



Annual Financial Report

City of Alexandria

Alexandria, Minnesota

For the year ended December 31, 2022



Edina Office

5201 Eden Avenue, Ste 250
Edina, MN 55436
P 952.835.9090

Mankato Office

100 Warren Street, Ste 600
Mankato, MN 56001
P 507.625.2727

Scottsdale Office

14500 N Northsight Blvd, Ste 233
Scottsdale, AZ 85260
P 480.864.5579

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Alexandria, Minnesota
Annual Financial Report
Table of Contents
For the Year Ended December 31, 2022

	Page No.
Introductory Section	
Elected and Appointed Officials	9
Financial Section	
Independent Auditor's Report	13
Management's Discussion and Analysis	17
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	31
Statement of Activities	32
Fund Financial Statements	
Governmental Funds	
Balance Sheet	36
Reconciliation of the Balance Sheet to the Statement of Net Position	37
Statement of Revenues, Expenditures and Changes in Fund Balances	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	39
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	40
Proprietary Funds	
Statement of Net Position	41
Statement of Revenues, Expenses and Changes in Net Position	42
Statement of Cash Flows	43
Notes to the Financial Statements	45
Required Supplementary Information	
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - General Employees Retirement Fund	94
Schedule of Employer's Public Employees Retirement Association Contributions - General Employees Retirement Fund	95
Notes to the Required Supplementary Information - General Employees Retirement Fund	96
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - Public Employees Police and Fire Fund	98
Schedule of Employer's Public Employees Retirement Association Contributions - Public Employees Police and Fire Fund	98
Notes to the Required Supplementary Information - Public Employees Police and Fire Fund	99
Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios	101
Notes to the Required Supplementary Information - Fire Relief Association	103
Schedule of Employer's Fire Relief Association Contributions	103
Schedule of Changes in the City's Total OPEB Liability and Related Ratios	103

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Alexandria, Minnesota
 Annual Financial Report
 Table of Contents (Continued)
 For the Year Ended December 31, 2022

Page No.

Combining and Individual Fund Financial Statements and Schedules

Nonmajor Special Revenue Funds	
Combining Balance Sheet	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	108
General Fund	
Comparative Balance Sheets	111
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	112
Capital Projects Fund	
Combining Balance Sheet	118
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	122
Debt Service Funds	
Combining Balance Sheet	126
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	128
Tax Increment Financing Fund	
Combining Balance Sheet	131
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	135
Summary Financial Report -	
Revenues and Expenditures for General Operations - Governmental Funds	138

Single Audit and Other Required Reports

Independent Auditor's Report on Minnesota Legal Compliance	141
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 <i>Government Auditing Standards</i>	142
Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by Uniform Guidance	144
Schedule of Expenditures of Federal Awards	146
Notes to the Schedule of Expenditures of Federal Awards	147
Schedule of Findings, Responses and Question Costs	148
Schedule of Prior Year Findings	149

THIS PAGE IS LEFT
BLANK INTENTIONALLY

INTRODUCTORY SECTION

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Alexandria, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2022

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
Heather Koskiniemi	Assistant 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
Thomas Jacobson	City Attorney
Tim Schoonhoven	City Engineer
Maureen Miller	Information Technology Support Specialist

THIS PAGE IS LEFT
BLANK INTENTIONALLY

FINANCIAL SECTION
CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

THIS PAGE IS LEFT
BLANK INTENTIONALLY

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2022, 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.

Change in Accounting Principle

As described in Note 9 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 87, Lease, for the year ended December 31, 2022. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

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.



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and 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. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining and individual fund financial statement and schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.



Abdo
Mankato, Minnesota
June 21, 2023



THIS PAGE IS LEFT
BLANK INTENTIONALLY

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, 2022.

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 \$78,462,992 (net position). Of this amount, \$5,050,965 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$4,575,453, compared to an increase of \$3,221,383 in the previous year. Of this increase, business-type activities (enterprise funds) had an increase of \$148,087 and governmental activities had an increase of \$4,427,366, a majority of this increase relates to a \$1,737,973 in governmental operating grants. Also, there was an increase of \$665,822 in property taxes in the governmental funds.

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 \$14,975,248, an increase of \$482,455 in comparison with an increase of \$1,747,794 the prior year. The major factor of the larger increase in 2021 was due to proceeds from debt issued for the Fire and Public Works Capital Project funds received in 2021 and the expenditures for the capital assets occurred in 2022. Approximately 39.4 percent the total fund balance, \$5,906,736, 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 shows 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**

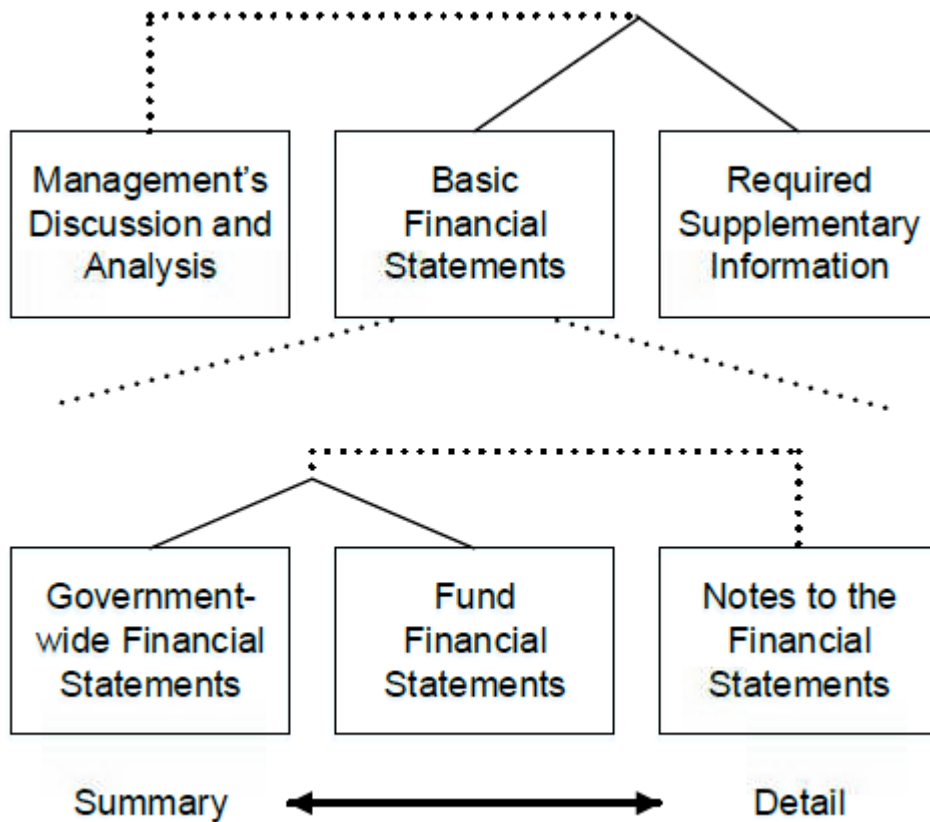


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

	Fund Financial Statements		
	Government-wide 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 includes two municipal liquor stores and storm water utility. 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, American Rescue Plan Act, 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 106 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 \$78,464,992 at the close of the most recent fiscal year.

A large portion of the City's net position (79.7 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		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Assets						
Current and other assets	\$ 23,440,030	\$ 23,331,378	\$ 108,652	\$ 3,332,046	\$ 2,901,492	\$ 430,554
Capital assets	68,816,653	66,100,139	2,716,514	11,834,147	12,170,580	(336,433)
Total Assets	92,256,683	89,431,517	2,825,166	15,166,193	15,072,072	94,121
Deferred outflows of resources	6,661,070	4,022,630	2,638,440	215,850	254,416	(38,566)
Liabilities						
Long-term liabilities outstanding	29,482,606	23,348,644	6,133,962	1,942,917	1,773,155	169,762
Other liabilities	2,585,059	2,066,871	518,188	361,838	301,796	60,042
Total Liabilities	32,067,665	25,415,515	6,652,150	2,304,755	2,074,951	229,804
Deferred inflows of resources	1,454,645	7,070,555	(5,615,910)	7,739	330,075	(322,336)
Net Position						
Net investment in capital assets	51,885,907	48,367,046	3,518,861	10,686,575	10,702,833	(16,258)
Restricted	10,841,545	11,900,087	(1,058,542)	-	-	-
Unrestricted	2,667,991	700,944	1,967,047	2,382,974	2,218,629	164,345
Total Net Position	\$ 65,395,443	\$ 60,968,077	\$ 4,427,366	\$ 13,069,549	\$ 12,921,462	\$ 148,087

An additional portion of the City's net position (13.9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (6.4 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 \$148,087 in net position reported in connection with the City's business-type activities – there was an increase in the net position of the Municipal Liquor Dispensary of \$261,388 and a decrease in the net position of the Storm Water Utility fund of \$113,301. The Municipal Liquor Dispensary fund's gross profit percentage has slightly decreased from the previous year, currently at 24.3 percent and was 25.3 in 2021.

The City's total net position increased by \$4,575,453, compared to an increase of \$3,221,383 in the previous year. Of this increase, business-type activities (enterprise funds) had an increase of \$148,087 while governmental activities had an increase of \$4,427,366.

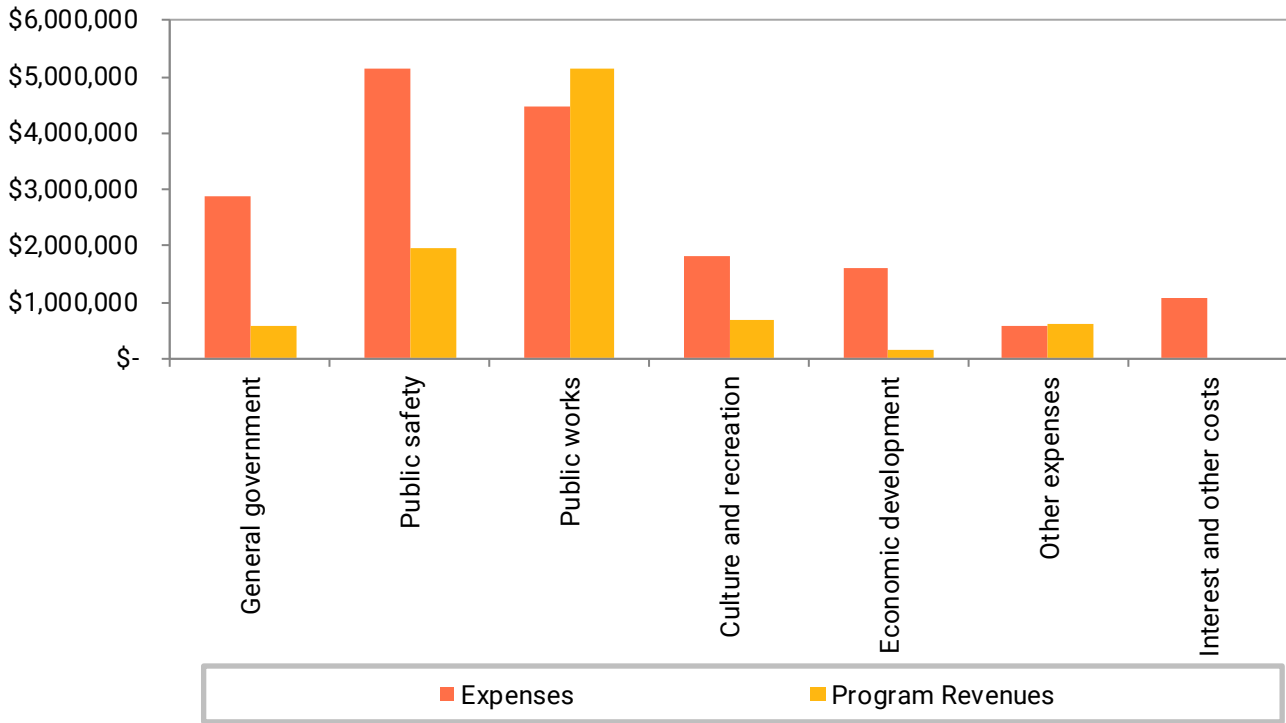
Governmental activities. The change in net position is described above and summarized as follows:

City of Alexandria's Changes in Net Position

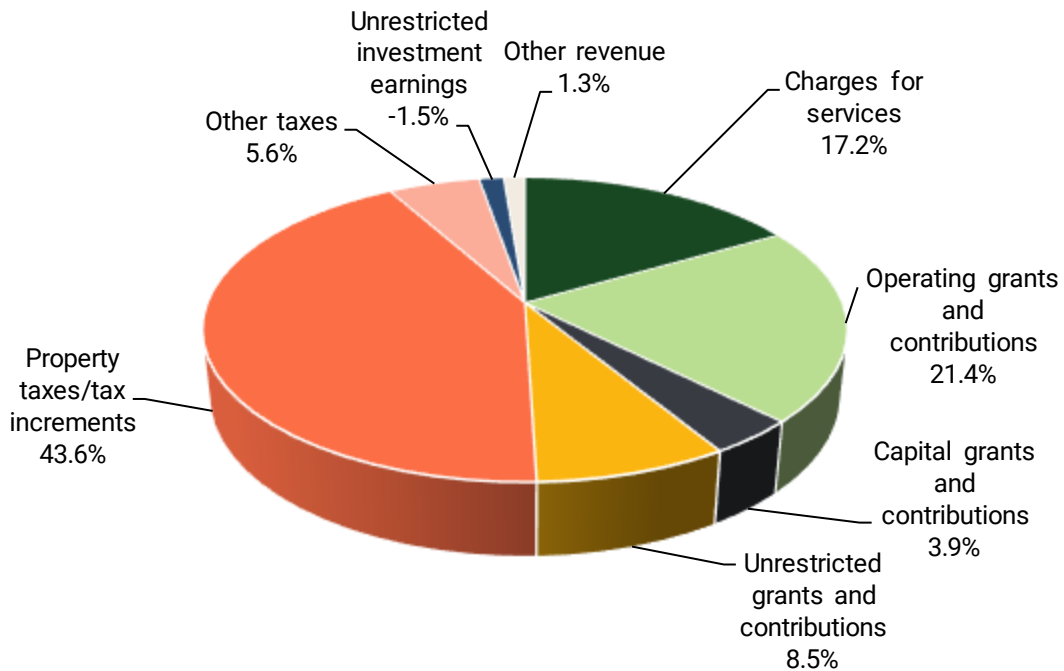
	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 3,695,908	\$ 3,245,774	\$ 450,134	\$ 8,839,676	\$ 8,709,559	\$ 130,117
Operating grants and contributions	4,588,925	2,850,952	1,737,973	3,028	9,480	(6,452)
Capital grants and contributions	834,483	1,754,766	(920,283)	-	-	-
General Revenues						
Property taxes/tax increments	9,378,759	8,712,937	665,822	-	-	-
Other taxes	1,193,292	806,263	387,029	-	-	-
Grants and contributions not restricted to specific programs	1,816,777	1,612,605	204,172	-	-	-
Unrestricted investment earnings	(327,887)	(28,092)	(299,795)	8,171	4,907	3,264
Other revenues	2,167	13,668	(11,501)	-	-	-
Gain on sale of capital assets	265,138	7,277	257,861	-	-	-
Total Revenues	21,447,562	18,976,150	2,471,412	8,850,875	8,723,946	126,929
Expenses						
General government	2,883,351	2,600,538	282,813	-	-	-
Public safety	5,124,457	4,034,717	1,089,740	-	-	-
Public works	4,474,169	4,377,175	96,994	-	-	-
Culture and recreation	1,820,911	1,737,363	83,548	-	-	-
Economic development	1,592,042	2,779,846	(1,187,804)	-	-	-
Other expenses	561,960	528,192	33,768	-	-	-
Interest and other costs	1,062,186	475,817	586,369	-	-	-
Liquor	-	-	-	7,431,902	7,212,911	218,991
Storm water	-	-	-	772,006	732,154	39,852
Total Expenses	17,519,076	16,533,648	985,428	8,203,908	7,945,065	258,843
Increase (Decrease) in Net Position						
Before Transfers and Contributions	3,928,486	2,442,502	1,485,984	646,967	778,881	(131,914)
Transfers	498,880	301,634	197,246	(498,880)	(301,634)	(197,246)
Change in Net Position	4,427,366	2,744,136	1,683,230	148,087	477,247	(329,160)
Net Position - January 1	60,968,077	69,346,805	(8,378,728)	12,921,462	1,321,351	11,600,111
Prior Period Adjustment	-	(11,122,864)	11,122,864	-	11,122,864	(11,122,864)
Net Position - December 31	\$ 65,395,443	\$ 60,968,077	\$ 4,427,366	\$ 13,069,549	\$ 12,921,462	\$ 148,087

