not limited to violent crimes and crimes such as the sale of illegal drugs, possession of illegal drugs and ancillary crimes.

The Minnesota Internet Crimes Against Children Task Force is an agreement between The State of Minnesota, Department of Public Safety, Bureau of Criminal Apprehension and The City of Alexandria Police Department to utilize state and federal laws to investigate and prosecute crimes committed against children and the criminal exploitation on children that is committed and/or facilitated by or through the use of computers.

F. Severance Pay

The Board of Public Works offers union and non-union employees a choice of one of two benefit options. Option 1, Matching Deferred Compensation is described in Note 16. Option 2, Severance Pay is described below. Employees hired after January 1, 2000, are only eligible for Option 1. Those employees with dates of employment before January 1, 2000 may choose whichever option is more beneficial to them.

The Board of Public Works will make a severance payment to those non-union employees who choose this option. The severance payment will be \$2,000 for each year of completed employment with the Board. Non-union employees will be eligible for this severance payment upon reaching the age of 55 and having 3 or more years of service or upon having 30 or more years of service regardless of age (if first hired prior to July 1, 1989).

Union employees will be eligible for this severance payment upon reaching the age for full retirement benefits as defined by PERA (See Note 9). Severance will be paid over a five year period in 60 monthly installments. If a separated employee dies before all or a portion of the severance pay has been disbursed, the balance due must be paid to a named beneficiary, or if lacking one, to the deceased's estate.

Severance pay provided for an employee leaving employment may not exceed an amount equivalent to one year of pay. Currently, no employee is eligible for the benefit once they retire or will be eligible for this benefit in the future.

Management has elected to record the liability at gross payout using the parameters discussed above. While this amount exceeds an actuarially computed liability which would include assumptions regarding employee retention through the date of eligibility and discounting the liability using present value calculations, the difference is immaterial to the financial statements.

G. Deferred Compensation Plan

The City, Municipal Liquor Dispensary and Board of Public Works offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency. The amounts deferred by employees or related income on those amounts are not assets held in the City's name and subject to the claims of the City's creditors; thus, the deferred compensation asset and related liability are not recorded on the City's balance sheet.

Matching Deferred Compensation

For employees choosing this benefit option the Board of Public Works will contribute an amount matching the employee contribution to the deferred compensation account on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 per year per employee. Current non-union employees were fully vested in the plan on January 1, 2000. Union employees became fully vested on January 1, 2001. New employees will be vested at the rate of 20 percent per year for the first five years of participation becoming fully vested after the fifth year. The Board contributed \$66,285 and \$70,182 in matching funds to the plan for the year ended December 31, 2021 and 2020, respectively.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 8: Tax Abatements

As of December 31, 2021, the City has thirty three agreements entered into by the City listed below that abate City property taxes. Below is information specific to each agreement:

The City entered into a tax abatement agreement on June 27, 2011 with Hoven-Anderson Properties (the Developer) in which the developer incurs costs for construction of a medical facility. In return, the City will reimburse the developer for some costs as the city collects future increment for the increased property value and tax capacity related to the economic development. The agreement was negotiated under state law (Minnesota Statute 469.1812-469.1815) and has a maximum duration of June 27, 2022. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax abatement agreement on May 12, 2014 with Viking Plaza Associates (the Developer) in which the developer incurs costs for construction of a retail center. In return, the City will reimburse the developer for some costs as the city collects future increment for the increased property value and tax capacity related to the economic development. The agreement has a maximum return to the developer of \$67,792 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.1812-469.1815) and has a maximum duration of May 12, 2025. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #12) on July 18, 1996 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$177,538 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #17) on December 8, 1997 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$3,073,677 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #25) on July 22, 2002 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$331,478 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #26) on October 28, 2002 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$3,055,482 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #36) on January 22, 2007 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$126,162 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 8: Tax Abatements (Continued)

The City entered into a tax increment financing agreement (TIF #37) on April 23, 2007 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$367,827 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #39) on July 23, 2007 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$1,190,420 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #40) on July 23, 2007 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$329,626 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #41) on August 11, 2008 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$1,220,694 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #42) on December 22, 2008 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$5,748,258 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #43) on March 9, 2009 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$1,732,642 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #45) on July 25, 2011 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$287,933 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 8: Tax Abatements (Continued)

The City entered into a tax increment financing agreement (TIF #46) on July 23, 2012 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$165,099 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #47) on August 27, 2012 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$4,149,674 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #48) on November 13, 2012 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$573,496 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #49) on May 28, 2013 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$591,992 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #50) on February 23, 2015 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$982,744 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #51) on April 13, 2015 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$715,433 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #52) on April 13, 2015 with a developer on in which the developer incurs costs for a multi-family development consisting of a thirty six unit structure. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The estimated amount of bonds to be issued is \$600,000. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 8: Tax Abatements (Continued)

The City entered into a tax increment financing agreement (TIF #53) on November 14, 2016 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$706,229 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #54) on March 26, 2018 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$888,112 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #55) on March 26, 2018 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$515,353 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #58) on July 26, 2021 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$539,402 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #60) on March 17, 2021 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$191,683 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 8: Tax Abatements (Continued)

	<u>City Tax Rate (Year of Establishment)</u>	<u>District Tax Capacity</u>	<u>Amount of taxes abated this fiscal year</u>
Tax Abatement Agreements			
Hoven-Anderson Properties			\$ 4,404
Viking Plaza Associates			6,766
Tax Increment Districts (PAYGO)			
TIF #12	23.923 %	\$ 13,801	3,302
TIF #17	23.923	70,028	16,753
TIF #25	34.126	10,659	3,637
TIF #26	34.126	136,469	46,571
TIF #36	30.124	18,330	5,522
TIF #37	30.124	19,244	5,797
TIF #39	30.648	14,140	4,334
TIF #40	33.898	25,098	8,508
TIF #41	33.898	147,480	49,993
TIF #42	33.898	211,510	71,698
TIF #43	33.898	70,872	24,024
TIF #45	33.828	10,140	3,430
TIF #46	32.862	9,226	3,032
TIF #47	43.282	151,829	65,715
TIF #48	43.282	20,024	8,667
TIF #49	44.256	76,502	33,857
TIF #50	43.614	(14,630)	(6,381)
TIF #51	43.614	89,746	39,142
TIF #52	42.010	28,013	11,768
TIF #53	42.010	24,050	10,103
TIF #54	40.942	96,723	39,600
TIF #55	40.942	45,578	18,661
TIF #58	40.472	-	-
TIF #60	40.472	596	241
			<u>\$ 479,143</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 9: COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus ("COVID-19") and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the City cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the City's financial condition, liquidity, and future results of its revenue collections is uncertain.

Note 10: Prior Period Adjustment

The following prior period adjustment was required to fairly state beginning net position.

Fund	December 31, 2021		
	Net Position January 1, 2021 as Previously Reported	Prior Period Adjustment (1)	Net Position January 1, 2021 as Restated
Governmental Activities	\$ 69,346,805	\$ (11,122,864)	\$ 58,223,941
Business-type Activities	\$ 1,321,351	\$ 11,122,864	\$ 12,444,215
Governmental Funds			
General fund	\$ 5,320,065	\$ 2,224	\$ 5,322,289
Debt Service	4,907,090	-	4,907,090
Capital Projects	(719,450)	-	(719,450)
Nonmajor funds	3,974,827	(739,757)	3,235,070
Total Governmental funds	\$ 13,482,532	\$ (737,533)	\$ 12,744,999
Business-type Activities			
Downtown Liquor	\$ 523,059	\$ -	\$ 523,059
Plaza Liquor	798,292	-	798,292
Storm Water	-	11,122,864	11,122,864
Total Business-type activities	\$ 1,321,351	\$ 11,122,864	\$ 12,444,215

(1) To properly account for the Storm Water fund as a business-type activity.

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REQUIRED SUPPLEMENTARY
INFORMATION

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Alexandria, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2021

Schedule of Employer's Share of PERA Net Pension Liability - General Fund - City

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/21	0.0424 %	\$ 1,810,670	\$ 55,301	\$ 1,865,971	\$ 3,053,760	59.3 %	87.0 %
06/30/20	0.0419	2,512,096	77,478	2,589,574	2,987,173	84.1	79.0
06/30/19	0.0409	2,261,269	70,330	2,331,599	2,893,901	78.1	80.2
06/30/18	0.0418	2,318,893	76,115	2,395,008	2,802,281	82.8	79.5
06/30/17	0.0420	2,681,252	-	2,681,252	2,707,621	99.0	75.9
06/30/16	0.0441	3,580,701	-	3,580,701	2,686,934	133.3	68.9
06/30/15	0.0425	2,202,572	-	2,202,572	2,454,925	89.7	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Discretely Presented Component Unit - Board of Public Works

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/21	0.0424 %	\$ 1,810,670	55,174	\$ 1,865,844	\$ 3,049,341	59.4 %	87.0 %
06/30/20	0.0425	\$ 2,548,069	78,554	\$ 2,626,623	\$ 3,029,142	84.1	79.0
06/30/19	0.0413	2,283,384	70,997	2,354,381	2,920,727	78.2	80.2
06/30/18	0.0412	2,285,607	74,881	2,360,488	2,767,756	82.6	79.5
06/30/17	0.0421	2,687,636	33,825	2,721,461	2,714,643	99.0	75.9
06/30/16	0.0425	3,450,789	45,116	3,495,905	2,638,344	130.8	68.9
06/30/15	0.0419	2,171,475	-	2,171,475	2,421,840	89.7	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Alexandria, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Schedule of Employer's PERA Contributions - General Employees Fund – City

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/21	\$ 238,876	\$ 238,876	\$ -	\$ 3,185,011	7.5 %
12/31/20	222,976	222,976	-	2,973,015	7.5
12/31/19	223,475	223,475	-	2,979,664	7.5
12/31/18	213,553	213,553	-	2,847,367	7.5
12/31/17	204,890	204,890	-	2,731,866	7.5
12/31/16	198,124	198,124	-	2,641,653	7.5
12/31/15	191,394	191,394	-	2,551,920	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Discretely Presented Component Unit - Board of Public Works

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/21	\$ 224,225	\$ 224,225	\$ -	\$ 2,989,663	7.5 %
12/31/20	227,803	227,803	-	3,037,375	7.5
12/31/19	227,298	227,298	-	3,030,635	7.5
12/31/18	209,286	209,286	-	2,790,474	7.5
12/31/17	207,978	207,978	-	2,773,043	7.5
12/31/16	200,269	200,269	-	2,670,258	7.5
12/31/15	193,803	193,803	-	2,584,036	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Alexandria, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - General Employee Fund

Changes in Actuarial Assumptions

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

City of Alexandria, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - General Employee Fund (Continued)

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Changes in Plan Provisions

2021 - There were no changes in plan provisions since the previous valuation.

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

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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

2017 - The State's special funding contribution increased from \$6 million to \$16 million.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

City of Alexandria, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Schedule of Employer's Share of PERA Net Pension Liability - Police and Fire Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/21	0.1794 %	\$ 1,384,778	\$ 62,267	\$ 1,447,045	\$ 2,120,289	65.3 %	93.7 %
06/30/20	0.1876	2,472,769	58,248	2,531,017	2,116,257	116.8	87.2
06/30/19	0.1888	2,009,967	-	2,009,967	2,038,047	98.6	89.3
06/30/18	0.1828	1,948,460	-	1,948,460	1,926,385	101.1	88.8
06/30/17	0.1760	2,376,209	-	2,376,209	1,802,895	131.8	85.4
06/30/16	0.1740	6,982,923	-	6,982,923	1,680,278	415.6	63.9
06/30/15	0.1600	1,817,974	-	1,817,974	1,721,055	105.6	86.6

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - Police and Fire Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/21	\$ 372,173	\$ 372,173	\$ -	\$ 2,102,675	17.7 %
12/31/20	380,636	380,636	-	2,150,487	17.7
12/31/19	345,991	345,991	-	2,135,749	16.2
12/31/18	319,039	319,039	-	1,969,377	16.2
12/31/17	304,579	304,579	-	1,880,119	16.2
12/31/16	278,811	278,811	-	1,721,056	16.2
12/31/15	243,780	243,780	-	1,504,815	16.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Alexandria, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 - The mortality projection scale was changed from MP-2018 to MP-2019.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2016 to MP-2017. As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

City of Alexandria, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - Police and Fire Fund (Continued)

Changes in Plan Provisions

2021 – There were no changes in plan provisions since the previous valuation.

2020 – There were no changes in plan provisions since the previous valuation.

2019 – There were no changes in plan provisions since the previous valuation.

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 – There were no changes in plan provisions since the previous valuation.

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

City of Alexandria, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Schedule of changes in the Fire Relief Association's net pension liability (asset) and related ratios

	2021 (Fire Relief Report Date 2020)	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total Pension Liability							
Service cost	\$ 104,758	\$ 99,725	\$ 96,974	\$ 92,744	\$ 93,902	\$ 99,006	\$ 96,356
Interest	169,818	159,678	170,466	172,323	172,406	115,843	108,195
Changes of benefit terms	30,638	58,148	50,831	35,092	246,769	180,109	-
Differences between expected and actual experience	(114,619)	-	(81,151)	-	(228,614)	-	-
Changes of assumptions	29,447	-	43,549	-	31,842	(129,171)	-
Benefit payments, including refunds of employee contributions	(166,580)	(166,579)	(357,537)	(304,298)	-	(136,320)	-
Net Change in Total Pension Liability	53,462	150,972	(76,868)	(4,139)	316,305	129,467	204,551
Total Pension Liability - January 1	2,591,120	2,440,148	2,517,016	2,521,155	2,204,850	2,075,383	1,870,832
Total Pension Liability - December 31	\$ 2,644,582	\$ 2,591,120	\$ 2,440,148	\$ 2,517,016	\$ 2,521,155	\$ 2,204,850	\$ 2,075,383
Plan Fiduciary Net Position							
Contributions - state	170,554	145,910	159,187	140,428	136,992	135,561	161,845
Net investment income	257,320	672,655	(375,550)	583,315	225,208	(316,113)	(14,218)
Benefit payments, including refunds of employee contributions	(166,580)	(166,579)	(357,537)	(304,298)	-	(136,320)	-
Administrative expense	(12,829)	(6,765)	(6,350)	(7,578)	(5,800)	(6,360)	(10,400)
Net Change in Plan Fiduciary Net Position	248,465	645,221	(580,250)	411,867	356,400	(323,232)	137,227
Plan Fiduciary Net Position - January 1	3,348,041	2,702,820	3,283,070	2,871,203	2,514,803	2,838,035	2,700,808
Plan Fiduciary Net Position - December 31 (B)	\$ 3,596,506	\$ 3,348,041	\$ 2,702,820	\$ 3,283,070	\$ 2,871,203	\$ 2,514,803	\$ 2,838,035
Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)	\$ (951,924)	\$ (756,921)	\$ (262,672)	\$ (766,054)	\$ (350,048)	\$ (309,953)	\$ (762,652)
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability (B/A)	136.00%	129.21%	110.76%	130.44%	113.88%	114.06%	136.75%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) As a Percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Changes in Actuarial Assumptions

2021 - The expected investment return and discount rate decreased from 6.50% to 6.25% to reflect updated capital market assumptions. The inflation assumption decreased from 2.50% to 2.25%. The mortality assumptions were updated from the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2020 Minnesota PERA Police & Fire Plan actuarial valuation.

2020 - The index rate for 20-year, tax-exempt municipal bonds decreased from 3.71% to 2.75%

2019 - The expected investment return and discount rate decreased from 7.00% to 6.50% to reflect updated capital market assumptions. The mortality and withdrawal assumptions were updated to the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation. The inflation assumption decreased from 2.75% to 2.50%.

Changes in Benefits

2021 - The annual lump sum amount increased from \$8,279 to \$8,403

2020 - No changes noted

2019 - The annual lump sum amount increased from \$7,880 to \$8,077.

2018 - The annual lump sum benefit increased from \$7,225 to \$7,880 effective December 11, 2017.

City of Alexandria, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/21	\$ 170,554	\$ 170,554	\$ -
12/31/20	145,910	145,910	-
12/31/19	159,187	159,187	-
12/31/18	140,428	140,428	-
12/31/17	136,992	136,992	-
12/31/16	135,561	135,561	-
12/31/15	129,243	129,243	-
12/31/14	161,845	161,845	-

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Changes in the City's OPEB Liability and Related Ratios

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 49,999	\$ 42,064	\$ 39,353	\$ 34,340
Interest	14,531	16,976	18,517	19,309
Differences between expected and actual experience	51,823	-	(139,314)	-
Changes in assumptions	(144,150)	20,560	(4,309)	19,895
Benefit payments	(14,948)	(18,485)	(19,118)	(32,761)
Net change in total OPEB liability	(42,745)	61,115	(104,871)	40,783
Total OPEB liability - beginning	485,878	424,763	529,634	488,851
Total OPEB liability - ending	<u>\$ 443,133</u>	<u>\$ 485,878</u>	<u>\$ 424,763</u>	<u>\$ 529,634</u>
Employee payroll	\$ 4,187,255	\$ 4,866,062	\$ 4,684,169	\$ 4,346,100
City's total OPEB liability as a percentage of covered employee payroll	10.58 %	9.99 %	9.07	12.19 %

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Benefit Changes:

In 2021, there were no benefit changes.

In 2020, there were no benefit changes.

In 2019, there were no benefit changes.

In 2018, there were no benefit changes.