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

Expenses and Program Revenues - Governmental Activities



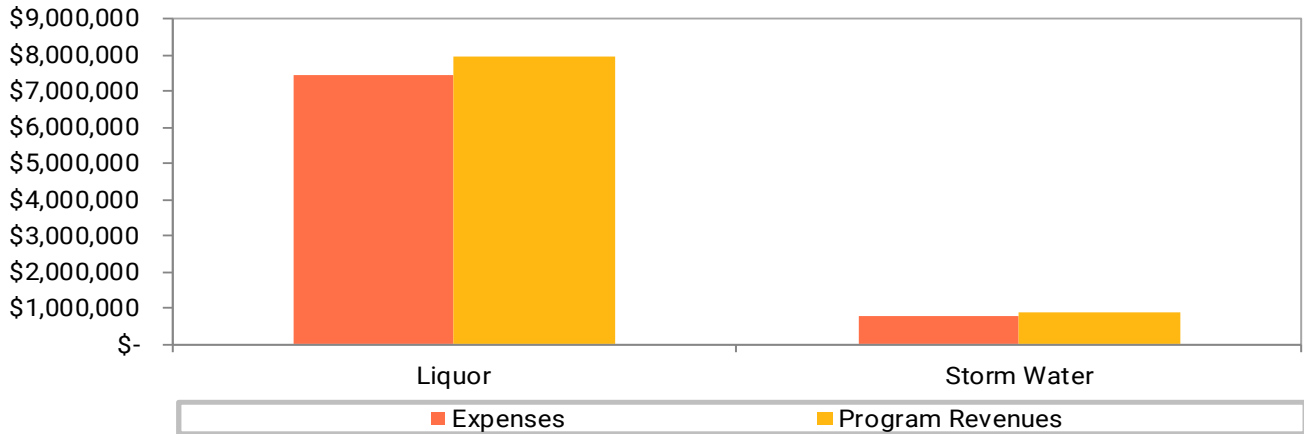
Revenues by Source - Governmental Activities



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

- Sales for business-type activities increased by \$130,117, or 1.5 percent during the year.
- Total expenses increased by \$258,843 during 2022.
- 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 \$547,462 and \$647,310, 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 \$14,975,248, an increase of \$482,455 in comparison with an increase of \$1,747,794 in the prior year. The major factor of the larger increase in 2021 was due to proceeds from debt issued for the Fire and Public Works Capital Project funds received in 2021 and the expenditures for the capital assets occurred in 2022. Approximately 39.4 percent of the total fund balance amount, \$5,906,736 constitutes *unassigned fund balance*, which is available for spending at the City’s discretion. The *restricted* fund balance totals \$8,151,336; *committed* - \$887,794 and *nonspendable* - \$29,382.

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 \$5,987,762. 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 53.6 percent of 2022 fund expenditures, while total fund balance represents 54.3 percent of that same amount.

The fund balance of the City’s General fund increased by \$183,645 during the current fiscal year. The key factors to this net increase are listed on the following page under General Fund Budgetary Highlights.

The *American Rescue Plan Act* fund has a total fund balance of \$5,615 during the current fiscal year. There was \$129,947 of funds spent during the year with unearned revenue of \$1,358,996 yet to be spent as of end of the year.

The *Debt Service fund* has a total fund balance of \$4,000,368, 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 \$424,234. The key factor in this decrease was due to scheduled debt payments.

The *Capital Project fund* has a total fund balance of \$1,039,393. The net increase in fund balance during the current year in the Capital Project fund was \$300,458. The key factor for this increase was due to Federal and State construction funds received for several City projects..

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$2,382,974. The total increase in net position for the funds was \$148,087. 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 \$793,826 and the expenditures were over budget by \$652,578.

Some highlights include:

- Building permit revenues for the year exceeded budget by \$582,856 due to an increase in permits issued for commercial projects and single-family dwellings over the previous year.
- Township inspection fees exceeded budget by \$41,411 due to increased building in Alexandria Township.
- Engineering fees were over budget by \$113,479 due mainly to the increase in building permit reviews.
- Due to unexpected repairs, the equipment repair and maintenance budget City wide, was over by \$50,837 mostly due to large equipment repairs.
- Unexpected equipment replacement caused a \$165,286 overage in budgeted capital outlay due in large part to a water main break in a department building.
- Runestone Community Center revenues were \$686,000, which was \$10,524 under budget. RCC expenditures were over budget by \$14,302.
- Investment earnings were under budget by \$429,133, 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, 2022; the City's investments when purchased are intended to be held to maturity, therefore not affected by market fluctuations.
- Colder weather along with other factors caused an increase in Franchise fees from Natural Gas, the total received for 2022 exceeded budget by \$300,198
- Federal revenue, City wide, exceeded budget by \$59,743, due mostly to unbudgeted CRRSSA funds received for a sidewalk project.
- Total payroll and related expenditures for the City's General fund were over budget by \$69,721.
- Insurance premium expenditures exceeded budget by \$83,379.
- Motor fuels, City wide, were over budget by \$59,730 due mainly to the increase in fuel prices and increased snowfall in 2022.
- Electric and Gas Utilities, City wide, exceeded budget by \$73,226 due to colder temperatures than recent years and increases in natural gas and electricity rates.

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, 2022, amounts to \$80,650,800 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities and roads. The total increase in the City's investment in capital assets for the current fiscal year was 2.2 percent (a 3.1 percent increase for governmental activities and a 2.7 percent decrease for business-type activities.)

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

- Fire Department, Rosenbauer Aerial Fire Truck - \$1,246,799
- Park Department, 2017 John Deere Front Mount Broom and Snow Blower - \$37,500
- Police Department, HVAC Control System - \$28,500
- Police Department, Boiler and Pump System - \$84,609
- Street Department, 2021 John Deere Mower - \$46,221
- Street Department, TH 29 Sidewalk Extension 18th Ave to 34th Ave - \$605,454
- Storm Sewer Improvements including reconstruction portions of South Le Homme Dieu Drive and Rosewood Lane - \$288,852
- Street Improvements including portions of Hawthorne, 7th Avenue, Jasmine Drive, Benjamin Drive, Abbygail Drive, Derek Drive, Highland Trail, and Highland Court - \$426,949

Additional information on the City's capital assets can be found in Note 3C starting on page 59 of this report.

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

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Land	\$ 2,887,178	\$ 2,887,178	\$ -	\$ 101,413	\$ 101,413	\$ -
Buildings	12,558,325	13,143,121	(584,796)	117,393	142,312	(24,919)
Improvements Other than Buildings	40,814,733	41,776,179	(961,446)	11,376,976	11,743,830	(366,854)
Machinery and Equipment	8,001,416	6,978,398	1,023,018	209,466	183,025	26,441
Construction in Progress	4,555,001	1,933,652	2,621,349	28,899	-	28,899
Total	\$ 68,816,653	\$ 66,718,528	\$ 2,098,125	\$ 11,834,147	\$ 12,170,580	\$ (336,433)

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$18,065,034. Of this amount \$3,675,000 is general obligation improvement debt and \$12,535,000 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		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
General Obligation Bonds	\$ 12,535,000	\$ 13,265,000	\$ (730,000)	\$ -	\$ -	\$ -
General Obligation						
Improvement Bonds	2,600,000	3,905,000	(1,305,000)	1,075,000	1,235,000	(160,000)
CHAP Loans	-	1,904	(1,904)	-	-	-
Financed Purchase Arrangements	1,310,356	1,451,331	(140,975)	-	-	-
Leases	544,678	618,389	(73,711)	-	-	-
	<u>\$ 16,990,034</u>	<u>\$ 19,241,624</u>	<u>\$ (2,251,590)</u>	<u>\$ 1,075,000</u>	<u>\$ 1,235,000</u>	<u>\$ (160,000)</u>
Total						

The City's total debt decreased \$2,411,590, or 11.8 percent during the current fiscal 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 \$56,428,503, 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 64 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 2023 budget.

- The 2023 budget process marked the second year of a three-year process to utilize ARPA funds for targeted personnel needs within the City.
- As is customary, the City Council reviewed not only the proposed 2023 budget but also considered a five-year (2023-2027) budget blueprint when discussing the 2023 budget.
- Property value increases and growth through new construction contributed to a 12.6% increase in tax capacity from 2022 to 2023.
- The overall property tax levy increased by 5.77% for 2023. The 2023 budget process saw a return to a more typical process as more time elapsed from the height of the COVID-19 pandemic.
- 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.
- Alexandria continue to see positive trends in population growth. The Minnesota State Demographer estimates the population of Alexandria was 15,263 on April 1, 2022, which is a 3.9% increase from the population on April 1, 2021

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.

THIS PAGE IS LEFT
BLANK INTENTIONALLY

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Alexandria, Minnesota
Statement of Net Position
December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	ALP Utilities
Assets				
Cash and temporary investments	\$ 14,125,032	\$ 2,121,001	\$ 16,246,033	\$ 21,194,390
Restricted debt service reserve deposits	-	-	-	866,295
Receivables				
Interest	25,351	-	25,351	14,851
Delinquent taxes	64,100	-	64,100	-
Accounts, net of allowance	350,235	114,244	464,479	1,119,300
Notes and loans, net of allowance	1,159,204	-	1,159,204	-
Leases	147,031	-	147,031	-
Special assessments	3,276,118	-	3,276,118	2,544
Intergovernmental	2,791,909	-	2,791,909	-
Internal balances	96,323	(96,323)	-	-
Due from component unit	80,272	65,800	146,072	-
Inventories	-	1,127,324	1,127,324	3,214,724
Prepaid items	29,382	-	29,382	183,675
Net pension asset	1,295,073	-	1,295,073	-
Capital assets				
Capital assets not being depreciated/amortized	7,442,179	130,312	7,572,491	4,187,558
Capital assets net of accumulated depreciation/amortization	61,374,474	11,703,835	73,078,309	62,737,150
Total Assets	<u>92,256,683</u>	<u>15,166,193</u>	<u>107,422,876</u>	<u>93,520,487</u>
Deferred Outflows of Resources				
Deferred pension resources	6,547,598	208,700	6,756,298	920,339
Deferred other postemployment benefit resources	113,472	7,150	120,622	2,956
Total Deferred Outflows of Resources	<u>6,661,070</u>	<u>215,850</u>	<u>6,876,920</u>	<u>923,295</u>
Liabilities				
Accounts and contracts payable	650,087	247,340	897,427	1,596,351
Due to other governments	30,749	77,892	108,641	876,250
Accrued interest payable	211,140	11,083	222,223	31,828
Accrued salaries payable	258,744	25,523	284,267	135,268
Due to primary government	-	-	-	146,072
Deposits payable	63,233	-	63,233	387,180
Other current liabilities	-	-	-	217,542
Unearned revenue	1,371,106	-	1,371,106	-
Noncurrent liabilities				
Due within one year				
Long-term liabilities	2,604,869	212,060	2,816,929	1,051,308
Due in more than one year				
Long-term liabilities	15,805,067	1,032,571	16,837,638	7,630,172
Net pension liability	10,633,762	682,376	11,316,138	3,175,933
Other postemployment benefits liability	438,908	15,910	454,818	43,458
Total Liabilities	<u>32,067,665</u>	<u>2,304,755</u>	<u>34,372,420</u>	<u>15,291,362</u>
Deferred Inflows of Resources				
Deferred lease resources	147,308	-	147,308	-
Deferred pension resources	746,895	1,430	748,325	107,635
Deferred other postemployment benefit resources	178,163	6,309	184,472	44,417
Advance from other government	382,279	-	382,279	-
Total Deferred Inflows of Resources	<u>1,454,645</u>	<u>7,739</u>	<u>1,462,384</u>	<u>152,052</u>
Net Position				
Net investment in capital assets	51,885,907	10,686,575	62,572,482	58,859,507
Restricted for				
Fire relief pension	966,761	-	966,761	-
Debt service	5,723,816	-	5,723,816	866,295
Wellness	12,195	-	12,195	-
Capital outlay	460,717	-	460,717	-
Economic development	3,678,056	-	3,678,056	-
Unrestricted	2,667,991	2,382,974	5,050,965	19,274,566
Total Net Position	<u>\$ 65,395,443</u>	<u>\$ 13,069,549</u>	<u>\$ 78,464,992</u>	<u>\$ 79,000,368</u>

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, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,883,351	\$ 533,737	\$ 36,538	\$ 5,636
Public safety	5,124,457	1,141,171	833,743	-
Public works	4,474,169	1,011,705	3,543,751	589,178
Culture and recreation	1,820,911	568,203	101,873	-
Economic development	1,592,042	156,460	-	-
Airport	561,960	284,632	73,020	239,669
Interest and other costs	1,062,186	-	-	-
Total Governmental Activities	<u>17,519,076</u>	<u>3,695,908</u>	<u>4,588,925</u>	<u>834,483</u>
Business-type Activities				
Liquor	7,431,902	7,976,036	2,684	-
Storm Water Utility	772,006	863,640	344	-
Total business-type activities	<u>8,203,908</u>	<u>8,839,676</u>	<u>3,028</u>	<u>-</u>
Total Primary Government	<u>\$ 25,722,984</u>	<u>\$ 12,535,584</u>	<u>\$ 4,591,953</u>	<u>\$ 834,483</u>
Component Unit				
ALP Utilities	<u>\$ 27,129,590</u>	<u>\$ 32,182,426</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

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
\$ (2,307,440)		\$ (2,307,440)	
(3,149,543)		(3,149,543)	
670,465		670,465	
(1,150,835)		(1,150,835)	
(1,435,582)		(1,435,582)	
35,361		35,361	
(1,062,186)		(1,062,186)	
<u>(8,399,760)</u>		<u>(8,399,760)</u>	
-	\$ 546,818	546,818	
-	91,978	91,978	
-	<u>638,796</u>	<u>638,796</u>	
<u>(8,399,760)</u>	<u>638,796</u>	<u>(7,760,964)</u>	
			<u>\$ 5,052,836</u>
6,451,070	-	6,451,070	-
1,584,928	-	1,584,928	-
1,342,761	-	1,342,761	-
457,219	-	457,219	-
736,073	-	736,073	-
1,816,777	-	1,816,777	-
(327,887)	8,171	(319,716)	(618,287)
265,138	-	265,138	-
2,167	-	2,167	157,551
498,880	(498,880)	-	-
<u>12,827,126</u>	<u>(490,709)</u>	<u>12,336,417</u>	<u>(460,736)</u>
4,427,366	148,087	4,575,453	4,592,100
<u>60,968,077</u>	<u>12,921,462</u>	<u>73,889,539</u>	<u>74,408,268</u>
<u>\$ 65,395,443</u>	<u>\$ 13,069,549</u>	<u>\$ 78,464,992</u>	<u>\$ 79,000,368</u>

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

THIS PAGE IS LEFT
BLANK INTENTIONALLY

FUND FINANCIAL STATEMENTS

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of Alexandria, Minnesota

Balance Sheet
Governmental Funds
December 31, 2022

	General	American Rescue Plan Act	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and temporary investments	\$ 5,954,600	\$ 1,385,519	\$ 3,983,756	\$ 25,722	\$ 2,775,435	\$ 14,125,032
Receivables						
Interest	25,351	-	-	-	-	25,351
Delinquent taxes	38,900	-	14,500	4,900	5,800	64,100
Accounts	317,819	-	-	9,266	23,150	350,235
Notes and loans, net of allowance	-	-	-	-	1,159,204	1,159,204
Special assessments	14,373	-	1,920,088	1,341,657	-	3,276,118
Intergovernmental	86,559	-	21,062	2,676,362	7,926	2,791,909
Leases	88,971	-	-	58,060	-	147,031
Due from other funds	96,323	-	-	-	-	96,323
Due from component unit	80,272	-	-	-	-	80,272
Prepaid items	29,382	-	-	-	-	29,382
Total Assets	\$ 6,732,550	\$ 1,385,519	\$ 5,939,406	\$ 4,115,967	\$ 3,971,515	\$ 22,144,957
Liabilities						
Accounts payable	\$ 251,523	\$ 14,311	\$ 4,450	\$ 194,938	\$ 23,605	\$ 488,827
Contracts payable	-	-	-	161,260	-	161,260
Due to other governments	30,749	-	-	-	-	30,749
Accrued salaries payable	252,147	6,597	-	-	-	258,744
Deposits payable	63,233	-	-	-	-	63,233
Unearned revenue	3,500	1,358,996	-	8,610	-	1,371,106
Total Liabilities	601,152	1,379,904	4,450	364,808	23,605	2,373,919
Deferred Inflows of Resources						
Deferred lease revenue	90,363	-	-	56,945	-	147,308
Unavailable revenue - taxes	38,900	-	14,500	4,900	5,800	64,100
Unavailable revenue - special assessments	14,373	-	1,920,088	1,341,657	-	3,276,118
Unavailable revenue - intergovernmental	-	-	-	882,073	-	882,073
Advance from other government	-	-	-	426,191	-	426,191
Total Deferred Inflows of Resources	143,636	-	1,934,588	2,711,766	5,800	4,795,790
Fund Balances						
Nonspendable for						
Prepaid items	29,382	-	-	-	-	29,382
Restricted for						
Debt service	-	-	4,000,368	-	-	4,000,368
Wellness	12,195	-	-	-	-	12,195
Capital outlay	-	-	-	460,717	-	460,717
Economic development	-	-	-	-	3,678,056	3,678,056
Committed for						
Capital outlay	-	-	-	578,676	-	578,676
Payment of benefits	-	-	-	-	6,003	6,003
Firefighter's retirement obligation	-	-	-	-	101,661	101,661
Economic development	-	5,615	-	-	52,830	58,445
Tree Preservation	-	-	-	-	89,572	89,572
Sanitary sewer district appropriations	-	-	-	-	13,988	13,988
Wellness	39,449	-	-	-	-	39,449
Unassigned	5,906,736	-	-	-	-	5,906,736
Total Fund Balances	5,987,762	5,615	4,000,368	1,039,393	3,942,110	14,975,248
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,732,550	\$ 1,385,519	\$ 5,939,406	\$ 4,115,967	\$ 3,971,515	\$ 22,144,957

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, 2022

Total Fund Balances - Governmental Funds	\$ 14,975,248
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.	1,295,073
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	68,816,653
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	(934,512)
Other postemployment benefit liability	(438,908)
Bonds payable	(15,135,000)
Leases payable	(544,678)
Finance Purchase Arrangements	(1,310,356)
Bond premium and discount, net of accumulated amortization	(485,390)
Net pension liability	(10,633,762)
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	64,100
Special assessments receivable	3,276,118
Intergovernmental receivable	925,985
Governmental funds do not report long-term amounts related to pensions and other post employment benefits	
Deferred outflows of resources - pension resources	6,547,598
Deferred outflows of resources - other post employment benefits	113,472
Deferred inflows of resources - pension resources	(746,895)
Deferred inflows of resources - other post employment benefits	(178,163)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(211,140)</u>
Total Net Position - Governmental Activities	<u><u>\$ 65,395,443</u></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, 2022

	General	American Rescue Plan Act	Debt Service	Capital Projects	Other Governmental Funds	Totals
Revenues						
Taxes	\$ 5,648,573	\$ -	\$ 1,762,574	\$ 658,739	\$ 2,473,964	\$ 10,543,850
Payment in lieu of taxes	995,515	-	-	-	-	995,515
Special assessments	5,636	-	248,638	267,568	-	521,842
Licenses and permits	1,094,409	-	-	-	-	1,094,409
Intergovernmental	2,098,038	129,948	45,130	3,810,834	179,008	6,262,958
Charges for services	1,112,483	-	-	313,710	124,838	1,551,031
Fines and forfeits	138,272	-	-	-	-	138,272
Investment earnings	(388,697)	5,516	22,570	10,455	53,891	(296,265)
Other revenue	235,808	-	4,892	322,083	1,928	564,711
Total Revenues	<u>10,940,037</u>	<u>135,464</u>	<u>2,083,804</u>	<u>5,383,389</u>	<u>2,833,629</u>	<u>21,376,323</u>
Expenditures						
Current						
General government	2,628,233	39,822	-	15,370	-	2,683,425
Public safety	4,602,943	49,556	-	-	178,933	4,831,432
Public works	1,821,002	-	-	17,530	630,842	2,469,374
Culture and recreation	1,502,930	40,569	-	35,000	-	1,578,499
Economic development	-	-	-	-	1,592,042	1,592,042
Airport	231,055	-	-	5,652	-	236,707
Capital outlay						
General government	6,032	-	-	30,235	-	36,267
Public safety	194,949	-	-	1,575,439	-	1,770,388
Public works	22,531	-	-	3,313,562	-	3,336,093
Culture and recreation	6,954	-	-	203,413	-	210,367
Airport	7,160	-	-	152,733	-	159,893
Debt service						
Principal	-	-	2,046,317	191,734	1,904	2,239,955
Interest and other	-	-	472,461	52,834	442	525,737
Total Expenditures	<u>11,023,789</u>	<u>129,947</u>	<u>2,518,778</u>	<u>5,593,502</u>	<u>2,404,163</u>	<u>21,670,179</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(83,752)</u>	<u>5,517</u>	<u>(434,974)</u>	<u>(210,113)</u>	<u>429,466</u>	<u>(293,856)</u>
Other Financing Sources (Uses)						
Sale of capital assets	-	-	-	277,431	-	277,431
Transfers in	269,532	-	10,943	244,083	8,378	532,936
Transfers out	(2,135)	-	(203)	(10,943)	(20,775)	(34,056)
Total Other Financing Sources (Uses)	<u>267,397</u>	<u>-</u>	<u>10,740</u>	<u>510,571</u>	<u>(12,397)</u>	<u>776,311</u>
Net Change in Fund Balances	183,645	5,517	(424,234)	300,458	417,069	482,455
Fund Balances, January 1 restated	<u>5,804,117</u>	<u>98</u>	<u>4,424,602</u>	<u>738,935</u>	<u>3,525,041</u>	<u>14,492,793</u>
Fund Balances, December 31	<u>\$ 5,987,762</u>	<u>\$ 5,615</u>	<u>\$ 4,000,368</u>	<u>\$ 1,039,393</u>	<u>\$ 3,942,110</u>	<u>\$ 14,975,248</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, 2022

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

Net Change in Fund Balances - Governmental Funds	\$	482,455
<p>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.</p>		
Capital outlay		5,528,839
Depreciation expense		(3,361,772)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations)</p>		
Loss on disposal of capital assets		(68,942)
<p>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.</p>		
Principal repayments		2,239,955
Lease amortization		11,635
Premium/discount on bonds issued, net of amortization expense		66,387
<p>Long-term pension activity is not reported in governmental funds.</p>		
Pension expense		(281,738)
<p>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.</p>		
		3,918
<p>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.</p>		
Property taxes		6,900
Special assessments		(253,749)
State grants		61,746
<p>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.</p>		
Compensated absences		(8,268)
		<hr style="border-top: 1px solid black;"/>
Change in Net Position - Governmental Activities	\$	<u><u>4,427,366</u></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, 2022

	General		
	Budgeted Amounts	Actual Amounts	Variance with Final Budget
	Original and Final		
Revenues			
Taxes	\$ 5,375,082	\$ 5,648,573	\$ 273,491
Payment in lieu of taxes	1,000,000	995,515	(4,485)
Special assessments	-	5,636	5,636
Licenses and permits	488,175	1,094,409	606,234
Intergovernmental	2,001,561	2,098,038	96,477
Charges for services	1,061,093	1,112,483	51,390
Fines and forfeits	92,000	138,272	46,272
Investment earnings	40,000	(388,697)	(428,697)
Other revenue	88,300	235,808	147,508
Total Revenues	<u>10,146,211</u>	<u>10,940,037</u>	<u>793,826</u>
Expenditures			
Current			
General government	2,709,811	2,628,233	81,578
Public safety	4,525,384	4,602,943	(77,559)
Public works	1,411,271	1,821,002	(409,731)
Culture and recreation	1,489,045	1,502,930	(13,885)
Airport	182,200	231,055	(48,855)
Capital outlay			
General government	4,500	6,032	(1,532)
Public safety	31,000	194,949	(163,949)
Public works	5,000	22,531	(17,531)
Culture and recreation	10,000	6,954	3,046
Airport	3,000	7,160	(4,160)
Total Expenditures	<u>10,371,211</u>	<u>11,023,789</u>	<u>(652,578)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(225,000)</u>	<u>(83,752)</u>	<u>141,248</u>
Other Financing Sources (Uses)			
Transfers in	255,000	269,532	14,532
Transfers out	(30,000)	(2,135)	27,865
Total Other Financing Sources (Uses)	<u>225,000</u>	<u>267,397</u>	<u>42,397</u>
Net Change in Fund Balances	-	183,645	183,645
Fund Balances, January 1	<u>5,804,117</u>	<u>5,804,117</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 5,804,117</u>	<u>\$ 5,987,762</u>	<u>\$ 183,645</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, 2022

	609 Downtown Liquor	610 Plaza Liquor	211 Storm Water Utility	Totals
Assets				
Current Assets				
Cash and temporary investments	\$ 408,698	\$ 820,820	\$ 891,483	\$ 2,121,001
Receivables				
Accounts	39,522	74,722	-	114,244
Due from other funds	420	3,825	-	4,245
Due from component unit	-	-	65,800	65,800
Inventories	556,062	571,262	-	1,127,324
Total Current Assets	<u>1,004,702</u>	<u>1,470,629</u>	<u>957,283</u>	<u>3,432,614</u>
Noncurrent Assets				
Capital assets				
Land	68,603	32,810	-	101,413
Buildings	439,516	624,364	8,346	1,072,226
Equipment	236,258	239,098	3,536	478,892
Other improvements	45,487	48,789	21,344,910	21,439,186
Construction in progress	-	-	28,899	28,899
Less accumulated depreciation	(598,403)	(687,613)	(10,000,453)	(11,286,469)
Total Capital Assets (Net of Accumulated Depreciation)	<u>191,461</u>	<u>257,448</u>	<u>11,385,238</u>	<u>11,834,147</u>
Total Assets	<u>1,196,163</u>	<u>1,728,077</u>	<u>12,342,521</u>	<u>15,266,761</u>
Deferred Outflows of Resources				
Deferred pension resources	84,255	106,384	18,061	208,700
Deferred other postemployment benefit resources	5,200	189	1,761	7,150
Total Deferred Outflows of Resources	<u>89,455</u>	<u>106,573</u>	<u>19,822</u>	<u>215,850</u>
Liabilities				
Current Liabilities				
Accounts and contracts payable	65,215	157,320	24,806	247,341
Due to other governments	30,059	47,833	-	77,892
Accrued interest payable	-	-	11,083	11,083
Accrued salaries payable	11,304	14,218	-	25,522
Compensated absences payable	18,258	22,827	5,975	47,060
Due to other funds	50,127	50,441	-	100,568
Bonds payable, current portion	-	-	165,000	165,000
Total Current Liabilities	<u>174,963</u>	<u>292,639</u>	<u>206,864</u>	<u>674,466</u>
Noncurrent Liabilities				
Compensated absences payable	22,391	20,840	6,768	49,999
Bonds payable	-	-	982,572	982,572
Other postemployment benefits	6,493	2,777	6,640	15,910
Net pension liability	270,860	342,003	69,513	682,376
Total Noncurrent Liabilities	<u>299,744</u>	<u>365,620</u>	<u>1,065,493</u>	<u>1,730,857</u>
Total Liabilities	<u>474,707</u>	<u>658,259</u>	<u>1,272,357</u>	<u>2,405,323</u>
Deferred Inflows of Resources				
Deferred pension resources	3,817	4,820	(7,207)	1,430
Deferred other postemployment benefit resources	1,124	2,492	2,693	6,309
Total Deferred Inflows of Resources	<u>4,941</u>	<u>7,312</u>	<u>(4,514)</u>	<u>7,739</u>
Net Position				
Net investment in capital assets	191,461	257,448	10,237,666	10,686,575
Unrestricted	614,509	911,631	856,834	2,382,974
Total Net Position	<u>\$ 805,970</u>	<u>\$ 1,169,079</u>	<u>\$ 11,094,500</u>	<u>\$ 13,069,549</u>

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, 2022

	609 Downtown Liquor	610 Plaza Liquor	211 Storm Water Utility	Totals
Operating Revenues				
Sales	\$ 3,104,539	\$ 4,869,136	\$ -	\$ 7,973,675
Cost of sales	(2,336,281)	(3,697,992)	-	(6,034,273)
Charges for services	-	-	863,640	863,640
Total Operating Revenues	<u>768,258</u>	<u>1,171,144</u>	<u>863,640</u>	<u>2,803,042</u>
Operating Expenses				
Personel services	436,838	523,870	104,946	1,065,654
Operating supplies and expenses	14,439	25,547	1,598	41,584
Insurance	14,768	20,394	-	35,162
Utilities	14,413	15,396	-	29,809
Depreciation and amortization	14,837	52,012	435,893	502,742
Other services and charges	104,022	159,900	214,665	478,587
Total Operating Expenses	<u>599,317</u>	<u>797,119</u>	<u>757,102</u>	<u>2,153,538</u>
Operating Income	<u>168,941</u>	<u>374,025</u>	<u>106,538</u>	<u>649,504</u>
Nonoperating Revenues (Expenses)				
Intergovernmental revenue	1,186	1,498	344	3,028
Miscellaneous income	954	1,407	-	2,361
Investment income	198	446	7,527	8,171
Amortization of premium	-	-	12,096	12,096
Interest expense	(263)	(930)	(27,000)	(28,193)
Total Nonoperating Revenues (Expenses)	<u>2,075</u>	<u>2,421</u>	<u>(7,033)</u>	<u>(2,537)</u>
Income Before Transfers	171,016	376,446	99,505	646,967
Transfers Out	<u>(70,537)</u>	<u>(215,537)</u>	<u>(212,806)</u>	<u>(498,880)</u>
Change in Net Position	100,479	160,909	(113,301)	148,087
Net Position, January 1	<u>705,491</u>	<u>1,008,170</u>	<u>11,207,801</u>	<u>12,921,462</u>
Net Position, December 31	<u>\$ 805,970</u>	<u>\$ 1,169,079</u>	<u>\$ 11,094,500</u>	<u>\$ 13,069,549</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, 2022

	609 Downtown Liquor	610 Plaza Liquor	211 Storm Water Utility	Totals
Cash Flows from Operating Activities				
Receipts from customers	\$ 3,094,833	\$ 4,855,105	\$ 863,640	\$ 8,813,578
Payments to suppliers and vendors	(2,488,545)	(3,876,341)	(213,968)	(6,578,854)
Payments to and on behalf of employees	(413,991)	(491,836)	(103,203)	(1,009,030)
Other receipts	954	1,407	-	2,361
Net Cash Provided by Operating Activities	<u>193,251</u>	<u>488,335</u>	<u>546,469</u>	<u>1,228,055</u>
Cash Flows from Noncapital Financing Activities				
Grants received	1,186	1,498	344	3,028
Transfers out	(70,537)	(215,537)	(212,806)	(498,880)
Decrease in due from component unit	-	-	(435)	-
Net Cash Used by Noncapital Financing Activities	<u>(69,351)</u>	<u>(214,039)</u>	<u>(212,897)</u>	<u>(495,852)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(25,519)	(60,398)	(80,392)	(166,309)
Principal paid on advance	(53,600)	(147,162)	-	(200,762)
Interest paid on advance	(263)	(930)	-	(1,193)
Principal paid on long-term debt	-	-	(160,000)	(160,000)
Interest paid on long-term debt	-	-	(29,000)	(29,000)
Net Cash Used by Capital and Related Financing Activities	<u>(79,382)</u>	<u>(208,490)</u>	<u>(269,392)</u>	<u>(557,264)</u>
Cash Flows from Investing Activities				
Interest received on cash and investments	198	446	7,527	8,171
Net Increase (Decrease) In Cash and Cash Equivalents	44,716	66,252	71,707	182,675
Cash and Cash Equivalents, January 1	363,982	754,568	819,776	1,938,326
Cash and Cash Equivalents, December 31	<u>\$ 408,698</u>	<u>\$ 820,820</u>	<u>\$ 891,483</u>	<u>\$ 2,121,001</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 168,941	\$ 374,025	\$ 106,538	\$ 649,504
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	14,837	52,012	435,893	502,742
Other income related to operations	954	1,407	-	2,361
(Increase) decrease in assets				
Accounts receivable	(9,286)	(11,642)	-	(20,928)
Due from other funds/departments	(420)	(2,389)	-	(2,809)
Inventories	(46,145)	(25,098)	-	(71,243)
(Increase) decrease in deferred outflows of resources				
Deferred pension resources	14,063	18,099	5,806	37,968
Deferred other postemployment benefit resources	799	(19)	(182)	598
Increase (decrease) in liabilities				
Accounts and contracts payable	16,684	42,520	2,192	61,396
Due to other governments	1,651	459	-	2,110
Due to other funds/departments	23,188	25,007	-	48,195
Due to component unit	-	-	103	103
Accrued salaries payable	796	986	(3,246)	(1,464)
Compensated absences payable	4,597	4,390	1,679	10,666
Net pension liability	132,118	166,338	35,833	334,289
Other postemployment benefits liability	(4,462)	770	595	(3,097)
Increase (decrease) in deferred inflows of resources				
Deferred pension resources	(124,890)	(158,140)	(38,451)	(321,481)
Deferred other postemployment benefit resources	(174)	(390)	(291)	(855)
Net Cash Provided (Used) by Operating Activities	<u>\$ 193,251</u>	<u>\$ 488,335</u>	<u>\$ 546,469</u>	<u>\$ 1,228,055</u>
Noncash Investing, Capital and Financing Activities				
Amortization of bond (premium) discount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,096)</u>	<u>\$ -</u>

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

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

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.