City of Alexandria, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Schedule of Changes in the City's OPEB Liability and Related Ratios (Continued)

Changes in Assumptions:

In 2021, the following assumption changes:

- The discount rate was changed from 2.75% to 2.00% based on updated 20-year municipal bond rates. Healthcare trend rates were reset to reflect updated cost increase expectations. Medical per capita claims costs were updated to reflect recent experience, including an adjustment to reflect age/gender based risk scores published by the Society of Actuaries. Withdrawal, retirement, mortality, disability, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 PERA Police & Fire Plan valuations to the rates used in the 7/1/2021 valuations. The percent of future retirees not eligible for an explicit subsidy assumed to elect coverage at retirement changed from 40% to 30% to reflect recent plan experience. The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

In 2020, the following assumption changes:

- The discount rate was changed from 3.71% to 2.50% based on updated 20-year municipal bond rates.

In 2019, the following assumption changes:

- The discount rate was changed from 3.31% to 3.71% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims cost were updated to reflect recent experience.
- Mortality and salary increase rates were updated from the rates used in the 7/1/2016 PERA General Employees Retirement Plan to the rates used in the 7/1/2018 valuation.
- Mortality and salary increase rates were updated from the rates used in the 7/1/2016 PERA Police & Fire Plan to the rates used in the 7/1/2018 valuation.
- The inflation assumption was changed from 2.75% to 2.5% based on an updated historical analysis of inflation rates and forward-looking market expectations.

In 2018, the following assumption changes:

- The discount rate was changed from 3.50% to 3.31%.

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Alexandria, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2021

	203 Workforce Housing Grant	204 DEED Grant	206 American Rescue Plan Act	210 Lodging Tax Fund	208 Crime Prevention/ Bike Safety	214 Employee Benefit
Assets						
Cash and temporary investments	\$ -	\$ -	\$ 733,792	\$ 27,208	\$ -	\$ 69
Receivables						
Delinquent taxes	-	-	-	-	-	200
Accounts	-	-	-	-	-	-
Notes and loans, net of allowance	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	172
Advances to other funds	-	-	-	-	-	-
Total Assets	\$ -	\$ -	\$ 733,792	\$ 27,208	\$ -	\$ 441
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 27,126	\$ -	\$ -
Unearned revenue	-	-	733,694	-	-	-
Total Liabilities	-	-	733,694	27,126	-	-
Deferred Inflows of Resources						
Unavailable revenue - taxes	-	-	-	-	-	200
Fund Balances						
Restricted for						
Capital outlay	-	-	98	-	-	-
Economic development	-	-	-	82	-	-
Committed for						
Payment of benefits	-	-	-	-	-	241
Firefighter's retirement obligation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Tree Preservation	-	-	-	-	-	-
Sanitary sewer district appropriations	-	-	-	-	-	-
Total Fund Balances	-	-	98	82	-	241
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ -	\$ 733,792	\$ 27,208	\$ -	\$ 441

217	220	223	205	296	297/298		
Firemen's Relief	Plans and Studies	Sanitary Sewer District	Tree Preservation	Housing Trust	Revolving Loan	Tax Increment Financing Total	Total Nonmajor Special Revenue
\$ 100,576	\$ 40,034	\$ 3,958	\$ 88,815	\$ 23,726	\$ 904,836	\$ 1,156,518	\$ 3,079,532
100	200	5,000	-	-	-	-	5,500
-	-	-	-	-	-	45,510	45,510
-	-	-	-	136,783	790,940	31,300	959,023
54	174	5,493	-	-	-	1,047	6,940
-	-	-	-	-	215,544	-	215,544
<u>\$ 100,730</u>	<u>\$ 40,408</u>	<u>\$ 14,451</u>	<u>\$ 88,815</u>	<u>\$ 160,509</u>	<u>\$ 1,911,320</u>	<u>\$ 1,234,375</u>	<u>\$ 4,312,049</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,590	\$ 47,716
-	-	-	-	-	-	-	733,694
-	-	-	-	-	-	20,590	781,410
100	200	5,000	-	-	-	-	5,500
-	-	-	-	-	-	-	98
-	-	-	-	160,509	1,911,320	1,213,785	3,285,696
-	-	-	-	-	-	-	241
100,630	-	-	-	-	-	-	100,630
-	40,208	-	-	-	-	-	40,208
-	-	-	88,815	-	-	-	88,815
-	-	9,451	-	-	-	-	9,451
<u>100,630</u>	<u>40,208</u>	<u>9,451</u>	<u>88,815</u>	<u>160,509</u>	<u>1,911,320</u>	<u>1,213,785</u>	<u>3,525,139</u>
<u>\$ 100,730</u>	<u>\$ 40,408</u>	<u>\$ 14,451</u>	<u>\$ 88,815</u>	<u>\$ 160,509</u>	<u>\$ 1,911,320</u>	<u>\$ 1,234,375</u>	<u>\$ 4,312,049</u>

City of Alexandria, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Continued on the Following Pages
For the Year Ended December 31, 2021

	203 Workforce Housing Grant	204 DEED Grant	206 American Rescue Plan Act	210 Lodging Tax Fund	208 Crime Prevention/ Bike Safety	214 Employee Benefit
Revenues						
Taxes						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,125
Tax increments	-	-	-	-	-	-
Lodging Tax	-	-	-	349,563	-	-
Intergovernmental						
Federal	-	-	12,933	-	-	-
State	1,000,000	204,077	-	-	-	2
Local	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-
Investment earnings	-	-	98	-	-	37
Miscellaneous						
Contributions and donations	-	-	-	-	-	-
Other	-	-	-	-	-	45
Total Revenues	<u>1,000,000</u>	<u>204,077</u>	<u>13,031</u>	<u>349,563</u>	<u>-</u>	<u>20,209</u>
Expenditures						
Current						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	1,000,000	204,077	-	349,528	-	-
Capital outlay						
Public works	-	-	4,311	-	-	-
Culture and recreation	-	-	8,622	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-
Total Expenditures	<u>1,000,000</u>	<u>204,077</u>	<u>12,933</u>	<u>349,528</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	98	35	-	20,209
Other Financing Sources (Uses)						
Transfers out	-	-	-	-	(2,805)	(20,200)
Net Change in Fund Balances	-	-	98	35	(2,805)	9
Fund Balances, January 1 Restated	-	-	-	47	2,805	232
Fund Balances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ 241</u>

217	220	223	205	296	297/298	Tax Increment	Total
Firemen's	Plans and	Sanitary	Tree	Housing	Revolving	Financing	Nonmajor
Relief	Studies	Sewer	Preservation	Trust	Loan	Total	Special
		District					Revenue
\$ 5,172	\$ 20,126	\$ 632,051	\$ -	\$ -	\$ -	\$ -	\$ 677,474
-	-	-	-	-	-	1,280,704	1,280,704
-	-	-	-	-	-	-	349,563
-	-	-	-	-	-	-	12,933
159,636	2	71	-	-	-	-	1,363,788
-	-	-	-	30,000	-	-	30,000
-	-	-	-	-	-	129,157	129,157
643	179	267	552	215	42,197	7,104	51,292
-	-	-	7,600	-	-	-	7,600
32	45	1,356	-	-	-	-	1,478
<u>165,483</u>	<u>20,352</u>	<u>633,745</u>	<u>8,152</u>	<u>30,215</u>	<u>42,197</u>	<u>1,416,965</u>	<u>3,903,989</u>
159,635	-	-	-	-	-	-	159,635
-	-	628,882	-	-	-	-	628,882
-	-	-	3,850	-	-	-	3,850
-	200	-	-	-	-	1,226,041	2,779,846
-	-	-	-	-	-	-	4,311
-	-	-	-	-	-	-	8,622
-	-	-	-	-	-	5,423	5,423
-	-	-	-	-	-	346	346
<u>159,635</u>	<u>200</u>	<u>628,882</u>	<u>3,850</u>	<u>-</u>	<u>-</u>	<u>1,231,810</u>	<u>3,590,915</u>
5,848	20,152	4,863	4,302	30,215	42,197	185,155	313,074
-	-	-	-	-	-	-	(23,005)
5,848	20,152	4,863	4,302	30,215	42,197	185,155	290,069
<u>94,782</u>	<u>20,056</u>	<u>4,588</u>	<u>84,513</u>	<u>130,294</u>	<u>1,869,123</u>	<u>1,028,630</u>	<u>3,235,070</u>
<u>\$ 100,630</u>	<u>\$ 40,208</u>	<u>\$ 9,451</u>	<u>\$ 88,815</u>	<u>\$ 160,509</u>	<u>\$ 1,911,320</u>	<u>\$ 1,213,785</u>	<u>\$ 3,525,139</u>