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*.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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 *American Rescue Plan Act fund* accounts for the federal dollars received and spent from the American Rescue Plan Act grant.

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.

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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

The city has the following recurring fair value measurements as of December 31, 2022:

- United State Treasuries of \$1,099,432 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposit, Government agency securities, and Municipal bonds of \$1,681,398, \$2,882,996 and \$1,005,072, respectively 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, 2022:

- United State Treasuries of \$1,621,020 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposit, Government agency securities, and Municipal bonds of \$906,355, \$8,267,571 and \$313,659, respectively 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 \$1,119,300 are recorded net of allowance for doubtful accounts of \$68,317 at December 31, 2022. 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 \$114,629 has been recorded related to these notes.

Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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:

Assets	Years
Buildings	30 - 50
Other Improvements	5 - 25
Furniture and Equipment	5 - 25

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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	\$ 564,181	\$ 679,670	\$ (247,504)	\$ 996,347
Pension expense - Component Unit	398,623	-	-	398,623

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 three sources: taxes, special assessments and intergovernmental. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

There is an additional items for the deferred portion of the lease receivable that is shown in the statement of net position and governmental funds.

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, deferred lease revenues and advance from other governments, are results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions, amortization of leave receivables, and also the City receiving an advance from the State for MSA dollars.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

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.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2022, expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General	\$ 10,371,211	\$ 11,023,789	\$ 652,578

These excess expenditures were funded by greater than anticipated revenues.

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;

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on all Funds (Continued)

- 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 \$7,269,184 and the bank balance was \$7,825,247. Of the bank balance, \$1,000,000 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 \$10,814,465 and the bank balance was \$10,926,790. The bank balance was covered by \$1,241,903 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.

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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on all Funds (Continued)

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, 2022, 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	\$ 2,304,069		
Non-pooled Investments at Fair Value					
US Treasuries	Aaa	less than 1 year	398,014	\$ 398,014	\$ -
US Treasuries	Aaa	1 to 5 years	701,418	701,418	-
Municipal Bonds	Aa2	1 to 5 years	592,406	-	592,406
Municipal Bonds	Aaa	1 to 5 years	209,468	-	209,468
Municipal Bonds	Aa3	1 to 5 years	203,198	-	203,198
Government Agency Securities	Aaa	less than 1 year	338,563	-	338,563
Government Agency Securities	AAA	1 to 5 years	915,759	-	915,759
Government Agency Securities	Aaa	1 to 5 years	1,489,795	-	1,489,795
Government Agency Securities	Aaa	more than 5 years	138,879	-	138,879
Negotiable certificates of deposit	N/A	less than 1 year	1,210,493	-	1,210,493
Negotiable certificates of deposit	N/A	1 to 5 years	470,905	-	470,905
Total Investments			<u>\$ 8,972,967</u>	<u>\$ 1,099,432</u>	<u>\$ 5,569,466</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, 2022

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 one year	\$ 5		
Non-pooled Investments at Amortized Costs					
Money Market Funds	N/A	less than one year	137,360		
Non-pooled Investments at Fair Value					
United State Treasuries	N/A	less than one year	1,621,020	\$ 1,621,020	\$ -
Government Agency Securities	AAA	less than one year	1,523,745	-	1,523,745
Government Agency Securities	AAA	1 to 5 years	5,398,080	-	5,398,080
Government Agency Securities	AA+	less than one year	120,589	-	120,589
Government Agency Securities	AA+	1 to 5 years	1,122,472	-	1,122,472
Government Agency Securities	AA+	5 to 10 years	102,685	-	102,685
Municipal Bonds	AAA/AA+	1 to 5 years	313,659	-	313,659
Negotiable certificates of deposit	N/A	less than one year	490,539	-	490,539
Negotiable certificates of deposit	N/A	1 to 5 years	415,816	-	415,816
Total Investments			<u>\$ 11,245,970</u>	<u>\$ 1,621,020</u>	<u>\$ 9,487,585</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	\$ 7,269,184	\$ 10,814,465	\$ 18,083,649
Investments	8,972,967	11,245,970	20,218,937
Cash on Hand	3,882	250	4,132
Total	<u>\$ 16,246,033</u>	<u>\$ 22,060,685</u>	<u>\$ 38,306,718</u>
Cash and Cash Equivalents	\$ 16,246,033	\$ 21,194,390	\$ 37,440,423
Restricted Debt Service Reserve Deposits	-	866,295	866,295
Total	<u>\$ 16,246,033</u>	<u>\$ 22,060,685</u>	<u>\$ 38,306,718</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on all Funds (Continued)

B. 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, 2022 is \$896,936.

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 \$29,900, at December 31, 2022 is \$108,200.

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, 2022 is \$154,068.

C. Capital Assets

Primary Government

Capital asset activity for the primary government for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not being Depreciated/Amortized				
Land	\$ 2,887,178	\$ -	\$ -	\$ 2,887,178
Construction in progress	1,933,652	3,684,269	(1,062,920)	4,555,001
Total Capital Assets not being Depreciated/Amortized	<u>4,820,830</u>	<u>3,684,269</u>	<u>(1,062,920)</u>	<u>7,442,179</u>
Capital Assets being Depreciated/Amortized				
Buildings	22,607,746	5,730	(44,100)	22,569,376
Improvements other than buildings	77,309,004	1,082,769	(12,990)	78,378,783
Machinery and equipment	15,414,857	1,818,991	(2,022,563)	15,211,285
Leased Equipment (Intangible Right to Use Asset)	618,389	-	-	618,389
Total Capital Assets Being Depreciated/Amortized	<u>115,949,996</u>	<u>2,907,490</u>	<u>(2,079,653)</u>	<u>116,777,833</u>
Less Accumulated Depreciation/Amortization for				
Buildings	(9,464,625)	(588,112)	41,686	(10,011,051)
Improvements other than buildings	(35,532,825)	(2,032,672)	1,447	(37,564,050)
Machinery and equipment	(9,054,848)	(663,504)	1,967,578	(7,750,774)
Leased Equipment (Intangible Right to Use Asset)	-	(77,484)	-	(77,484)
Total Accumulated Depreciation/Amortization	<u>(54,052,298)</u>	<u>(3,361,772)</u>	<u>2,010,711</u>	<u>(55,403,359)</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>61,897,698</u>	<u>(454,282)</u>	<u>(68,942)</u>	<u>61,374,474</u>
Governmental Activities Capital Assets, Net	<u>\$ 66,718,528</u>	<u>\$ 3,229,987</u>	<u>\$ (1,131,862)</u>	<u>\$ 68,816,653</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on all Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not being Depreciated				
Land	\$ 101,413	\$ -	\$ -	\$ 101,413
Construction in progress	-	28,899	-	28,899
	<u>101,413</u>	<u>28,899</u>	<u>-</u>	<u>130,312</u>
Total capital assets not being depreciated	101,413	28,899	-	130,312
Capital Assets being Depreciated				
Buildings	1,058,452	13,774	-	1,072,226
Equipment	444,626	52,114	(17,848)	478,892
Other improvements	21,367,664	71,522	-	21,439,186
Total Capital Assets Being Depreciated	<u>22,870,742</u>	<u>137,410</u>	<u>(17,848)</u>	<u>22,990,304</u>
Less Accumulated Depreciation for				
Buildings	(916,140)	(38,693)	-	(954,833)
Equipment	(261,601)	(25,673)	17,848	(269,426)
Other improvements	(9,623,834)	(438,376)	-	(10,062,210)
Total Accumulated Depreciation	<u>(10,801,575)</u>	<u>(502,742)</u>	<u>17,848</u>	<u>(11,286,469)</u>
Total Capital Assets Being Depreciated, Net	<u>12,069,167</u>	<u>(365,332)</u>	<u>-</u>	<u>11,703,835</u>
Business-type Activities Capital Assets, Net	<u>\$ 12,170,580</u>	<u>\$ (336,433)</u>	<u>\$ -</u>	<u>\$ 11,834,147</u>

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

Governmental Activities		
General government		\$ 137,569
Public safety		405,405
Public works		2,077,272
Culture and recreation		408,670
Airport		332,856
Total Depreciation Expense - Governmental Activities		<u>\$ 3,361,772</u>
Business-type Activities		
Municipal Liquor Dispensary		\$ 66,849
Storm water		435,893
Total depreciation expense - business-type activities		<u>\$ 502,742</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

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, 2022 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
Service territory acquired	255,813	-	-	255,813
Construction in progress	1,843,985	4,960,206	(3,003,922)	3,800,269
Total Capital Assets not Being Depreciated	<u>2,231,274</u>	<u>4,960,206</u>	<u>(3,003,922)</u>	<u>4,187,558</u>
Capital Assets Being Depreciated				
Buildings and structures	2,859,648	16,826	-	2,876,474
Transmission plant	2,763,581	-	-	2,763,581
Distribution plant	99,721,374	2,394,542	(4,986)	102,110,930
General equipment	8,312,616	425,238	(115,019)	8,622,835
Total Capital Assets Being Depreciated	<u>113,657,219</u>	<u>2,836,606</u>	<u>(120,005)</u>	<u>116,373,820</u>
Less Accumulated Depreciation for				
Buildings and structures	(2,256,980)	(57,900)	-	(2,314,880)
Transmission plant	(1,459,797)	(83,515)	-	(1,543,312)
Distribution plant	(41,493,169)	(2,291,493)	4,986	(43,779,676)
General equipment	(5,699,503)	(414,318)	115,019	(5,998,802)
Total Accumulated Depreciation	<u>(50,909,449)</u>	<u>(2,847,226)</u>	<u>120,005</u>	<u>(53,636,670)</u>
Total Capital Assets Being Depreciated, Net	<u>62,747,770</u>	<u>(10,620)</u>	<u>-</u>	<u>62,737,150</u>
Business-type Activities Capital Assets, Net	<u>\$ 64,979,044</u>	<u>\$ 4,949,586</u>	<u>\$ (3,003,922)</u>	<u>\$ 66,924,708</u>

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

Component unit	
Electric	\$ 1,729,575
Water	1,046,703
Fiber	<u>70,948</u>
Total Depreciation Expense - Component Unit	<u>\$ 2,847,226</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on all Funds (Continued)

Construction Commitments

The City has active construction projects as of December 31, 2022. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Hawthorne Street Improvement	\$ 39,265	\$ 4,851
Nokomis Street Improvement	14,625	41,625
2023 Local Street Improvement	21,492	58,108
18th Ave Reconstruction	3,728,857	4,241,396
2022 Local Street Improvement	384,787	41,952
Total	\$ 4,189,026	\$ 4,387,932

D. Interfund Receivables, Payables and Transfers

Interfund Receivables/Payables

The composition of advances from/to other funds at December 31, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
General	Proprietary	
	Downtown Liquor	\$ 46,302
	Plaza Liquor	50,021
Proprietary	Proprietary	
Downtown Liquor	Plaza Liquor	420
Plaza Liquor	Downtown Liquor	3,825
Net Internal Balance		\$ 100,568

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, 2022

Note 3: Detailed Notes on all Funds (Continued)

Interfund Transfers

Transfers made for the year ended December 31, 2022 are as follows:

Fund	Transfers In				Total
	General	Debt Service	Capital Projects	Nonmajor Governmental	
Transfers Out					
General	\$ -	\$ -	\$ -	\$ 2,135	\$ 2,135
Debt Service	-	-	203	-	203
Capital Projects	-	10,943	-	-	10,943
Nonmajor governmental	14,532	-	-	6,243	20,775
Downtown Liquor	55,000	-	15,537	-	70,537
Plaza Liquor	200,000	-	15,537	-	215,537
Storm Water Utility	-	-	212,806	-	212,806
Total Transfers Out	\$ 269,532	\$ 10,943	\$ 244,083	\$ 8,378	\$ 532,936

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, 2022, the government made the following one-time transfers:

- From Capital Projects fund to Debt service fund for \$10,943 to cover Vehicle Lease payments
- From the Storm Water fund to the 18th Avenue Reconstruction fund for \$212,806 for construction costs

E. Lease Receivable

The City leases various airport hangar buildings and grounds to companies and individuals. These agreements contain various renewal and extension options. The latest maturity date is projected to be in 2029, however, the City anticipates new or revised lease arrangements to occur in the future.

Long-term lease liability for the year is as follows:

Description	Issue Date	Discount Rate	Current Year Infow of Resources	Balance at Year End
Airport Building - Life Link	05/25/21	4.75	\$ 43,804	\$ 58,060
Ground Lease - MBA - Alexandria, LLC	06/11/19	4.75	18,221	88,971
Total				\$ 147,031

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on all Funds (Continued)

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:

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	\$ 2,940,000
G.O. Refunding Bonds of 2014B	1,470,000	2.00 - 3.00	09/15/14	02/01/30	765,000
G.O. Bonds of 2016A	7,060,000	2.00 - 3.00	08/25/16	02/01/37	6,165,000
G.O. Refunding Bonds of 2016B	780,000	2.00 - 3.00	08/25/16	02/01/30	590,000
G.O. Improvement Bonds of 2020A	2,165,000	4.00 - 1.50	08/27/20	02/01/36	<u>2,075,000</u>
Total General Obligation Bonds					<u>\$ 12,535,000</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
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	1,070,000	216,025	1,286,025
2028 - 2032	5,010,000	572,053	5,582,053
2033 - 2037	<u>2,460,000</u>	<u>124,942</u>	<u>2,584,942</u>
Total	<u>\$ 12,535,000</u>	<u>\$ 2,111,318</u>	<u>\$ 14,646,318</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

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 2013A	\$ 5,490,000	2.60 - 3.00 %	09/01/13	02/01/24	\$ 1,300,000
G.O. Improvement Bonds of 2014A	2,900,000	2.60 - 3.00	09/15/14	02/01/24	1,130,000
G.O. Refunding Bonds of 2014B	1,470,000	2.00 - 3.00	09/15/14	02/01/25	170,000
G.O. Refunding Bonds of 2016B	1,685,000	2.00 - 3.00	08/25/16	02/01/28	<u>1,075,000</u>
Total G.O. Improvement Bonds					<u>\$ 3,675,000</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
	2023	\$ 985,000	\$ 56,366	\$ 1,041,366	\$ 165,000	\$ 24,125
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	3,562	288,562	185,000	9,450	194,450
2027	-	-	-	190,000	5,700	195,700
2028	-	-	-	190,000	1,900	191,900
Total	<u>\$ 2,600,000</u>	<u>\$ 100,941</u>	<u>\$ 2,700,941</u>	<u>\$ 1,075,000</u>	<u>\$ 74,200</u>	<u>\$ 1,149,200</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on all Funds (Continued)

Leases Payable

The City has entered into various lease agreements with Enterprise for various vehicles. These leases have interest rates between 4.29-6.78% and terms of 46-60 months.