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City of Alexandria, Minnesota
General Fund
Comparative Balance Sheets
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and temporary investments	\$ 5,846,440	\$ 5,334,224
Receivables		
Interest	15,804	24,375
Delinquent taxes	34,500	38,900
Accounts	223,695	209,954
Special assessments	5,643	2,510
Intergovernmental	128,322	38,633
Due from other funds	51,024	47,590
Due from component unit	117,427	80,886
Prepaid items	<u>9,756</u>	<u>68,438</u>
Total Assets	<u>\$ 6,432,611</u>	<u>\$ 5,845,510</u>
Liabilities		
Accounts payable	\$ 159,751	\$ 129,418
Due to other governments	61,410	35,687
Due to component unit	-	25,462
Accrued salaries payable	254,699	226,401
Deposits payable	68,588	47,429
Due to other funds	87	11,089
Unearned revenue	<u>43,816</u>	<u>8,549</u>
Total Liabilities	<u>588,351</u>	<u>484,035</u>
Deferred Inflows of Resources		
Unavailable revenue - taxes	34,500	38,900
Unavailable revenue - special assessments	<u>5,643</u>	<u>2,510</u>
Total Deferred Inflows of Resources	<u>40,143</u>	<u>41,410</u>
Fund Balances		
Nonspendable for		
Prepaid items	9,756	68,438
Restricted for		
Wellness	13,816	20,400
Assigned for		
Wellness	39,006	38,634
Unassigned	<u>5,741,539</u>	<u>5,192,593</u>
Total Fund Balances	<u>5,804,117</u>	<u>5,320,065</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,432,611</u>	<u>\$ 5,845,510</u>

City of Alexandria, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			2020
	Budgeted Amounts			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Taxes				
Property taxes	\$ 4,524,628	\$ 4,509,542	\$ (15,086)	\$ 4,534,305
Franchise taxes	448,000	456,700	8,700	441,941
Total taxes	<u>4,972,628</u>	<u>4,966,242</u>	<u>(6,386)</u>	<u>4,976,246</u>
Payment in lieu of taxes	<u>1,010,000</u>	<u>1,014,844</u>	<u>4,844</u>	<u>968,980</u>
Special assessments	<u>-</u>	<u>1,762</u>	<u>1,762</u>	<u>2,358</u>
Licenses and permits				
Business licenses	80,925	95,076	14,151	72,484
Nonbusiness licenses	34,250	40,111	5,861	38,497
Building permits	375,000	618,842	243,842	633,391
Total licenses and permits	<u>490,175</u>	<u>754,029</u>	<u>263,854</u>	<u>744,372</u>
Intergovernmental				
Federal				
Other Federal grants	<u>10,000</u>	<u>24,184</u>	<u>14,184</u>	<u>865,292</u>
State				
Local government aid	1,580,675	1,580,675	-	1,562,492
Property tax credits and aids	-	509	509	579
Police aid	248,500	249,947	1,447	248,619
Fire aid	2,688	24,976	22,288	9,808
Airport maintenance	73,020	73,020	-	52,603
Other State aids	76,200	101,041	24,841	28,374
Total state	<u>1,981,083</u>	<u>2,030,168</u>	<u>49,085</u>	<u>1,902,475</u>
Total intergovernmental	<u>1,991,083</u>	<u>2,054,352</u>	<u>63,269</u>	<u>2,767,767</u>
Charges for services				
General government	110,200	123,221	13,021	111,098
Public safety	274,431	289,664	15,233	233,148
Public works	29,500	23,945	(5,555)	21,021
Culture and recreation	562,000	534,858	(27,142)	388,664
Airport	76,284	81,739	5,455	82,276
Total charges for services	<u>1,052,415</u>	<u>1,053,427</u>	<u>1,012</u>	<u>836,207</u>
Fines and forfeits	<u>92,000</u>	<u>99,490</u>	<u>7,490</u>	<u>71,203</u>
Investment earnings	<u>40,000</u>	<u>(72,201)</u>	<u>(112,201)</u>	<u>70,503</u>
Other revenue				
Contributions and donations	-	5,845	5,845	6,593
Other	88,300	160,301	72,001	90,218
Total other revenue	<u>88,300</u>	<u>166,146</u>	<u>77,846</u>	<u>96,811</u>
Total Revenues	<u>9,736,601</u>	<u>10,038,091</u>	<u>301,490</u>	<u>10,534,447</u>

City of Alexandria, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			2020
	Budgeted Amount			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures				
Current				
General government				
Mayor and Council				
Personal services	\$ 52,600	\$ 52,709	\$ (109)	\$ 51,380
Other services and charges	80,600	63,324	17,276	73,435
Total mayor and council	<u>133,200</u>	<u>116,033</u>	<u>17,167</u>	<u>124,815</u>
Administration				
Personal services	684,366	714,123	(29,757)	680,599
Supplies	300	208	92	527
Other services and charges	46,900	34,706	12,194	26,083
Total administration	<u>731,566</u>	<u>749,037</u>	<u>(17,471)</u>	<u>707,209</u>
Elections				
Personal services	-	647	(647)	34,768
Supplies	3,000	397	2,603	6,253
Other services and charges	-	3,190	(3,190)	4,579
Total elections	<u>3,000</u>	<u>4,234</u>	<u>(1,234)</u>	<u>45,600</u>
Community development				
Personal services	156,707	161,045	(4,338)	158,790
Other services and charges	28,200	26,249	1,951	6,213
Total community development	<u>184,907</u>	<u>187,294</u>	<u>(2,387)</u>	<u>165,003</u>
Planning and zoning				
Personal services	3,130	2,440	690	3,194
Other services and charges	2,100	3,655	(1,555)	3,489
Total planning and zoning	<u>5,230</u>	<u>6,095</u>	<u>(865)</u>	<u>6,683</u>
Assessor				
Personal services	218,394	198,537	19,857	171,960
Supplies	200	112	88	256
Other services and charges	4,280	4,283	(3)	2,275
Total assessor	<u>222,874</u>	<u>202,932</u>	<u>19,942</u>	<u>174,491</u>
Legal and accounting				
Supplies	3,500	2,443	1,057	2,119
Other services and charges	450,002	402,069	47,933	416,251
Total legal and accounting	<u>453,502</u>	<u>404,512</u>	<u>48,990</u>	<u>418,370</u>
Human resources				
Personal services	119,788	118,490	1,298	114,769
Supplies	300	67	233	206
Other services and charges	12,275	12,749	(474)	7,090
Total human resources	<u>132,363</u>	<u>131,306</u>	<u>1,057</u>	<u>122,065</u>
Employee wellness				
Personal services	-	1,030	(1,030)	584
Other services and charges	10,000	976	9,024	9,080
Total employee wellness	<u>10,000</u>	<u>2,006</u>	<u>7,994</u>	<u>9,664</u>

City of Alexandria, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			2020
	Budgeted Amount			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)				
Current (continued)				
General government (continued)				
Other general government				
Personal services	\$ 2,000	\$ 464	\$ 1,536	\$ 1,461
Supplies	16,000	16,612	(612)	40,880
Other services and charges	627,150	705,537	(78,387)	716,543
Total other general government	<u>645,150</u>	<u>722,613</u>	<u>(77,463)</u>	<u>758,884</u>
Total General Government	<u>2,521,792</u>	<u>2,526,062</u>	<u>(4,270)</u>	<u>2,532,784</u>
Public safety				
Police protection				
Personal services	3,037,375	3,049,966	(12,591)	3,108,438
Supplies	59,500	46,060	13,440	49,987
Other services and charges	300,350	293,202	7,148	287,579
Total police protection	<u>3,397,225</u>	<u>3,389,228</u>	<u>7,997</u>	<u>3,446,004</u>
Fire protection				
Personal services	171,371	167,909	3,462	161,074
Supplies	34,300	32,233	2,067	18,963
Other services and charges	230,354	163,505	66,849	166,845
Total fire protection	<u>436,025</u>	<u>363,647</u>	<u>72,378</u>	<u>346,882</u>
Building inspection				
Personal services	320,399	306,121	14,278	232,313
Supplies	3,925	3,089	836	2,640
Other services and charges	84,682	56,448	28,234	78,154
Total building	<u>409,006</u>	<u>365,658</u>	<u>43,348</u>	<u>313,107</u>
Emergency management				
Other services and charges	<u>8,500</u>	<u>3,974</u>	<u>4,526</u>	<u>6,250</u>
Traffic signs and signals				
Personal services	116,106	46,730	69,376	86,242
Supplies	15,000	13,966	1,034	14,202
Other services and charges	11,500	17,027	(5,527)	13,355
Total traffic signs and signals	<u>142,606</u>	<u>77,723</u>	<u>64,883</u>	<u>113,799</u>

City of Alexandria, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			2020
	Budgeted Amount			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)				
Current (Continued)				
Animal control				
Other services and charges	\$ 23,000	\$ 22,071	\$ 929	\$ 22,067
Total public safety	4,416,362	4,222,301	194,061	4,248,109
Public works				
Highways, streets and alleys				
Personal services	278,144	419,695	(141,551)	370,291
Supplies	75,400	66,562	8,838	64,263
Other services and charges	16,200	16,158	42	13,506
Total highways, streets and alleys	369,744	502,415	(132,671)	448,060
Engineering				
Other services and charges	95,000	115,673	(20,673)	126,357
Blacktop repair				
Personal services	33,174	33,225	(51)	31,917
Supplies	70,000	64,112	5,888	98,288
Total blacktop repair	103,174	97,337	5,837	130,205
Dust control				
Supplies	3,000	2,026	974	-
Sidewalks and curbs				
Other services and charges	88,307	92,456	(4,149)	40,790
Snow and ice control				
Personal services	205,378	78,421	126,957	98,118
Supplies	70,000	93,412	(23,412)	72,567
Other services and charges	23,500	12,072	11,428	26,450
Total snow and ice control	298,878	183,905	114,973	197,135
Equipment maintenance				
Personal services	149,279	187,615	(38,336)	205,510
Supplies	20,100	15,681	4,419	14,651
Other services and charges	84,900	98,611	(13,711)	78,440
Total equipment maintenance	254,279	301,907	(47,628)	298,601
Weed eradication				
Personal services	8,294	15,274	(6,980)	12,118
Supplies	12,000	11,538	462	11,710
Total weed eradication	20,294	26,812	(6,518)	23,828
Street lighting				
Other services and charges	115,000	114,786	214	116,316
Total Public Works	1,347,676	1,437,317	(89,641)	1,381,292

City of Alexandria, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			2020
	Budgeted Amount			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)				
Current (Continued)				
Culture and recreation				
Recreation				
Other services and charges	\$ 50,000	\$ 35,000	\$ 15,000	\$ 12,500
Runestone Community Center				
Personal services	403,806	399,617	4,189	355,629
Supplies	29,000	19,160	9,840	16,975
Other services and charges	239,300	217,957	21,343	183,237
Total Runestone Community Center	672,106	636,734	35,372	555,841
KN Stadium				
Personal services	4,753	10,418	(5,665)	4,778
Supplies	3,000	873	2,127	1,394
Other services and charges	22,000	39,845	(17,845)	20,714
Total KN Stadium	29,753	51,136	(21,383)	26,886
Senior citizens				
Other services and charges	15,000	15,000	-	15,000
Parks				
Personal services	527,412	493,765	33,647	511,262
Supplies	71,500	64,763	6,737	73,100
Other services and charges	94,600	106,042	(11,442)	97,030
Total parks	693,512	664,570	28,942	681,392
Total Culture and Recreation	1,460,371	1,402,440	57,931	1,291,619
Economic development				
Economic development				
Other services and charges	-	-	-	407,007
Airport				
Airport operations				
Personal services	-	576	(576)	151
Supplies	7,000	6,115	885	6,640
Other services and charges	175,200	176,898	(1,698)	152,983
Total airport	182,200	183,589	(1,389)	159,774
Total Current	9,928,401	9,771,709	156,692	10,020,585

City of Alexandria, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			2020
	Budgeted Amount			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)				
Capital outlay				
General government	\$ 4,500	\$ 5,328	\$ (828)	\$ 1,250
Public safety	30,700	16,708	13,992	79,181
Public works	5,000	-	5,000	-
Culture and recreation	10,000	26,941	(16,941)	11,156
Airport	3,000	13,582	(10,582)	7,353
Total capital outlay	<u>53,200</u>	<u>62,559</u>	<u>(9,359)</u>	<u>98,940</u>
Total Expenditures	<u>9,981,601</u>	<u>9,834,268</u>	<u>147,333</u>	<u>10,119,525</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(245,000)</u>	<u>203,823</u>	<u>448,823</u>	<u>414,922</u>
Other Financing Sources (Uses)				
Transfers in	255,000	278,005	23,005	261,400
Transfers out	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>	<u>(22,150)</u>
Total Other Financing Sources (Uses)	<u>245,000</u>	<u>278,005</u>	<u>33,005</u>	<u>239,250</u>
Net Change in Fund Balances	-	481,828	481,828	654,172
Fund Balances, January 1	5,320,065	5,320,065	-	4,665,893
Prior Period Adjustment (Note 10)	<u>-</u>	<u>2,224</u>	<u>2,224</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 5,320,065</u>	<u>\$ 5,804,117</u>	<u>\$ 484,052</u>	<u>\$ 5,320,065</u>

City of Alexandria, Minnesota
Capital Projects Funds
Combining Balance Sheet
December 31, 2021

	430	433	437	438	439	440
	Fire Equipment	Park Development	RCC Equipment	Public Works Equipment	Police Equipment	IT Equipment
Assets						
Cash and temporary investments	\$ 2,049,477	\$ 99,574	\$ 33,806	\$ 394,542	\$ 138,583	\$ 45,990
Receivables						
Delinquent taxes	200	-	200	1,200	500	300
Accounts	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Intergovernmental	302	2	219	1,427	608	308
Due from other funds	-	-	-	-	-	-
Total Assets	<u>\$ 2,049,979</u>	<u>\$ 99,576</u>	<u>\$ 34,225</u>	<u>\$ 397,169</u>	<u>\$ 139,691</u>	<u>\$ 46,598</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-	-	-
Due to other funds	-	-	-	341,905	-	-
Advance from other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>341,905</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue - taxes	200	-	200	1,200	500	300
Unavailable revenue - special assessments	-	-	-	-	-	-
Unavailable revenue - intergovernmental	-	-	-	-	-	-
Advance from other government	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>200</u>	<u>-</u>	<u>200</u>	<u>1,200</u>	<u>500</u>	<u>300</u>
Fund Balances						
Restricted for						
Capital outlay	1,931,361	99,576	-	-	-	-
Committed for						
Capital outlay	118,418	-	34,025	54,064	139,191	46,298
Assigned for						
Capital outlay	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>2,049,779</u>	<u>99,576</u>	<u>34,025</u>	<u>54,064</u>	<u>139,191</u>	<u>46,298</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,049,979</u>	<u>\$ 99,576</u>	<u>\$ 34,225</u>	<u>\$ 397,169</u>	<u>\$ 139,691</u>	<u>\$ 46,598</u>

401	402	404	405	406	409 ADA Sidewalk Project
Capital Improvement	Municipal State Aid	Local Street Overlay	2020 Street Reconstruction	Airport Development	
\$ 1,065,734	\$ (1,801,532)	\$ 36,659	\$ (138,928)	\$ (909,401)	\$ 7,456
700	-	600	-	200	-
-	-	-	-	5,144	-
-	-	-	-	-	-
5,604	623,230	632	411	977,137	-
-	-	-	-	-	-
<u>\$ 1,072,038</u>	<u>\$ (1,178,302)</u>	<u>\$ 37,891</u>	<u>\$ (138,517)</u>	<u>\$ 73,080</u>	<u>\$ 7,456</u>
\$ -	\$ 14,015	\$ 72,225	\$ 169,272	\$ 115,779	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	14,782	-
-	-	-	-	17,312	-
-	14,015	72,225	169,272	147,873	-
700	-	600	-	200	-
-	-	-	-	-	-
-	-	-	-	946,921	-
-	1,488,859	-	-	-	-
700	1,488,859	600	-	947,121	-
-	-	-	-	-	-
1,071,338	-	-	-	-	7,456
-	-	-	-	-	-
-	(2,681,176)	(34,934)	(307,789)	(1,021,914)	-
1,071,338	(2,681,176)	(34,934)	(307,789)	(1,021,914)	7,456
<u>\$ 1,072,038</u>	<u>\$ (1,178,302)</u>	<u>\$ 37,891</u>	<u>\$ (138,517)</u>	<u>\$ 73,080</u>	<u>\$ 7,456</u>

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City of Alexandria, Minnesota