Description	Total Lease Liability	Interest Rate	Issue Date	Payment Terms	Payment Amount	Current Year Additional Outflows	Balance at Year End
Enterprise Vehicles							
1FMCU9G66MUA91107 - Administration	\$ 17,027	4.29 %	01/01/2022	46 Months	\$ 401 Monthly	\$ 451	\$ 12,805
1FMCU9G68MUA91061 - Administration	17,027	4.29	01/01/2022	46 Months	401 Monthly	451	12,805
1GNEVFKW4NJ164761 - Police	22,056	6.37	06/01/2022	48 Months	531 Monthly	301	19,536
1GNEVFKW1NJ164653 - Police	22,509	5.31	06/01/2022	48 Months	531 Monthly	301	19,889
1GNEVFKW9NJ165369 - Police	22,018	6.23	06/01/2022	48 Months	529 Monthly	344	19,496
1GNEVFKW9NJ164688 - Police	22,041	6.21	07/01/2022	48 Months	530 Monthly	259	19,942
1GNEVFKWXNJ165879 - Police	22,406	6.23	06/01/2022	48 Months	538 Monthly	307	19,840
1FM5K8AB5MGC23612 - Police	27,967	4.48	02/01/2022	48 Months	650 Monthly	569	22,420
1FTFW1E56MKF00662 - Police	22,590	4.48	02/01/2022	48 Months	525 Monthly	562	18,109
1FM5K8AB9MGC25122 - Police	28,016	4.48	02/01/2022	48 Months	651 Monthly	570	22,459
1FTER1FH6MLD92310- Building Department	21,566	4.49	01/01/2022	60 Months	400 Monthly	483	17,564
1FDRF3H61NEE50102 - Street Department	45,935	6.33	09/01/2022	60 Months	908 Monthly	229	43,928
1GT39SE7XNF180211 - Street Department	31,565	4.67	02/01/2022	60 Months	600 Monthly	440	26,711
1FT7X2B67NEE59205 - Street Department	27,131	6.33	08/01/2022	60 Months	536 Monthly	253	25,546
1FT8X3B69NEE59216 - Street Department	28,804	6.33	09/01/2022	60 Months	569 Monthly	215	27,545
1FT7X2B65NEE59204 - Park Department	27,801	6.49	08/01/2022	60 Months	552 Monthly	259	26,183
1FT7X2B63NEE59203 - Park Department	27,804	6.49	08/01/2022	60 Months	552 Monthly	259	26,186
1FT7X2B61NEE59202 - Park Department	27,790	6.49	08/01/2022	60 Months	551 Monthly	259	26,172
1FT7X2B6XNEE59201 - Park Department	27,643	6.33	09/01/2022	60 Months	546 Monthly	206	26,435
1FT8X3B67NEE59215 - Park Department	29,990	6.49	07/01/2022	60 Months	595 Monthly	335	27,802
1FDRF3H6XNEE50101 - Park Department	46,337	6.78	09/01/2022	60 Months	926 Monthly	230	44,334
1FDRF3H68NEE50100 - RCC	40,732	6.78	09/01/2022	60 Months	814 Monthly	202	38,971
							<u>\$ 544,678</u>

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

Year Ending December 31,	Leases Payable		
	Governmental Activities		
	Principal	Interest	Total
2023	\$ 125,012	\$ 29,031	\$ 154,043
2024	132,445	21,598	154,043
2025	138,726	13,715	152,441
2026	99,999	6,253	106,252
2027	48,496	1,119	49,615
Total	<u>\$ 544,678</u>	<u>\$ 71,716</u>	<u>\$ 616,394</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on all Funds (Continued)

Financed Purchase Arrangements

The following loans were issued to finance a mower and fire truck.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
John Deere Tractor Mower	\$ 1,248,959	2.75 %	10/15/21	02/01/36	\$ 1,158,311
Fire Truck	191,055	2.50	10/15/21	02/01/26	<u>152,045</u>
Total Financed Purchase Arrangements					<u><u>\$ 1,310,356</u></u>

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

Year Ending December 31,	Financed Purchase Arrangements		
	Governmental Activities		
	Principal	Interest	Total
2023	\$ 105,562	\$ 35,657	\$ 141,219
2024	108,374	32,845	141,219
2025	111,261	29,958	141,219
2026	114,225	26,993	141,218
2027	76,851	23,950	100,801
2028 - 2032	417,143	86,866	504,009
2033 - 2036	<u>376,940</u>	<u>26,266</u>	<u>403,206</u>
Total	<u><u>\$ 1,310,356</u></u>	<u><u>\$ 262,535</u></u>	<u><u>\$ 1,572,891</u></u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on all Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 13,265,000	\$ -	\$ (730,000)	\$ 12,535,000	\$ 960,000
General obligation improvement bonds	3,905,000	-	(1,305,000)	2,600,000	985,000
Bond discount	(1,394)	-	1,394	-	-
Bond premium	553,171	-	(67,781)	485,390	-
Total Bonds Payable	<u>17,721,777</u>	<u>-</u>	<u>(2,101,387)</u>	<u>15,620,390</u>	<u>1,945,000</u>
Hangar Loan	-	-	-	-	-
Loans	1,904	-	(1,904)	-	-
Financed Purchase Arrangements	1,451,331	-	(140,975)	1,310,356	105,562
Leases Payable	618,389	-	(73,711)	544,678	125,012
Compensated Absences payable	902,145	627,267	(594,900)	934,512	429,295
Governmental Activity Long-term Liabilities	<u>\$ 20,695,546</u>	<u>\$ 627,267</u>	<u>\$ (2,912,877)</u>	<u>\$ 18,409,936</u>	<u>\$ 2,604,869</u>
Business-type Activities					
Bonds Payable					
General obligation improvement bonds	\$ 1,235,000	\$ -	\$ (160,000)	\$ 1,075,000	\$ 165,000
Bond Premium	84,668	-	(12,096)	72,572	-
Total Bonds Payable	<u>1,319,668</u>	<u>-</u>	<u>(172,096)</u>	<u>1,147,572</u>	<u>165,000</u>
Compensated Absences Payable	86,393	28,727	(18,061)	97,059	47,060
Business-type Activity Long-term Liabilities	<u>\$ 1,406,061</u>	<u>\$ 28,727</u>	<u>\$ (190,157)</u>	<u>\$ 1,244,631</u>	<u>\$ 212,060</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

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	
					2022	2021
Electric Utility Revenue Bonds of 2015A	\$ 5,395,000	2.00 - 3.25 %	12/30/15	12/01/35	\$ 3,805,000	\$ 4,040,000
Electric Utility Refunding Bonds of 2017A	1,685,000	2.20	10/16/17	12/01/24	395,000	585,000
Electric Utility Revenue Bonds of 2019A	2,680,000	4.00 - 5.00	06/19/19	12/01/33	2,090,000	2,230,000
Total Revenue Bonds					<u>\$ 6,290,000</u>	<u>\$ 6,855,000</u>

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

Year Ending December 31,	Revenue Bonds		
	Principal	Interest	Total
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	450,000	146,708	596,708
2028 - 2032	2,530,000	479,737	3,009,737
2033 - 2035	1,260,000	76,342	1,336,342
Total	<u>\$ 6,290,000</u>	<u>\$ 1,442,510</u>	<u>\$ 7,732,510</u>

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. Drinking Water Revenue Note of 2009	\$ 3,765,480	2.45 %	09/01/09	08/20/29	<u>\$ 1,466,000</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on all Funds (Continued)

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

Year Ending December 31,	G.O. Revenue Notes		
	Principal	Interest	Total
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	214,000	16,113	230,113
2028 - 2029	445,000	16,381	461,381
Total	<u>\$ 1,466,000</u>	<u>\$ 146,847</u>	<u>\$ 1,612,847</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:

	<u>Board of Public Works</u>
Revenues	\$ 31,727,422
Principal and Interest	1,095,262
Percentage of Revenues	3.5%

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type Activities					
Bonds Payable					
Revenue bonds	\$ 6,855,000	\$ -	\$ (565,000)	\$ 6,290,000	\$ 590,000
G.O. revenue notes	1,727,000	-	(261,000)	1,466,000	195,000
Bond premium	337,034	-	(27,833)	309,201	-
Total Bonds Payable	<u>8,919,034</u>	<u>-</u>	<u>(853,833)</u>	<u>8,065,201</u>	<u>785,000</u>
Compensated Absences Payable	<u>832,304</u>	<u>341,320</u>	<u>(557,345)</u>	<u>616,279</u>	<u>266,308</u>
Business-type Activity Long-term Liabilities	<u>\$ 9,751,338</u>	<u>\$ 341,320</u>	<u>\$ (1,411,178)</u>	<u>\$ 8,681,480</u>	<u>\$ 1,051,308</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on all Funds (Continued)

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, 2022 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	\$ 1,167,996
Knute Nelson - Assisted Living Facility	06/08/06	06/01/27	4,300,000	1,259,760
Alexandria Area YMCA	05/26/20	06/15/30	6,000,000	755,891
Knute Nelson Project	07/08/10	07/08/25	4,500,000	853,430
ATCC Foundation	09/01/11	03/01/43	7,040,000	5,170,684

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.

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

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.

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 2022 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, 2022, 2021 and 2020 were \$256,617, \$238,876 and \$222,976, respectively. The Board of Public Works contributions to the GERP for the years ending December 31, 2022, 2021 and 2020 were \$230,496, \$224,225 and \$227,803, respectively. The City's and Board of Public Works 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, 2022

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

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, 2022, 2021 and 2020 were \$404,187, \$372,173 and \$380,636, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of \$3,500,655 for its proportionate share of the General Employees Fund's net pension liability. At December 31, 2022, the Board of Public Works reported a liability of \$3,175,933 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 \$102,638 and with the Board of Public Works totaled \$92,938. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0442 percent which was an increase of 0.0018 percent from its proportion measured as of June 30, 2021. The Board of Public Works proportionate share was 0.0401 percent which was a decrease of 0.0023 percent from its proportion measured as of June 30, 2021.

City's proportionate share of the net pension liability	\$ 3,500,655
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>102,638</u>
Total	<u><u>\$ 3,603,293</u></u>
Board of Public Works proportionate share of the net pension liability	\$ 3,175,933
State of Minnesota's proportionate share of the net pension liability associated with the Board of Public Works	<u>92,938</u>
Total	<u><u>\$ 3,268,871</u></u>

For the year ended December 31, 2022, the City recognized pension expense of \$548,845 for its proportionate share of the General Employees Plan's pension expense. For the year ended December 31, 2022, the Board of Public Works recognized pension expense of \$384,736 for its proportionate share of General Employees Fund pension expense. In addition, the City recognized \$15,336 and the Board of Public Works recognized \$13,887 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, 2022

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

At December 31, 2022, 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	\$ 29,240	\$ 35,835	\$ 26,528	\$ 35,880
Changes in Actuarial Assumptions	760,972	13,497	758,753	13,690
Net Difference Between Projected and Actual Earnings on Plan Investments	108,236	-	-	7,455
Changes in Proportion	23,005	-	18,612	50,610
Contributions Paid to PERA Subsequent To the Measurement Date	129,036	-	116,446	-
Total	\$ 1,050,489	\$ 49,332	\$ 920,339	\$ 107,635

The \$245,482 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, 2023. 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
2023	\$ 329,461	\$ 268,671
2024	319,478	264,782
2025	(93,401)	(124,411)
2026	316,583	287,216

Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$7,815,483 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1796 percent which was an increase of 0.0002 percent from its proportionate share measured as of June 30, 2021.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

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

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, 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, 2022, the City recognized pension expense of \$613,459 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$66,211 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 \$16,164 for the year ended December 31, 2021 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, 2022, 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	\$ 479,478	\$ 6,057
Changes in Actuarial Assumptions	4,615,350	67,642
Net Difference Between Projected and Actual Earnings on Plan Investments	116,620	-
Changes in Proportion	55,784	64,219
Contributions Paid to PERA Subsequent To the Measurement Date	205,814	-
Total	\$ 5,473,046	\$ 137,918

The \$205,814 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ 1,005,701
2024	992,503
2025	870,152
2026	1,610,693
2027	650,265

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

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

D. Long -Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	100.00 %	

E. Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 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 27 years of service. 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, 2022 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.

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

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

The single discount rate changed from 6.50 percent to 5.40 percent.

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:

F. Discount Rate

The discount rate used to measure the total pension liability in 2022 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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

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

G. 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	\$ 5,529,467	\$ 3,500,655	\$ 1,836,715
Component unit	5,016,553	3,175,933	1,666,341
Police and Fire Fund	11,827,730	7,815,483	4,571,820

H. Pension Plan Fiduciary Net Position

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

Note 5: Defined 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, 2022, 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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

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

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 \$175,933 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2022, 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.

D. Pension Costs

At December 31, 2022, the City reported a net pension liability (asset) of (\$1,295,073) for the plan. The net pension liability (asset) was measured as of December 31, 2021. 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, 2022. 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, 2022	\$ 2,644,582	\$ 3,596,506	\$ (951,924)
Changes for the Year			
Service cost	108,564	-	108,564
Interest on pension liability (asset)	159,789	-	159,789
Differences between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Changes of benefit terms	40,100	-	40,100
Contributions (State and local)	-	161,635	(161,635)
Net investment income	-	501,381	(501,381)
Nonemployer contributions	-	674	(674)
Benefit payments	(393,037)	(393,037)	-
Administrative expenses	-	(12,088)	12,088
Total Net Changes	(84,584)	258,565	(343,149)
Ending Balance December 31, 2022	\$ 2,559,998	\$ 3,855,071	\$ (1,295,073)

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

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

For the year ended December 31, 2022 the City recognized negative pension expense of \$257,504.

At December 31, 2022, 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	\$ 56,830	\$ 21,399
Net Difference Between Projected and Actual Investment Earnings	-	332,700
Difference Between Expected and Actual Liability	-	206,976
Contributions to Plan Subsequent To the Measurement Date	175,933	-
Total	\$ 232,763	\$ 561,075

Deferred outflows of resources totaling \$175,933 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

2023	\$ (95,988)
2024	(207,869)
2025	(100,199)
2026	(71,107)
2027	(13,560)
Thereafter	(15,522)

E. Actuarial Assumptions

The total pension liability at December 31, 2022 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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

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

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>	

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	\$ (1,223,163)	\$ (1,295,073)	\$ (1,364,357)

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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 6: Postemployment Benefits Other than Pensions (Continued)

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	9
Active Plan Members	73
	82
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, 2022, the City's average contribution rate was 10.58 percent of covered-employee payroll. For the year 2022, the City directly contributed \$13,889 to the Plan, while implicit contributions totaled \$29,709.