Capital Projects Funds
Combining Balance Sheet
December 31, 2021

	411	412	414	417	420	435	
	44th Ave	18th Ave			Nokomis		Total
	Extention	Reconstruction	Revolving	RCC	Street	Administration	Capital
	Project	Project	Improvement	Expansion	Improvement	Equipment	Projects
Assets							
Cash and temporary investments	\$ (28,980)	\$ (316,907)	\$ 1,457,888	\$ (123,274)	\$ (14,625)	\$ (1,901)	1,994,161
Receivables							
Delinquent taxes	-	-	-	-	-	-	3,900
Accounts	-	-	358	-	-	-	5,502
Special assessments	-	-	1,177,529	-	-	-	1,177,529
Intergovernmental	51,593	-	14,753	-	-	-	1,676,226
Due from other funds	-	-	341,905	-	-	-	341,905
Total Assets	<u>\$ 22,613</u>	<u>\$ (316,907)</u>	<u>\$ 2,992,433</u>	<u>\$ (123,274)</u>	<u>\$ (14,625)</u>	<u>\$ (1,901)</u>	<u>\$ 5,199,223</u>
Liabilities							
Accounts payable	\$ -	\$ 43,474	\$ 9,087	\$ 16,715	\$ -	\$ -	\$ 440,567
Contracts payable	16,513	-	-	-	-	-	16,513
Due to other funds	-	-	-	-	-	-	341,905
Advance from other funds	-	-	-	-	-	-	14,782
Unearned revenue	-	-	-	-	-	-	17,312
Total Liabilities	<u>16,513</u>	<u>43,474</u>	<u>9,087</u>	<u>16,715</u>	<u>-</u>	<u>-</u>	<u>831,079</u>
Deferred Inflows of Resources							
Unavailable revenue - taxes	-	-	-	-	-	-	3,900
Unavailable revenue - special assessments	-	-	1,177,529	-	-	-	1,177,529
Unavailable revenue - intergovernmental	-	-	12,000	-	-	-	958,921
Advance from other government	-	-	-	-	-	-	1,488,859
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>1,189,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,629,209</u>
Fund Balances							
Restricted for							
Capital outlay	-	-	-	-	-	-	2,030,937
Committed for							
Capital outlay	-	-	1,413,190	-	-	-	2,883,980
Assigned for							
Capital outlay	6,100	-	380,627	-	-	-	386,727
Unassigned	-	(360,381)	-	(139,989)	(14,625)	(1,901)	(4,562,709)
Total Fund Balances	<u>6,100</u>	<u>(360,381)</u>	<u>1,793,817</u>	<u>(139,989)</u>	<u>(14,625)</u>	<u>(1,901)</u>	<u>738,935</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 22,613</u>	<u>\$ (316,907)</u>	<u>\$ 2,992,433</u>	<u>\$ (123,274)</u>	<u>\$ (14,625)</u>	<u>\$ (1,901)</u>	<u>\$ 5,199,223</u>

City of Alexandria, Minnesota
Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued on Following Pages)
For the Year Ended December 31, 2021

	430	433	437	438	439	440
	Fire Equipment	Park Development	RCC Equipment	Public Works Equipment	Police Equipment	IT Equipment
Revenues						
Taxes	\$ 35,325	\$ (27)	\$ 25,276	\$ 165,896	\$ 70,469	\$ 35,391
Special assessments	-	-	-	-	-	-
Intergovernmental						
Federal	-	-	-	-	-	-
State	4	-	3	-	-	4
Charges for services	107,332	-	-	-	-	-
Investment earnings	4,645	610	112	667	712	332
Other revenue	77	12,500	66	312	1,103	110
Total Revenues	<u>147,383</u>	<u>13,083</u>	<u>25,457</u>	<u>166,875</u>	<u>72,284</u>	<u>35,837</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Airport	-	-	-	-	-	-
Capital outlay						
General government	-	-	-	-	-	32,103
Public safety	-	-	-	-	52,166	-
Public works	-	-	-	90,495	-	-
Culture and recreation	-	3,400	31,562	-	-	-
Airport	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>3,400</u>	<u>31,562</u>	<u>90,495</u>	<u>52,166</u>	<u>32,103</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>147,383</u>	<u>9,683</u>	<u>(6,105)</u>	<u>76,380</u>	<u>20,118</u>	<u>3,734</u>
Other Financing Sources (Uses)						
Sale of capital assets	-	-	1,500	5,777	-	-
Transfers in	-	-	-	-	-	-
Debt issued	1,248,959	-	-	191,055	-	-
Transfers out	-	-	-	(65,708)	-	-
Total Other Financing Sources (Uses)	<u>1,248,959</u>	<u>-</u>	<u>1,500</u>	<u>131,124</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,396,342	9,683	(4,605)	207,504	20,118	3,734
Fund Balances, January 1	<u>653,437</u>	<u>89,893</u>	<u>38,630</u>	<u>(153,440)</u>	<u>119,073</u>	<u>42,564</u>
Fund Balances, December 31	<u>\$ 2,049,779</u>	<u>\$ 99,576</u>	<u>\$ 34,025</u>	<u>\$ 54,064</u>	<u>\$ 139,191</u>	<u>\$ 46,298</u>

401	402	404	405	406	409
Capital Improvement	Municipal State Aid	Local Street Overlay	2020 Street Reconstruction	Airport Development	ADA Sidewalk Project
\$ 90,585	\$ -	\$ 70,424	\$ 384	\$ 25,262	\$ -
-	-	-	-	-	-
-	-	-	-	329,504	-
10	840,940	280,322	-	345,671	-
-	-	-	-	153,054	-
-	-	-	-	-	-
168	-	156	2	5,666	-
<u>90,763</u>	<u>840,940</u>	<u>350,902</u>	<u>386</u>	<u>859,157</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	12,662	-
-	-	-	-	-	-
6,922	-	-	-	-	-
-	581,393	345,210	321,449	-	-
-	-	-	-	-	-
-	-	-	-	1,155,832	-
<u>6,922</u>	<u>581,393</u>	<u>345,210</u>	<u>321,449</u>	<u>1,168,494</u>	<u>-</u>
83,841	259,547	5,692	(321,063)	(309,337)	-
-	-	-	-	-	-
-	-	-	237,684	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>237,684</u>	<u>-</u>	<u>-</u>
83,841	259,547	5,692	(83,379)	(309,337)	-
<u>987,497</u>	<u>(2,940,723)</u>	<u>(40,626)</u>	<u>(224,410)</u>	<u>(712,577)</u>	<u>7,456</u>
<u>\$ 1,071,338</u>	<u>\$ (2,681,176)</u>	<u>\$ (34,934)</u>	<u>\$ (307,789)</u>	<u>\$ (1,021,914)</u>	<u>\$ 7,456</u>

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City of Alexandria, Minnesota
Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended December 31, 2021

	411 44th Ave Extention Project	412 18th Ave Reconstruction Project	414 Revolving Improvement	417 RCC Expansion	420 Nokomis Street Improvement	435 Administration Equipment	Total Capital Projects
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 518,985
Special assessments	-	-	234,878	-	-	-	234,878
Intergovernmental							
Federal	-	-	-	-	-	-	329,504
State	-	-	120,000	-	-	-	1,586,954
Charges for services	-	-	-	-	-	-	260,386
Investment earnings	-	-	-	-	-	-	7,078
Other revenue	-	-	46,765	-	-	-	66,925
Total Revenues	-	-	401,643	-	-	-	3,004,710
Expenditures							
Current							
General government	-	-	-	-	-	1,901	1,901
Public works	-	4,340	3,683	-	-	-	8,023
Culture and recreation	-	-	-	3,108	-	-	3,108
Airport	-	-	-	-	-	-	12,662
Capital outlay							
General government	-	-	-	-	-	-	32,103
Public safety	-	-	-	-	-	-	59,088
Public works	(6,100)	208,442	165,518	-	14,625	-	1,721,032
Culture and recreation	-	-	-	136,881	-	-	171,843
Airport	-	-	-	-	-	-	1,155,832
Total Expenditures	(6,100)	212,782	169,201	139,989	14,625	1,901	3,165,592
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,100	(212,782)	232,442	(139,989)	(14,625)	(1,901)	(160,882)
Other Financing Sources (Uses)							
Sale of capital assets	-	-	-	-	-	-	7,277
Transfers in	-	-	-	-	-	-	237,684
Debt issued	-	-	-	-	-	-	1,440,014
Transfers out	-	-	-	-	-	-	(65,708)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	1,619,267
Net Change in Fund Balances	6,100	(212,782)	232,442	(139,989)	(14,625)	(1,901)	1,458,385
Fund Balances, January 1	-	(147,599)	1,561,375	-	-	-	(719,450)
Fund Balances, December 31	\$ 6,100	\$ (360,381)	\$ 1,793,817	\$ (139,989)	\$ (14,625)	\$ (1,901)	\$ 738,935

City of Alexandria, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2021

	330 G.O. Capital Improvement Bonds of 2010A	331 G.O. Improvement Bonds of 2011A	333 G.O. Improvement Bonds of 2013A	334 G.O. Improvement Bonds of 2014A
Assets				
Cash and temporary investments	\$ 636,165	\$ 362,795	\$ 1,191,328	\$ 710,789
Receivables				
Delinquent taxes	3,100	1,800	2,000	1,500
Special assessments	688,222	81,613	251,483	253,500
Intergovernmental	4,283	2,141	4,427	2,688
	<u>4,283</u>	<u>2,141</u>	<u>4,427</u>	<u>2,688</u>
Total Assets	<u>\$ 1,331,770</u>	<u>\$ 448,349</u>	<u>\$ 1,449,238</u>	<u>\$ 968,477</u>
Liabilities				
Accounts payable	\$ 1,806	\$ 3,506	\$ 406	\$ 406
	<u>1,806</u>	<u>3,506</u>	<u>406</u>	<u>406</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes	3,100	1,800	2,000	1,500
Unavailable revenue - special assessments	688,222	81,613	251,483	253,500
Total Deferred Inflows of Resources	<u>691,322</u>	<u>83,413</u>	<u>253,483</u>	<u>255,000</u>
Fund Balances				
Restricted for debt service	<u>638,642</u>	<u>361,430</u>	<u>1,195,349</u>	<u>713,071</u>
	<u>638,642</u>	<u>361,430</u>	<u>1,195,349</u>	<u>713,071</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,331,770</u>	<u>\$ 448,349</u>	<u>\$ 1,449,238</u>	<u>\$ 968,477</u>