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$454,818 was measured as of December 31, 2021, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2021. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	1.84%
20-Year Municipal Bond Yield	2.00%
Inflation Rate	2.25%
Salary Increases	Varies
Medical Trend Rate	Actual for FY2022, 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, 2021 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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 6: Postemployment Benefits Other than Pensions (Continued)

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at December 31, 2021	\$ 443,133
Changes for the Year:	
Service cost	43,324
Interest	9,156
Differences between expected and actual experience	13,815
Changes in assumptions or other inputs	2,666
Benefit payments	(57,276)
Net Changes	11,685
Balances at December 31, 2022	\$ 454,818

Since the prior measurement date, the following assumptions changed:

- No significant changes

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:

1 Percent Decrease (0.84.00%)	Current (1.84.00%)	1 Percent Increase (2.84.00%)
\$ 469,875	\$ 454,818	\$ 437,332

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:

1 Percent Decrease (5.20% decreasing to 2.70%)	Healthcare Cost Trend Rates (6.20% decreasing to 3.70%)	1 Percent Increase (7.20% decreasing to 4.70%)
\$ 406,966	\$ 454,818	\$ 511,716

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

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, 2022, the City recognized OPEB expense of \$1,462. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,819	\$ 72,014
Changes in actuarial assumptions	24,080	112,458
Contributions to OPEB subsequent to the measurement date.	44,723	-
Total	\$ 120,622	\$ 184,472

Deferred outflows of resources totaling \$44,723 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, 2022. 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	
2023	\$ (21,529)
2024	(21,529)
2025	(21,529)
2026	(21,938)
2027	(11,303)
Thereafter	(10,745)

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, 2022

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 2022 was \$1,591,241 which accounted for 14.5 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, 2022 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 2022, 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 2022 the City paid TIF administration fees of \$60,362 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, 2022

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 \$2,500 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 \$62,590 and \$66,285 in matching funds to the plan for the year ended December 31, 2022 and 2021, respectively.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 8: Tax Abatements

As of December 31, 2022, 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, 2022

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, 2022

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, 2022

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, 2022

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>

Note 9: Change in Accounting Principles

For fiscal year 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements. The City's recognition of the beginning balances related to the lease liability, intangible right to use lease asset, lease receivable and deferred inflows were equal balances and had no effect on the beginning net position of the Governmental Activities.

THIS PAGE IS LEFT
BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY
INFORMATION

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of Alexandria, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2022

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
06/30/22	0.0442 %	\$ 3,500,655	\$ 102,638	\$ 3,603,293	\$ 3,311,932	105.7 %	76.7 %
06/30/21	0.0424	1,810,670	55,301	1,865,971	3,053,760	59.3	87.0
06/30/19	0.0419	2,512,096	77,478	2,589,574	2,987,173	84.1	79.0
06/30/18	0.0409	2,261,269	70,330	2,331,599	2,893,901	78.1	80.2
06/30/17	0.0418	2,318,893	76,115	2,395,008	2,802,281	82.8	79.5
06/30/16	0.0420	2,681,252	-	2,681,252	2,707,621	99.0	75.9
06/30/15	0.0441	3,580,701	-	3,580,701	2,686,934	133.3	68.9

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
06/30/22	0.0401 %	\$ 3,175,933	92,938	\$ 3,268,871	\$ 3,001,605	105.8 %	76.7 %
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

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, 2022

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)
12/31/22	\$ 256,617	\$ 256,617	\$ -	\$ 3,421,556	7.5 %
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

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)
12/31/22	\$ 230,496	\$ 230,496	\$ -	\$ 3,073,276	7.5 %
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

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, 2022

Notes to the Required Supplementary Information - General Employee Fund

Changes in Actuarial Assumptions

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

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, 2022

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

2022 - There were no changes in plan provisions since the previous valuation.

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, 2022

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
06/30/22	0.1796 %	\$ 7,815,483	\$ 341,340	\$ 8,156,823	\$ 2,181,134	358.3 %	70.5 %
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

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)
12/31/22	\$ 404,187	\$ 404,187	\$ -	\$ 2,283,545	17.7 %
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

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, 2022

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.50 percent to 5.40 percent.

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.

City of Alexandria, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

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

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.

Changes in Plan Provisions

2022 - There were no changes in plan provisions since the previous valuation.

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, 2022

Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios

	2022 (Fire Relief Report Date 2021)	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)
Total Pension Liability							
Service cost	\$ 108,564	\$ 104,758	\$ 99,725	\$ 96,974	\$ 92,744	\$ 93,902	\$ 99,006
Interest	159,789	169,818	159,678	170,466	172,323	172,406	115,843
Changes of benefit terms	40,100	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	(393,037)	(166,580)	(166,579)	(357,537)	(304,298)	-	(136,320)
Net Change in Total Pension Liability	(84,584)	53,462	150,972	(76,868)	(4,139)	316,305	129,467
Total Pension Liability - January 1	2,644,582	2,591,120	2,440,148	2,517,016	2,521,155	2,204,850	2,075,383
Total Pension Liability - December 31	<u>\$ 2,559,998</u>	<u>\$ 2,644,582</u>	<u>\$ 2,591,120</u>	<u>\$ 2,440,148</u>	<u>\$ 2,517,016</u>	<u>\$ 2,521,155</u>	<u>\$ 2,204,850</u>
Plan Fiduciary Net Position							
Other income	674	-	-	-	-	-	-
Contributions - state	161,635	170,554	145,910	159,187	140,428	136,992	135,561
Net investment income	501,381	257,320	672,655	(375,550)	583,315	225,208	(316,113)
Benefit payments, including refunds of employee contributions	(393,037)	(166,580)	(166,579)	(357,537)	(304,298)	-	(136,320)
Administrative expense	(12,088)	(12,829)	(6,765)	(6,350)	(7,578)	(5,800)	(6,360)
Net Change in Plan Fiduciary Net Position	258,565	248,465	645,221	(580,250)	411,867	356,400	(323,232)
Plan Fiduciary Net Position - January 1	3,596,506	3,348,041	2,702,820	3,283,070	2,871,203	2,514,803	2,838,035
Plan Fiduciary Net Position - December 31 (B)	<u>\$ 3,855,071</u>	<u>\$ 3,596,506</u>	<u>\$ 3,348,041</u>	<u>\$ 2,702,820</u>	<u>\$ 3,283,070</u>	<u>\$ 2,871,203</u>	<u>\$ 2,514,803</u>
Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)	<u>\$ (1,295,073)</u>	<u>\$ (951,924)</u>	<u>\$ (756,921)</u>	<u>\$ (262,672)</u>	<u>\$ (766,054)</u>	<u>\$ (350,048)</u>	<u>\$ (309,953)</u>
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability (B/A)	150.59%	136.00%	129.21%	110.76%	130.44%	113.88%	114.06%
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.

City of Alexandria, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios (Continued)

Changes in Actuarial Assumptions

2022 – No significant changes noted.

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

2022 - The annual lump sum amount increased from \$8,403 to \$8,655

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, 2022

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/22	\$ 161,635	\$ 161,635	\$ -
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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 43,324	\$ 49,999	\$ 42,064	\$ 39,353	\$ 34,340
Interest	9,156	14,531	16,976	18,517	19,309
Differences between expected and actual experience	13,815	51,823	-	(139,314)	-
Changes in assumptions	2,666	(144,150)	20,560	(4,309)	19,895
Benefit payments	(57,276)	(14,948)	(18,485)	(19,118)	(32,761)
Net change in total OPEB liability	11,685	(42,745)	61,115	(104,871)	40,783
Total OPEB liability - beginning	443,133	485,878	424,763	529,634	488,851
Total OPEB liability - ending	<u>\$ 454,818</u>	<u>\$ 443,133</u>	<u>\$ 485,878</u>	<u>\$ 424,763</u>	<u>\$ 529,634</u>
Employee payroll	\$ 5,267,091	\$ 4,187,255	\$ 4,866,062	\$ 4,684,169	\$ 4,346,100
City's total OPEB liability as a percentage of covered employee payroll	8.64 %	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 2022, there were no 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, 2022

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

Changes in Assumptions:

No significant assumption changes for 2022.

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%.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of Alexandria, Minnesota
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2022

	210 Lodging Tax Fund	214 Employee Benefit	217 Firemen's Relief	220 Plans and Studies	223 Sanitary Sewer District	205 Tree Preservation
Assets						
Cash and temporary investments	\$ 24,814	\$ 5,794	\$ 101,654	\$ 52,619	\$ 7,409	\$ 89,572
Receivables						
Delinquent taxes	-	200	100	200	5,300	-
Accounts	-	-	-	-	-	-
Notes and loans, net of allowance	-	-	-	-	-	-
Intergovernmental	-	209	7	211	6,579	-
Total Assets	\$ 24,814	\$ 6,203	\$ 101,761	\$ 53,030	\$ 19,288	\$ 89,572
Liabilities						
Accounts payable	\$ 23,350	-	-	-	-	-
Deferred Inflows of Resources						
Unavailable revenue - taxes	-	200	100	200	5,300	-
Fund Balances						
Restricted for						
Economic development	1,464	-	-	-	-	-
Committed for						
Payment of benefits	-	6,003	-	-	-	-
Firefighter's retirement obligation	-	-	101,661	-	-	-
Economic development	-	-	-	52,830	-	-
Tree Preservation	-	-	-	-	-	89,572
Sanitary sewer district appropriations	-	-	-	-	13,988	-
Total Fund Balances	1,464	6,003	101,661	52,830	13,988	89,572
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 24,814	\$ 6,203	\$ 101,761	\$ 53,030	\$ 19,288	\$ 89,572

296	297/298		
Housing Trust	Revolving Loan	Tax Increment Financing Total	Total Nonmajor Special Revenue
\$ 6,533	\$ 1,055,634	\$ 1,431,406	\$ 2,775,435
-	-	-	5,800
-	-	23,150	23,150
154,068	896,936	108,200	1,159,204
-	-	920	7,926
<u>\$ 160,601</u>	<u>\$ 1,952,570</u>	<u>\$ 1,563,676</u>	<u>\$ 3,971,515</u>
\$ -	\$ -	\$ 255	\$ 23,605
-	-	-	5,800
160,601	1,952,570	1,563,421	3,678,056
-	-	-	6,003
-	-	-	101,661
-	-	-	52,830
-	-	-	89,572
-	-	-	13,988
<u>160,601</u>	<u>1,952,570</u>	<u>1,563,421</u>	<u>3,942,110</u>
<u>\$ 160,601</u>	<u>\$ 1,952,570</u>	<u>\$ 1,563,676</u>	<u>\$ 3,971,515</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, 2022

	210 Lodging Tax Fund	214 Employee Benefit	217 Firemen's Relief	220 Plans and Studies	223 Sanitary Sewer District	205 Tree Preservation
Revenues						
Taxes						
Property taxes	\$ -	\$ 20,192	\$ 32	\$ 20,412	\$ 633,377	\$ -
Tax increments	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-
Lodging Tax	457,219	-	-	-	-	-
Intergovernmental						
State	-	2	178,933	2	71	-
Charges for service	-	-	-	-	-	-
Investment earnings	-	43	983	374	133	757
Miscellaneous						
Other	-	57	16	57	1,798	-
Total Revenues	<u>457,219</u>	<u>20,294</u>	<u>179,964</u>	<u>20,845</u>	<u>635,379</u>	<u>757</u>
Expenditures						
Current						
Public safety	-	-	178,933	-	-	-
Public works	-	-	-	-	630,842	-
Economic development	455,837	-	-	8,223	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-
Total Expenditures	<u>455,837</u>	<u>-</u>	<u>178,933</u>	<u>8,223</u>	<u>630,842</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,382</u>	<u>20,294</u>	<u>1,031</u>	<u>12,622</u>	<u>4,537</u>	<u>757</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	(14,532)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(14,532)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	1,382	5,762	1,031	12,622	4,537	757
Fund Balances, January 1 Restated	<u>82</u>	<u>241</u>	<u>100,630</u>	<u>40,208</u>	<u>9,451</u>	<u>88,815</u>
Fund Balances, December 31	<u>\$ 1,464</u>	<u>\$ 6,003</u>	<u>\$ 101,661</u>	<u>\$ 52,830</u>	<u>\$ 13,988</u>	<u>\$ 89,572</u>

296	297/298		
Housing Trust	Revolving Loan	Tax Increment Financing Total	Total Nonmajor Special Revenue
\$ -	\$ -	\$ -	\$ 674,013
-	-	1,342,322	1,342,322
-	-	410	410
-	-	-	457,219
-	-	-	179,008
-	-	124,838	124,838
92	41,250	10,259	53,891
-	-	-	1,928
<u>92</u>	<u>41,250</u>	<u>1,477,829</u>	<u>2,833,629</u>
-	-	-	178,933
-	-	-	630,842
-	-	1,127,982	1,592,042
-	-	1,904	1,904
-	-	442	442
-	-	<u>1,130,328</u>	<u>2,404,163</u>
<u>92</u>	<u>41,250</u>	<u>347,501</u>	<u>429,466</u>
-	-	8,378	8,378
-	-	(6,243)	(20,775)
-	-	<u>2,135</u>	<u>(12,397)</u>
92	41,250	349,636	417,069
<u>160,509</u>	<u>1,911,320</u>	<u>1,213,785</u>	<u>3,525,041</u>
<u>\$ 160,601</u>	<u>\$ 1,952,570</u>	<u>\$ 1,563,421</u>	<u>\$ 3,942,110</u>

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Alexandria, Minnesota
General Fund
Comparative Balance Sheets
December 31, 2022 and 2021

	2022	2021
Assets		
Cash and temporary investments	\$ 5,954,600	\$ 5,846,440
Receivables		
Interest	25,351	15,804
Delinquent taxes	38,900	34,500
Accounts	317,819	223,695
Special assessments	14,373	5,643
Intergovernmental	86,559	128,322
Leases	88,971	-
Due from other funds	96,323	51,024
Due from component unit	80,272	117,427
Prepaid items	29,382	9,756
	\$ 6,732,550	\$ 6,432,611
Liabilities		
Accounts payable	\$ 251,523	\$ 159,751
Due to other governments	30,749	61,410
Accrued salaries payable	252,147	254,699
Deposits payable	63,233	68,588
Due to other funds	-	87
Unearned revenue	3,500	43,816
Total Liabilities	601,152	588,351
Deferred Inflows of Resources		
Lease receivable	90,363	-
Unavailable revenue - taxes	38,900	34,500
Unavailable revenue - special assessments	14,373	5,643
Total Deferred Inflows of Resources	143,636	40,143
Fund Balances		
Nonspendable for		
Prepaid items	29,382	9,756
Restricted for		
Wellness	12,195	20,400
Assigned for		
Wellness	39,449	38,634
Unassigned	5,906,736	5,735,327
Total Fund Balances	5,987,762	5,804,117
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,732,550	\$ 6,432,611