335 G.O. Improvement Bonds of 2014B	336 G.O. Bonds of 2016A	337 G.O. Refunding Bonds of 2016B	338 Public Works 2017 Lease/ Purchase	339 G.O. Improvement Bonds of 2020A	Total
\$ 401,341	\$ 526,365	\$ 456,308	\$ 612	\$ 128,220	\$ 4,413,923
1,500	2,600	600	-	200	13,300
6,720	-	1,065,157	-	-	2,346,695
1,586	3,222	80	-	-	18,427
<u>\$ 411,147</u>	<u>\$ 532,187</u>	<u>\$ 1,522,145</u>	<u>\$ 612</u>	<u>\$ 128,420</u>	<u>\$ 6,792,345</u>
\$ 406	\$ 406	\$ 406	\$ -	\$ 406	\$ 7,748
1,500	2,600	600	-	200	13,300
6,720	-	1,065,157	-	-	2,346,695
8,220	2,600	1,065,757	-	200	2,359,995
<u>402,521</u>	<u>529,181</u>	<u>455,982</u>	<u>612</u>	<u>127,814</u>	<u>4,424,602</u>
<u>\$ 411,147</u>	<u>\$ 532,187</u>	<u>\$ 1,522,145</u>	<u>\$ 612</u>	<u>\$ 128,420</u>	<u>\$ 6,792,345</u>

City of Alexandria, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2021

	330 G.O. Capital Improvement Bonds of 2010A	331 G.O. Improvement Bonds of 2011A	333 G.O. Improvement Bonds of 2013A	334 G.O. Improvement Bonds of 2014A
Revenues				
Property taxes	\$ 397,411	\$ 245,336	\$ 254,011	\$ 211,015
Special assessments	2,726	42,917	149,793	138,930
Intergovernmental				
Federal	74,223	-	-	-
State	45	28	29	-
Investment earnings	2,455	1,184	6,263	3,260
Other revenue	860	534	710	321
Total Revenues	<u>477,720</u>	<u>289,999</u>	<u>410,806</u>	<u>353,526</u>
Expenditures				
Debt service				
Principal	270,000	330,000	625,000	275,000
Interest and other	155,549	17,926	65,912	37,506
Total Expenditures	<u>425,549</u>	<u>347,926</u>	<u>690,912</u>	<u>312,506</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>52,171</u>	<u>(57,927)</u>	<u>(280,106)</u>	<u>41,020</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	52,171	(57,927)	(280,106)	41,020
Fund Balances, January 1	<u>586,471</u>	<u>419,357</u>	<u>1,475,455</u>	<u>672,051</u>
Fund Balances, December 31	<u><u>\$ 638,642</u></u>	<u><u>\$ 361,430</u></u>	<u><u>\$ 1,195,349</u></u>	<u><u>\$ 713,071</u></u>

335 G.O. Improvement Bonds of 2014B	336 G.O. Bonds of 2016A	337 G.O. Refunding Bonds of 2016B	338 Public Works 2017 Lease/ Purchase	339 G.O. Improvement Bonds of 2020A	Total
\$ 182,822 3,133	\$ 377,990 -	\$ 81 14,376	\$ - -	\$ 48,543 -	\$ 1,717,209 351,875
-	-	-	-	-	74,223
-	26	17	-	6	151
1,914	2,126	4,230	204	815	22,451
390	832	6	-	5	3,658
<u>188,259</u>	<u>380,974</u>	<u>18,710</u>	<u>204</u>	<u>49,369</u>	<u>2,169,567</u>
155,000	205,000	65,000	64,434	-	1,989,434
30,656	153,995	20,806	1,275	53,654	537,279
<u>185,656</u>	<u>358,995</u>	<u>85,806</u>	<u>65,709</u>	<u>53,654</u>	<u>2,526,713</u>
2,603	21,979	(67,096)	(65,505)	(4,285)	(357,146)
-	-	-	65,708	-	65,708
-	-	(191,050)	-	-	(191,050)
-	-	(191,050)	65,708	-	(125,342)
2,603	21,979	(258,146)	203	(4,285)	(482,488)
399,918	507,202	714,128	409	132,099	4,907,090
<u>\$ 402,521</u>	<u>\$ 529,181</u>	<u>\$ 455,982</u>	<u>\$ 612</u>	<u>\$ 127,814</u>	<u>\$ 4,424,602</u>

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City of Alexandria, Minnesota
Tax Increment Financing Funds
Combining Balance Sheet (Continued on the Following Pages)
December 31, 2021

	235 EDA Development Fund	236 TIF District #12	240 TIF District #17	295 TIF District #25	294 TIF District #26	286 TIF District #36	285 TIF District #37
Assets							
Cash and temporary investments	\$ 167,291	\$ 83	\$ 67,660	\$ 16,263	\$ 744,402	\$ 1,094	\$ 11,038
Receivables							
Accounts	45,510	-	-	-	-	-	-
Notes, net of allowance	-	-	-	10,500	20,800	-	-
Intergovernmental	-	-	-	-	994	-	-
Total Assets	<u><u>\$ 212,801</u></u>	<u><u>\$ 83</u></u>	<u><u>\$ 67,660</u></u>	<u><u>\$ 26,763</u></u>	<u><u>\$ 766,196</u></u>	<u><u>\$ 1,094</u></u>	<u><u>\$ 11,038</u></u>
Liabilities							
Accounts payable	\$ 20,590	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances							
Restricted for economic development	<u>192,211</u>	<u>83</u>	<u>67,660</u>	<u>26,763</u>	<u>766,196</u>	<u>1,094</u>	<u>11,038</u>
Total Liabilities and Fund Balances	<u><u>\$ 212,801</u></u>	<u><u>\$ 83</u></u>	<u><u>\$ 67,660</u></u>	<u><u>\$ 26,763</u></u>	<u><u>\$ 766,196</u></u>	<u><u>\$ 1,094</u></u>	<u><u>\$ 11,038</u></u>

City of Alexandria, Minnesota
Tax Increment Financing Funds
Combining Balance Sheet (Continued)
December 31, 2021

	283 TIF District #39	282 TIF District #40	281 TIF District #41	279 TIF District #42	278 TIF District #43	277 TIF District #45	276 TIF District #46
Assets							
Cash and temporary investments	\$ 12,084	\$ 77	\$ 618	\$ 4,395	\$ 230	\$ 1,570	\$ 14,267
Receivables							
Accounts	-	-	-	-	-	-	-
Notes, net of allowance	-	-	-	-	-	-	-
Intergovernmental	53	-	-	-	-	-	-
Total Assets	<u><u>\$ 12,137</u></u>	<u><u>\$ 77</u></u>	<u><u>\$ 618</u></u>	<u><u>\$ 4,395</u></u>	<u><u>\$ 230</u></u>	<u><u>\$ 1,570</u></u>	<u><u>\$ 14,267</u></u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances							
Restricted for economic development	<u>12,137</u>	<u>77</u>	<u>618</u>	<u>4,395</u>	<u>230</u>	<u>1,570</u>	<u>14,267</u>
Total Liabilities and Fund Balances	<u><u>\$ 12,137</u></u>	<u><u>\$ 77</u></u>	<u><u>\$ 618</u></u>	<u><u>\$ 4,395</u></u>	<u><u>\$ 230</u></u>	<u><u>\$ 1,570</u></u>	<u><u>\$ 14,267</u></u>

275 TIF District #47	274 TIF District #48	273 TIF District #49	272 TIF District #51	271 TIF District #52	270 TIF District #53	269 TIF District #54	268 TIF District #55	Total
\$ 115,214	\$ 74	\$ 62	\$ -	\$ 51	\$ 45	\$ -	\$ -	1,156,518
-	-	-	-	-	-	-	-	45,510
-	-	-	-	-	-	-	-	31,300
-	-	-	-	-	-	-	-	1,047
<u>\$ 115,214</u>	<u>\$ 74</u>	<u>\$ 62</u>	<u>\$ -</u>	<u>\$ 51</u>	<u>\$ 45</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,234,375</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,590
115,214	74	62	-	51	45	-	-	1,213,785
<u>\$ 115,214</u>	<u>\$ 74</u>	<u>\$ 62</u>	<u>\$ -</u>	<u>\$ 51</u>	<u>\$ 45</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,234,375</u>

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City of Alexandria, Minnesota
Tax Increment Financing Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance (Continued on Following Pages)
For the Year Ended December 31, 2021