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, 2022
 (With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			2021
	Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
	Original and Final			
Revenues				
Taxes				
Property taxes	\$ 4,927,082	\$ 4,912,471	\$ (14,611)	\$ 4,509,542
Franchise taxes	448,000	736,102	288,102	456,700
Total taxes	<u>5,375,082</u>	<u>5,648,573</u>	<u>273,491</u>	<u>4,966,242</u>
Payment in lieu of taxes	<u>1,000,000</u>	<u>995,515</u>	<u>(4,485)</u>	<u>1,014,844</u>
Special assessments	<u>-</u>	<u>5,636</u>	<u>5,636</u>	<u>1,762</u>
Licenses and permits				
Business licenses	78,925	96,419	17,494	95,076
Nonbusiness licenses	34,250	37,082	2,832	40,111
Building permits	375,000	960,908	585,908	618,842
Total licenses and permits	<u>488,175</u>	<u>1,094,409</u>	<u>606,234</u>	<u>754,029</u>
Intergovernmental				
Federal				
Other Federal grants	<u>10,000</u>	<u>69,743</u>	<u>59,743</u>	<u>24,184</u>
State				
Local government aid	1,591,153	1,591,241	88	1,580,675
Property tax credits and aids	-	556	556	509
Police aid	248,500	250,560	2,060	249,947
Fire aid	2,688	13,704	11,016	24,976
Airport maintenance	73,020	73,020	-	73,020
Other State aids	76,200	99,214	23,014	101,041
Total state	<u>1,991,561</u>	<u>2,028,295</u>	<u>36,734</u>	<u>2,030,168</u>
Total intergovernmental	<u>2,001,561</u>	<u>2,098,038</u>	<u>96,477</u>	<u>2,054,352</u>
Charges for services				
General government	114,600	119,005	4,405	123,221
Public safety	269,142	319,143	50,001	289,664
Public works	29,500	19,930	(9,570)	23,945
Culture and recreation	571,567	556,626	(14,941)	534,858
Airport	76,284	97,779	21,495	81,739
Total charges for services	<u>1,061,093</u>	<u>1,112,483</u>	<u>51,390</u>	<u>1,053,427</u>
Fines and forfeits	<u>92,000</u>	<u>138,272</u>	<u>46,272</u>	<u>99,490</u>
Investment earnings (loss)	<u>40,000</u>	<u>(388,697)</u>	<u>(428,697)</u>	<u>(72,201)</u>
Other revenue				
Contributions and donations	-	13,900	13,900	5,845
Other	88,300	221,908	133,608	160,301
Total other revenue	<u>88,300</u>	<u>235,808</u>	<u>147,508</u>	<u>166,146</u>
Total Revenues	<u>10,146,211</u>	<u>10,940,037</u>	<u>793,826</u>	<u>10,038,091</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, 2022
 (With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			2021
	Budgeted Amount	Actual Amounts	Variance with Final Budget	Actual Amounts
	Original and Final			
Expenditures				
Current				
General government				
Mayor and Council				
Personal services	\$ 54,000	\$ 53,451	\$ 549	\$ 52,709
Other services and charges	81,300	67,768	13,532	63,324
Total mayor and council	<u>135,300</u>	<u>121,219</u>	<u>14,081</u>	<u>116,033</u>
Administration				
Personal services	737,649	698,884	38,765	714,123
Supplies	300	1,082	(782)	208
Other services and charges	46,900	40,827	6,073	34,706
Total administration	<u>784,849</u>	<u>740,793</u>	<u>44,056</u>	<u>749,037</u>
Elections				
Personal services	36,000	33,001	2,999	647
Supplies	3,000	335	2,665	397
Other services and charges	6,000	2,735	3,265	3,190
Total elections	<u>45,000</u>	<u>36,071</u>	<u>8,929</u>	<u>4,234</u>
Community development				
Personal services	162,947	169,818	(6,871)	161,045
Other services and charges	28,200	28,018	182	26,249
Total community development	<u>191,147</u>	<u>197,836</u>	<u>(6,689)</u>	<u>187,294</u>
Planning and zoning				
Personal services	3,130	2,691	439	2,440
Other services and charges	2,100	2,639	(539)	3,655
Total planning and zoning	<u>5,230</u>	<u>5,330</u>	<u>(100)</u>	<u>6,095</u>
Assessor				
Personal services	203,213	180,460	22,753	198,537
Supplies	200	26	174	112
Other services and charges	5,480	2,893	2,587	4,283
Total assessor	<u>208,893</u>	<u>183,379</u>	<u>25,514</u>	<u>202,932</u>
Legal and accounting				
Supplies	3,500	672	2,828	2,443
Other services and charges	463,600	435,701	27,899	402,069
Total legal and accounting	<u>467,100</u>	<u>436,373</u>	<u>30,727</u>	<u>404,512</u>
Human resources				
Personal services	124,367	123,348	1,019	118,490
Supplies	300	-	300	67
Other services and charges	32,275	20,102	12,173	12,749
Total human resources	<u>156,942</u>	<u>143,450</u>	<u>13,492</u>	<u>131,306</u>
Employee wellness				
Personal services	-	1,620	(1,620)	1,030
Other services and charges	10,000	40	9,960	976
Total employee wellness	<u>10,000</u>	<u>1,660</u>	<u>8,340</u>	<u>2,006</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, 2022
 (With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			2021
	Budgeted Amount	Actual Amounts	Variance with Final Budget	Actual Amounts
	Original and Final			
Expenditures (Continued)				
Current (continued)				
General government (continued)				
Information technology				
Other services and charges	\$ -	\$ 873	\$ (873)	\$ -
Other general government				
Personal services	2,000	-	2,000	464
Supplies	16,000	17,189	(1,189)	16,612
Other services and charges	687,350	744,060	(56,710)	705,537
Total other general government	<u>705,350</u>	<u>761,249</u>	<u>(55,899)</u>	<u>722,613</u>
Total General Government	<u>2,709,811</u>	<u>2,628,233</u>	<u>81,578</u>	<u>2,526,062</u>
Public safety				
Police protection				
Personal services	3,109,319	3,205,428	(96,109)	3,049,966
Supplies	59,500	72,014	(12,514)	46,060
Other services and charges	349,350	412,351	(63,001)	293,202
Total police protection	<u>3,518,169</u>	<u>3,689,793</u>	<u>(171,624)</u>	<u>3,389,228</u>
Fire protection				
Personal services	174,301	175,251	(950)	167,909
Supplies	35,000	37,026	(2,026)	32,233
Other services and charges	236,265	197,452	38,813	163,505
Total fire protection	<u>445,566</u>	<u>409,729</u>	<u>35,837</u>	<u>363,647</u>
Building inspection				
Personal services	318,791	317,430	1,361	306,121
Supplies	3,925	4,505	(580)	3,089
Other services and charges	87,082	72,224	14,858	56,335
Total building	<u>409,798</u>	<u>394,159</u>	<u>15,639</u>	<u>365,545</u>
Emergency management				
Other services and charges	<u>8,500</u>	<u>6,206</u>	<u>2,294</u>	<u>3,974</u>
Traffic signs and signals				
Personal services	85,351	43,168	42,183	46,730
Supplies	15,000	16,559	(1,559)	13,966
Other services and charges	19,500	19,740	(240)	17,027
Total traffic signs and signals	<u>119,851</u>	<u>79,467</u>	<u>40,384</u>	<u>77,723</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, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			2021
	Budgeted Amount	Actual Amounts	Variance with Final Budget	Actual Amounts
	Original and Final			
Expenditures (Continued)				
Current (Continued)				
Animal control				
Other services and charges	\$ 23,500	\$ 23,589	\$ (89)	\$ 22,071
Total public safety	<u>4,525,384</u>	<u>4,602,943</u>	<u>(77,559)</u>	<u>4,222,188</u>
Public works				
Highways, streets and alleys				
Personal services	395,391	382,836	12,555	419,695
Supplies	75,400	109,990	(34,590)	66,562
Other services and charges	14,200	14,656	(456)	16,184
Total highways, streets and alleys	<u>484,991</u>	<u>507,482</u>	<u>(22,491)</u>	<u>502,441</u>
Engineering				
Other services and charges	<u>105,000</u>	<u>218,479</u>	<u>(113,479)</u>	<u>115,673</u>
Blacktop repair				
Personal services	42,676	23,731	18,945	33,225
Supplies	72,391	59,189	13,202	64,112
Other services and charges	2,000	(15)	2,015	(26)
Total blacktop repair	<u>117,067</u>	<u>82,905</u>	<u>34,162</u>	<u>97,311</u>
Dust control				
Supplies	<u>3,000</u>	<u>1,470</u>	<u>1,530</u>	<u>2,026</u>
Sidewalks and curbs				
Other services and charges	<u>90,500</u>	<u>158,894</u>	<u>(68,394)</u>	<u>92,456</u>
Snow and ice control				
Personal services	97,440	228,607	(131,167)	78,421
Supplies	70,000	94,412	(24,412)	93,412
Other services and charges	23,500	49,729	(26,229)	12,072
Total snow and ice control	<u>190,940</u>	<u>372,748</u>	<u>(181,808)</u>	<u>183,905</u>
Equipment maintenance				
Personal services	179,238	169,694	9,544	187,615
Supplies	20,100	29,994	(9,894)	15,681
Other services and charges	84,900	119,964	(35,064)	98,611
Total equipment maintenance	<u>284,238</u>	<u>319,652</u>	<u>(35,414)</u>	<u>301,907</u>
Weed eradication				
Personal services	8,535	12,536	(4,001)	15,274
Supplies	12,000	20,531	(8,531)	11,538
Total weed eradication	<u>20,535</u>	<u>33,067</u>	<u>(12,532)</u>	<u>26,812</u>
Street lighting				
Other services and charges	<u>115,000</u>	<u>126,305</u>	<u>(11,305)</u>	<u>114,786</u>
Total Public Works	<u>1,411,271</u>	<u>1,821,002</u>	<u>(409,731)</u>	<u>1,437,317</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, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			2021
	Budgeted Amount	Actual Amounts	Variance with Final Budget	Actual Amounts
	Original and Final			
Expenditures (Continued)				
Current (Continued)				
Culture and recreation				
Recreation				
Other services and charges	\$ 40,000	\$ 35,000	\$ 5,000	\$ 35,000
Runestone Community Center				
Personal services	408,224	433,299	(25,075)	399,617
Supplies	29,000	16,997	12,003	19,160
Other services and charges	239,300	255,382	(16,082)	217,957
Total Runestone Community Center	<u>676,524</u>	<u>705,678</u>	<u>(29,154)</u>	<u>636,734</u>
KN Stadium				
Personal services	4,887	755	4,132	10,418
Supplies	3,000	2,991	9	873
Other services and charges	25,500	24,425	1,075	39,845
Total KN Stadium	<u>33,387</u>	<u>28,171</u>	<u>5,216</u>	<u>51,136</u>
Senior citizens				
Other services and charges	<u>22,000</u>	<u>22,000</u>	<u>-</u>	<u>15,000</u>
Parks				
Personal services	538,734	509,378	29,356	493,765
Supplies	71,500	80,432	(8,932)	64,763
Other services and charges	106,900	122,271	(15,371)	106,042
Total parks	<u>717,134</u>	<u>712,081</u>	<u>5,053</u>	<u>664,570</u>
Total Culture and Recreation	<u>1,489,045</u>	<u>1,502,930</u>	<u>(13,885)</u>	<u>1,402,440</u>
Airport				
Airport operations				
Personal services	-	2,263	(2,263)	576
Supplies	7,000	13,482	(6,482)	6,115
Other services and charges	175,200	215,310	(40,110)	176,898
Total airport	<u>182,200</u>	<u>231,055</u>	<u>(48,855)</u>	<u>183,589</u>
Total Current	<u>10,317,711</u>	<u>10,786,163</u>	<u>(468,452)</u>	<u>9,771,596</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, 2022
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022			2021
	Budgeted Amount	Actual Amounts	Variance with Final Budget	Actual Amounts
	Original and Final			
Expenditures (Continued)				
Capital outlay				
General government	\$ 4,500	\$ 6,032	\$ (1,532)	\$ 5,328
Public safety	31,000	194,949	(163,949)	16,821
Public works	5,000	22,531	(17,531)	-
Culture and recreation	10,000	6,954	3,046	26,941
Airport	3,000	7,160	(4,160)	13,582
Total capital outlay	<u>53,500</u>	<u>237,626</u>	<u>(184,126)</u>	<u>62,672</u>
Total Expenditures	<u>10,371,211</u>	<u>11,023,789</u>	<u>(652,578)</u>	<u>9,834,268</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(225,000)</u>	<u>(83,752)</u>	<u>141,248</u>	<u>203,823</u>
Other Financing Sources (Uses)				
Transfers in	255,000	269,532	14,532	278,005
Transfers out	<u>(30,000)</u>	<u>(2,135)</u>	<u>27,865</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>225,000</u>	<u>267,397</u>	<u>42,397</u>	<u>278,005</u>
Net Change in Fund Balances	-	183,645	183,645	481,828
Fund Balances, January 1	<u>5,804,117</u>	<u>5,804,117</u>	<u>-</u>	<u>5,322,289</u>
Fund Balances, December 31	<u>\$ 5,804,117</u>	<u>\$ 5,987,762</u>	<u>\$ 183,645</u>	<u>\$ 5,804,117</u>

City of Alexandria, Minnesota
Capital Projects Funds
Combining Balance Sheet (Continued on the Following Pages)
December 31, 2022

	430	433	437	438	439	440
	Fire Equipment	Park Development	RCC Equipment	Public Works Equipment	Police Equipment	IT Equipment
Assets						
Cash and temporary investments	\$ 637,002	\$ 100,173	\$ 48,674	\$ 251,132	\$ 223,769	\$ 53,573
Receivables						
Delinquent taxes	300	-	200	1,400	700	300
Accounts	-	4,780	-	-	-	-
Special assessments	-	-	-	-	-	-
Intergovernmental	417	-	313	1,930	936	417
Leases	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total Assets	<u>\$ 637,719</u>	<u>\$ 104,953</u>	<u>\$ 49,187</u>	<u>\$ 254,462</u>	<u>\$ 225,405</u>	<u>\$ 54,290</u>
Liabilities						
Accounts payable	\$ -	\$ 938	\$ -	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-	-	-
Due to other funds	-	-	-	256,429	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>938</u>	<u>-</u>	<u>256,429</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Deferred lease revenue	-	-	-	-	-	-
Unavailable revenue - taxes	300	-	200	1,400	700	300
Unavailable revenue - special assessments	-	-	-	-	-	-
Unavailable revenue - intergovernmental	-	-	-	-	-	-
Advance from other government	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>300</u>	<u>-</u>	<u>200</u>	<u>1,400</u>	<u>700</u>	<u>300</u>
Fund Balances						
Restricted for						
Capital outlay	375,889	84,828	-	-	-	-
Committed for						
Capital outlay	261,530	19,187	48,987	-	224,705	53,990
Assigned for						
Capital outlay	-	-	-	-	-	-
Unassigned	-	-	-	(3,367)	-	-
Total Fund Balances	<u>637,419</u>	<u>104,015</u>	<u>48,987</u>	<u>(3,367)</u>	<u>224,705</u>	<u>53,990</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 637,719</u>	<u>\$ 104,953</u>	<u>\$ 49,187</u>	<u>\$ 254,462</u>	<u>\$ 225,405</u>	<u>\$ 54,290</u>

401	402	404	405	406	409
Capital Improvement	Municipal State Aid	Local Street Overlay	2020 Street Reconstruction	Airport Development	ADA Sidewalk Project
\$ 901,543	\$ (1,282,258)	\$ 30,513	\$ (118,956)	\$ (669,828)	\$ -
900	-	900	-	200	-
-	-	-	-	4,128	-
-	-	-	-	-	-
6,018	420,456	1,201	-	947,231	-
-	-	-	-	58,060	-
-	-	-	-	-	-
<u>\$ 908,461</u>	<u>\$ (861,802)</u>	<u>\$ 32,614</u>	<u>\$ (118,956)</u>	<u>\$ 339,791</u>	<u>\$ -</u>
\$ -	\$ -	\$ 57,254	\$ 1,114	\$ 82,562	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	8,610	-
-	-	57,254	1,114	91,172	-
-	-	-	-	56,945	-
900	-	900	-	200	-
-	-	-	-	-	-
-	-	-	-	882,073	-
-	426,191	-	-	-	-
<u>900</u>	<u>426,191</u>	<u>900</u>	<u>-</u>	<u>939,218</u>	<u>-</u>
-	-	-	-	-	-
907,561	-	-	-	-	-
-	-	-	-	-	-
-	(1,287,993)	(25,540)	(120,070)	(690,599)	-
<u>907,561</u>	<u>(1,287,993)</u>	<u>(25,540)</u>	<u>(120,070)</u>	<u>(690,599)</u>	<u>-</u>
<u>\$ 908,461</u>	<u>\$ (861,802)</u>	<u>\$ 32,614</u>	<u>\$ (118,956)</u>	<u>\$ 339,791</u>	<u>\$ -</u>

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Alexandria, Minnesota
Capital Projects Funds
Combining Balance Sheet (Continued)
December 31, 2022

	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
Assets							
Cash and temporary investments	\$ 374	\$(2,015,621)	\$ 1,818,691	\$ 98,333	\$ (56,250)	\$ 4,858	25,722
Receivables							
Delinquent taxes	-	-	-	-	-	-	4,900
Accounts	-	-	358	-	-	-	9,266
Special assessments	-	-	1,341,657	-	-	-	1,341,657
Intergovernmental	5,726	1,289,258	2,356	-	-	103	2,676,362
Leases	-	-	-	-	-	-	58,060
Due from other funds	-	-	256,429	-	-	-	256,429
Total Assets	\$ 6,100	\$ (726,363)	\$ 3,419,491	\$ 98,333	\$ (56,250)	\$ 4,961	\$ 4,372,396
Liabilities							
Accounts payable	\$ -	\$ 27,360	\$ 2,544	\$ 3,000	\$ 20,166	\$ -	\$ 194,938
Contracts payable	-	161,260	-	-	-	-	161,260
Due to other funds	-	-	-	-	-	-	256,429
Unearned revenue	-	-	-	-	-	-	8,610
Total Liabilities	-	188,620	2,544	3,000	20,166	-	621,237
Deferred Inflows of Resources							
Lease receivable	-	-	-	-	-	-	56,945
Unavailable revenue - taxes	-	-	-	-	-	-	4,900
Unavailable revenue - special assessments	-	-	1,341,657	-	-	-	1,341,657
Unavailable revenue - intergovernmental	-	-	-	-	-	-	882,073
Advance from other government	-	-	-	-	-	-	426,191
Total Deferred Inflows of Resources	-	-	1,341,657	-	-	-	2,711,766
Fund Balances							
Restricted for							
Capital outlay	-	-	-	-	-	-	460,717
Committed for							
Capital outlay	-	-	1,674,628	95,333	-	4,961	3,290,882
Assigned for							
Capital outlay	6,100	-	400,662	-	-	-	406,762
Unassigned	-	(914,983)	-	-	(76,416)	-	(3,118,968)
Total Fund Balances	6,100	(914,983)	2,075,290	95,333	(76,416)	4,961	1,039,393
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,100	\$ (726,363)	\$ 3,419,491	\$ 98,333	\$ (56,250)	\$ 4,961	\$ 4,372,396