	235 EDA Development Fund	236 TIF District #12	240 TIF District #17	295 TIF District #25	294 TIF District #26	286 TIF District #36	285 TIF District #37
Revenues							
Tax increments	\$ -	\$ 14,596	\$ 74,059	\$ 10,592	\$ 133,355	\$ 16,272	\$ 18,802
Charges for services	129,157	-	-	-	-	-	-
Investment earnings	1,018	-	434	69	4,453	-	72
Total Revenues	<u>130,175</u>	<u>14,596</u>	<u>74,493</u>	<u>10,661</u>	<u>137,808</u>	<u>16,272</u>	<u>18,874</u>
Expenditures							
Current							
Economic development	78,827	15,460	67,951	3,453	24,413	16,265	17,921
Debt service							
Principal	-	-	-	798	4,625	-	-
Interest and other	-	-	-	30	316	-	-
Total Expenditures	<u>78,827</u>	<u>15,460</u>	<u>67,951</u>	<u>4,281</u>	<u>29,354</u>	<u>16,265</u>	<u>17,921</u>
Net Change In Fund Balances	51,348	(864)	6,542	6,380	108,454	7	953
Fund Balances, January 1	<u>140,863</u>	<u>947</u>	<u>61,118</u>	<u>20,383</u>	<u>657,742</u>	<u>1,087</u>	<u>10,085</u>
Fund Balances, December 31	<u>\$ 192,211</u>	<u>\$ 83</u>	<u>\$ 67,660</u>	<u>\$ 26,763</u>	<u>\$ 766,196</u>	<u>\$ 1,094</u>	<u>\$ 11,038</u>

City of Alexandria, Minnesota
Tax Increment Financing Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance (Continued)
For the Year Ended December 31, 2021

	283 TIF District #39	282 TIF District #40	281 TIF District #41	279 TIF District #42	278 TIF District #43	277 TIF District #45	276 TIF District #46
Revenues							
Tax increments	\$ 12,746	\$ 23,063	\$ 135,524	\$ 192,968	\$ 65,126	\$ 10,724	\$ 9,757
Charges for services	-	-	-	-	-	-	-
Investment earnings	73	7	40	83	20	8	-
Total Revenues	<u>12,819</u>	<u>23,070</u>	<u>135,564</u>	<u>193,051</u>	<u>65,146</u>	<u>10,732</u>	<u>9,757</u>
Expenditures							
Current							
Economic development	11,323	23,063	135,523	192,968	65,127	9,651	977
Debt service							
Principal	-	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-	-
Total Expenditures	<u>11,323</u>	<u>23,063</u>	<u>135,523</u>	<u>192,968</u>	<u>65,127</u>	<u>9,651</u>	<u>977</u>
Net Change In Fund Balances	1,496	7	41	83	19	1,081	8,780
Fund Balances, January 1	<u>10,641</u>	<u>70</u>	<u>577</u>	<u>4,312</u>	<u>211</u>	<u>489</u>	<u>5,487</u>
Fund Balances, December 31	<u>\$ 12,137</u>	<u>\$ 77</u>	<u>\$ 618</u>	<u>\$ 4,395</u>	<u>\$ 230</u>	<u>\$ 1,570</u>	<u>\$ 14,267</u>

275 TIF District #47	274 TIF District #48	273 TIF District #49	272 TIF District #51	271 TIF District #52	270 TIF District #53	269 TIF District #54	268 TIF District #55	Total
\$ 160,570	\$ 21,177	\$ 80,906	\$ 94,913	\$ 29,626	\$ 25,435	\$ 102,291	\$ 48,202	1,280,704
-	-	-	-	-	-	-	-	129,157
806	6	-	-	8	7	-	-	7,104
<u>161,376</u>	<u>21,183</u>	<u>80,906</u>	<u>94,913</u>	<u>29,634</u>	<u>25,442</u>	<u>102,291</u>	<u>48,202</u>	<u>1,416,965</u>
160,570	21,177	80,906	94,913	29,626	25,434	102,291	48,202	1,226,041
-	-	-	-	-	-	-	-	5,423
-	-	-	-	-	-	-	-	346
<u>160,570</u>	<u>21,177</u>	<u>80,906</u>	<u>94,913</u>	<u>29,626</u>	<u>25,434</u>	<u>102,291</u>	<u>48,202</u>	<u>1,231,810</u>
806	6	-	-	8	8	-	-	185,155
<u>114,408</u>	<u>68</u>	<u>62</u>	<u>-</u>	<u>43</u>	<u>37</u>	<u>-</u>	<u>-</u>	<u>1,028,630</u>
<u>\$ 115,214</u>	<u>\$ 74</u>	<u>\$ 62</u>	<u>\$ -</u>	<u>\$ 51</u>	<u>\$ 45</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,213,785</u>

City of Alexandria, Minnesota
Summary Financial Report
Revenues and Expenditures for General Operations
Governmental Funds
For the Years Ended December 31, 2021 and 2020

	Total		Percent Increase (Decrease)	
	2021	2020		
Revenues				
Taxes	\$ 9,510,177	\$ 9,172,620	3.68	%
Payment in lieu of taxes	1,014,844	968,980	4.73	
Special assessments	588,515	595,100	(1.11)	
Licenses and permits	754,029	744,372	1.30	
Intergovernmental	5,451,905	5,297,863	2.91	
Charges for services	1,442,970	2,043,846	(29.40)	
Fines and forfeits	99,490	71,203	39.73	
Investment earnings	8,620	208,097	(95.86)	
Refunds and reimbursements	-	593,187	(100.00)	
Miscellaneous	245,807	2,410,041	(89.80)	
Total Revenues	<u>\$ 19,116,357</u>	<u>\$ 22,105,309</u>	(13.52)	%
Per Capita	<u>\$ 1,334</u>	<u>\$ 1,562</u>	(14.60)	%
Expenditures				
Current				
General government	\$ 2,527,963	\$ 2,534,823	(0.27)	%
Public safety	4,381,936	4,418,663	(0.83)	
Public works	2,074,222	2,221,532	(6.63)	
Culture and recreation	1,409,398	1,291,619	9.12	
Economic development	2,779,846	1,798,294	54.58	
Miscellaneous	196,251	166,889	17.59	
Capital outlay				
General government	37,431	223,527	(83.25)	
Public safety	75,796	153,576	(50.65)	
Public works	1,725,343	6,779,298	(74.55)	
Culture and recreation	207,406	1,524,636	(86.40)	
Miscellaneous	1,169,414	1,026,673	13.90	
Debt service				
Principal	1,994,857	2,200,347	(9.34)	
Interest and other charges	537,625	563,229	(4.55)	
Bond issuance costs	-	57,048	(100.00)	
Total Expenditures	<u>\$ 19,117,488</u>	<u>\$ 24,960,154</u>	(23.41)	%
Per Capita	<u>\$ 1,334</u>	<u>\$ 1,763</u>	(24.36)	%
Total Long-term Indebtedness	\$ 18,611,919	\$ 19,102,280	(2.57)	%
Per Capita	1,298	1,349	(3.78)	
General Fund Balance - December 31	\$ 5,804,117	\$ 5,320,065	9.10	%
Per Capita	405	376	7.74	

The purpose of this report is to provide a summary of financial information concerning the City of Alexandria to interested citizens. The complete financial statements may be examined at City Hall, 704 Broadway, Alexandria, MN, 56308. Questions about this report should be directed to the Finance Director at (320) 763-6678.

OTHER REQUIRED REPORTS

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Alexandria, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Alexandria, (the City) Minnesota as of and for the year ended December 31, 2021, and the related notes to the financial statements which collectively compromise the City's basic financial statements, and have issued our report thereon dated June 23, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the Minnesota Legal Compliance Audit Guide for Cities, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, except as described in the Schedule of Findings and Responses as item 2021-001. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.



Abdo
Mankato, Minnesota
June 23, 2022

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council
City of Alexandria, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Alexandria, Minnesota (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 23, 2022.

The City's basic financial statements include the operations of Alexandria Light and Power for the year ended December 31, 2021. Our audit, described below, did not include the operations of Alexandria Light and Power because it engaged for its own separate audit in accordance with *Government Auditing Standards*.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-001.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Abdo
Mankato, Minnesota
June 23, 2022



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City of Alexandria, Minnesota
Schedule of Findings and Responses
For the Year Ended December 31, 2021

<u>Finding</u>	<u>Description</u>
2021-001	Responsible Contractor
<i>Condition:</i>	Auditing for legal compliance requires a review of the City's contracting and bidding. Our study indicated an instance of noncompliance that we believe is required to be remedied.
<i>Criteria:</i>	Minnesota statute §16C.285 Subd. 3 requires contractors doing public work to verify the minimum criteria for a "responsible contractor" as set forth in the statute if the contract exceeds \$50,000.
<i>Cause:</i>	We noted one contract where the City was not able to provide evidence that appropriate documentation was received.
<i>Effect:</i>	As a result, the City is not in compliance with the statute.
<i>Recommendation:</i>	We recommend the City review the statute and obtain such documentation on future contracts.
<i>Management Response:</i>	
The City will ensure contractor's doing work for the City with contracts over \$50,000 include all necessary documentation to ensure compliance in 2022.	