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, 2022

	430	433	437	438	439	440
	Fire Equipment	Park Development	RCC Equipment	Public Works Equipment	Police Equipment	IT Equipment
Revenues						
Taxes	\$ 40,361	\$ -	\$ 30,168	\$ 186,147	\$ 90,485	\$ 40,364
Special assessments	-	-	-	-	-	-
Intergovernmental						
Federal	-	-	-	-	-	-
State	5	-	3	-	-	5
Charges for services	102,042	4,780	-	-	-	-
Investment earnings	5,502	833	351	1,813	1,402	397
Other revenue	6,009	-	76	3,064	209	108
Total Revenues	<u>153,919</u>	<u>5,613</u>	<u>30,598</u>	<u>191,024</u>	<u>92,096</u>	<u>40,874</u>
Expenditures						
Current						
General government	-	-	-	-	-	1,884
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Airport	-	-	-	-	-	-
Capital outlay						
General government	-	-	-	-	-	30,235
Public safety	1,555,477	-	-	-	13,849	1,063
Public works	-	-	-	217,561	-	-
Culture and recreation	-	14,748	13,650	79,346	-	-
Airport	-	-	-	-	-	-
Debt service						
Principal	90,648	-	1,761	58,969	27,912	-
Interest and other	10,154	-	1,908	20,745	16,468	-
Total Expenditures	<u>1,656,279</u>	<u>14,748</u>	<u>17,319</u>	<u>376,621</u>	<u>58,229</u>	<u>33,182</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,502,360)</u>	<u>(9,135)</u>	<u>13,279</u>	<u>(185,597)</u>	<u>33,867</u>	<u>7,692</u>
Other Financing Sources (Uses)						
Sale of capital assets	90,000	-	1,683	121,406	51,647	-
Transfers in	-	13,574	-	17,703	-	-
Transfers out	-	-	-	(10,943)	-	-
Total Other Financing Sources (Uses)	<u>90,000</u>	<u>13,574</u>	<u>1,683</u>	<u>128,166</u>	<u>51,647</u>	<u>-</u>
Net Change in Fund Balances	(1,412,360)	4,439	14,962	(57,431)	85,514	7,692
Fund Balances, January 1	<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>
Fund Balances, December 31	<u>\$ 637,419</u>	<u>\$ 104,015</u>	<u>\$ 48,987</u>	<u>\$ (3,367)</u>	<u>\$ 224,705</u>	<u>\$ 53,990</u>

401	402	404	405	406	409
Capital Improvement	Municipal State Aid	Local Street Overlay	2020 Street Reconstruction	Airport Development	ADA Sidewalk Project
\$ 115,647	\$ -	\$ 115,253	\$ -	\$ 30,165	\$ -
-	-	-	-	-	-
-	-	-	-	57,857	-
14	1,451,414	321,792	-	214,751	-
-	-	-	-	186,853	-
-	-	-	-	-	-
262	-	218	205,209	74	-
<u>115,923</u>	<u>1,451,414</u>	<u>437,263</u>	<u>205,209</u>	<u>489,700</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	5,652	-
-	-	-	-	-	-
5,050	-	-	-	-	-
-	69,337	427,869	17,490	-	-
-	-	-	-	-	-
-	-	-	-	152,733	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,050</u>	<u>69,337</u>	<u>427,869</u>	<u>17,490</u>	<u>158,385</u>	<u>-</u>
<u>110,873</u>	<u>1,382,077</u>	<u>9,394</u>	<u>187,719</u>	<u>331,315</u>	<u>-</u>
-	-	-	-	-	-
-	11,106	-	-	-	-
(274,650)	-	-	-	-	(7,456)
<u>(274,650)</u>	<u>11,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,456)</u>
(163,777)	1,393,183	9,394	187,719	331,315	(7,456)
<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>
<u>\$ 907,561</u>	<u>\$ (1,287,993)</u>	<u>\$ (25,540)</u>	<u>\$ (120,070)</u>	<u>\$ (690,599)</u>	<u>\$ -</u>

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Alexandria, Minnesota
Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended December 31, 2022

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,149	\$ 658,739
Special assessments	-	-	267,568	-	-	-	267,568
Intergovernmental							
Federal	-	1,133,724	-	-	-	-	1,191,581
State	-	631,268	-	-	-	1	2,619,253
Charges for services	-	-	20,035	-	-	-	313,710
Investment earnings	-	-	-	141	-	16	10,455
Other revenue	-	-	12,000	94,850	-	4	322,083
Total Revenues	-	1,764,992	299,603	94,991	-	10,170	5,383,389
Expenditures							
Current							
General government	-	-	13,486	-	-	-	15,370
Public works	-	12,986	4,544	-	-	-	17,530
Culture and recreation	-	-	-	35,000	-	-	35,000
Airport	-	-	-	-	-	-	5,652
Capital outlay							
General government	-	-	-	-	-	-	30,235
Public safety	-	-	-	-	-	-	1,575,439
Public works	-	2,519,414	100	-	61,791	-	3,313,562
Culture and recreation	-	-	-	95,669	-	-	203,413
Airport	-	-	-	-	-	-	152,733
Debt service							
Principal	-	-	-	-	-	12,444	191,734
Interest and other	-	-	-	-	-	3,559	52,834
Total Expenditures	-	2,532,400	18,130	130,669	61,791	16,003	5,593,502
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(767,408)	281,473	(35,678)	(61,791)	(5,833)	(210,113)
Other Financing Sources (Uses)							
Sale of capital assets	-	-	-	-	-	12,695	277,431
Transfers in	-	212,806	-	271,000	-	-	526,189
Transfers out	-	-	-	-	-	-	(293,049)
Total Other Financing Sources (Uses)	-	212,806	-	271,000	-	12,695	510,571
Net Change in Fund Balances	-	(554,602)	281,473	235,322	(61,791)	6,862	300,458
Fund Balances, January 1	6,100	(360,381)	1,793,817	(139,989)	(14,625)	(1,901)	738,935
Fund Balances, December 31	<u>\$ 6,100</u>	<u>\$ (914,983)</u>	<u>\$ 2,075,290</u>	<u>\$ 95,333</u>	<u>\$ (76,416)</u>	<u>\$ 4,961</u>	<u>\$ 1,039,393</u>

City of Alexandria, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2022

	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	335 G.O. Improvement Bonds of 2014B
Assets					
Cash and temporary investments	\$ 690,121	\$ 24,742	\$ 962,423	\$ 646,181	\$ 374,585
Receivables					
Delinquent taxes	3,300	700	2,500	1,300	1,400
Special assessments	441,083	79,993	134,036	183,040	4,480
Intergovernmental	4,959	-	4,481	2,501	1,469
Total Assets	<u>\$ 1,139,463</u>	<u>\$ 105,435</u>	<u>\$ 1,103,440</u>	<u>\$ 833,022</u>	<u>\$ 381,934</u>
Liabilities					
Accounts payable	\$ 1,836	\$ -	\$ 436	\$ 436	\$ 436
Deferred Inflows of Resources					
Unavailable revenue - taxes	3,300	700	2,500	1,300	1,400
Unavailable revenue - special assessments	441,083	79,993	134,036	183,040	4,480
Total Deferred Inflows of Resources	<u>444,383</u>	<u>80,693</u>	<u>136,536</u>	<u>184,340</u>	<u>5,880</u>
Fund Balances					
Restricted for debt service	693,244	24,742	966,468	648,246	375,618
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,139,463</u>	<u>\$ 105,435</u>	<u>\$ 1,103,440</u>	<u>\$ 833,022</u>	<u>\$ 381,934</u>

336	337	338	339	
G.O. Bonds of 2016A	G.O. Refunding Bonds of 2016B	Public Works 2017 Lease/ Purchase	G.O. Improvement Bonds of 2020A	Total
\$ 733,232	\$ 388,970	\$ -	\$ 163,502	\$ 3,983,756
3,800	500	-	1,000	14,500
-	1,077,456	-	-	1,920,088
5,760	30	-	1,862	21,062
<u>\$ 742,792</u>	<u>\$ 1,466,956</u>	<u>\$ -</u>	<u>\$ 166,364</u>	<u>\$ 5,939,406</u>
<u>\$ 436</u>	<u>\$ 436</u>	<u>\$ -</u>	<u>\$ 434</u>	<u>\$ 4,450</u>
3,800	500	-	1,000	14,500
-	1,077,456	-	-	1,920,088
<u>3,800</u>	<u>1,077,956</u>	<u>-</u>	<u>1,000</u>	<u>1,934,588</u>
<u>738,556</u>	<u>388,564</u>	<u>-</u>	<u>164,930</u>	<u>4,000,368</u>
<u>\$ 742,792</u>	<u>\$ 1,466,956</u>	<u>\$ -</u>	<u>\$ 166,364</u>	<u>\$ 5,939,406</u>

City of Alexandria, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2022

	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	335 G.O. Improvement Bonds of 2014B
Revenues					
Property taxes	\$ 400,284	\$ 1,107	\$ 317,391	\$ 160,168	\$ 140,372
Special assessments	22,162	1,955	129,404	82,386	2,576
Intergovernmental					
Federal	44,964	-	-	-	-
State	45	-	36	-	-
Investment earnings	3,433	192	5,609	4,100	2,384
Other revenue	1,158	582	772	557	502
Total Revenues	<u>472,046</u>	<u>3,836</u>	<u>453,212</u>	<u>247,211</u>	<u>145,834</u>
Expenditures					
Debt service					
Principal	275,000	335,000	635,000	280,000	145,000
Interest and other	142,444	5,524	47,093	32,036	27,737
Total Expenditures	<u>417,444</u>	<u>340,524</u>	<u>682,093</u>	<u>312,036</u>	<u>172,737</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>54,602</u>	<u>(336,688)</u>	<u>(228,881)</u>	<u>(64,825)</u>	<u>(26,903)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	54,602	(336,688)	(228,881)	(64,825)	(26,903)
Fund Balances, January 1	<u>638,642</u>	<u>361,430</u>	<u>1,195,349</u>	<u>713,071</u>	<u>402,521</u>
Fund Balances, December 31	<u>\$ 693,244</u>	<u>\$ 24,742</u>	<u>\$ 966,468</u>	<u>\$ 648,246</u>	<u>\$ 375,618</u>

336	337	338	339	
G.O. Bonds of 2016A	G.O. Refunding Bonds of 2016B	Public Works 2017 Lease/ Purchase	G.O. Improvement Bonds of 2020A	Total
\$ 560,721	\$ 34	\$ -	\$ 182,497	\$ 1,762,574
-	10,155	-	-	248,638
-	-	-	-	44,964
64	-	-	21	166
3,218	3,204	-	430	22,570
1,148	-	-	173	4,892
<u>565,151</u>	<u>13,393</u>	<u>-</u>	<u>183,121</u>	<u>2,083,804</u>
210,000	65,000	11,317	90,000	2,046,317
145,776	15,811	35	56,005	472,461
<u>355,776</u>	<u>80,811</u>	<u>11,352</u>	<u>146,005</u>	<u>2,518,778</u>
209,375	(67,418)	(11,352)	37,116	(434,974)
-	-	10,943	-	10,943
-	-	(203)	-	(203)
-	-	10,740	-	10,740
209,375	(67,418)	(612)	37,116	(424,234)
529,181	455,982	612	127,814	4,424,602
<u>\$ 738,556</u>	<u>\$ 388,564</u>	<u>\$ -</u>	<u>\$ 164,930</u>	<u>\$ 4,000,368</u>

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Alexandria, Minnesota
 Tax Increment Financing Funds
 Combining Balance Sheet (Continued on the Following Pages)
 December 31, 2022

	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	\$ 223,109	\$ 21,092	\$ 72,006	\$ 26,902	\$ 767,100	\$ -	\$ 30,471
Receivables							
Accounts	23,150	-	-	-	-	-	-
Notes, net of allowance	-	-	-	7,100	101,100	-	-
Intergovernmental	-	-	-	-	920	-	-
Total Assets	<u>\$ 246,259</u>	<u>\$ 21,092</u>	<u>\$ 72,006</u>	<u>\$ 34,002</u>	<u>\$ 869,120</u>	<u>\$ -</u>	<u>\$ 30,471</u>
Liabilities							
Accounts payable	\$ 255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances							
Restricted for economic development	<u>246,004</u>	<u>21,092</u>	<u>72,006</u>	<u>34,002</u>	<u>869,120</u>	<u>-</u>	<u>30,471</u>
Total Liabilities and Fund Balances	<u>\$ 246,259</u>	<u>\$ 21,092</u>	<u>\$ 72,006</u>	<u>\$ 34,002</u>	<u>\$ 869,120</u>	<u>\$ -</u>	<u>\$ 30,471</u>

City of Alexandria, Minnesota
Tax Increment Financing Funds
Combining Balance Sheet (Continued)
December 31, 2022

	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	275 TIF District #47
Assets								
Cash and temporary investments	\$ 25,467	\$ 77	\$ 87,506	\$ 4,432	\$ 669	\$ 2,643	\$ 22,782	\$ 116,196
Receivables								
Accounts	-	-	-	-	-	-	-	-
Notes, net of allowance	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Total Assets	\$ 25,467	\$ 77	\$ 87,506	\$ 4,432	\$ 669	\$ 2,643	\$ 22,782	\$ 116,196
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances								
Restricted for economic development	25,467	77	87,506	4,432	669	2,643	22,782	116,196
Total Liabilities and Fund Balances	\$ 25,467	\$ 77	\$ 87,506	\$ 4,432	\$ 669	\$ 2,643	\$ 22,782	\$ 116,196

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	267 TIF District #58	266 TIF District #60	Total
\$ 74	\$ 30,784	\$ -	\$ 51	\$ 45	\$ -	\$ -	\$ -	\$ -	\$ 1,431,406
-	-	-	-	-	-	-	-	-	23,150
-	-	-	-	-	-	-	-	-	108,200
-	-	-	-	-	-	-	-	-	920
<u>\$ 74</u>	<u>\$ 30,784</u>	<u>\$ -</u>	<u>\$ 51</u>	<u>\$ 45</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,563,676</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255
74	30,784	-	51	45	-	-	-	-	1,563,421
<u>\$ 74</u>	<u>\$ 30,784</u>	<u>\$ -</u>	<u>\$ 51</u>	<u>\$ 45</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,563,676</u>

THIS PAGE IS LEFT
BLANK INTENTIONALLY

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, 2022

	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	\$ -	\$ 14,452	\$ 75,287	\$ 11,510	\$ 147,441	\$ -	\$ 18,819
Other taxes	410	-	-	-	-	-	-
Charges for services	124,838	-	-	-	-	-	-
Investment earnings	1,770	-	553	165	6,315	-	145
Total Revenues	<u>127,018</u>	<u>14,452</u>	<u>75,840</u>	<u>11,675</u>	<u>153,756</u>	<u>-</u>	<u>18,964</u>
Expenditures							
Current							
Economic development	66,982	-	71,494	4,436	48,486	1,094	-
Debt service							
Principal	-	-	-	-	1,904	-	-
Interest and other	-	-	-	-	442	-	-
Total Expenditures	<u>66,982</u>	<u>-</u>	<u>71,494</u>	<u>4,436</u>	<u>50,832</u>	<u>1,094</u>	<u>-</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>60,036</u>	<u>14,452</u>	<u>4,346</u>	<u>7,239</u>	<u>102,924</u>	<u>(1,094)</u>	<u>18,964</u>
Other Financing Sources (Uses)							
Transfers In	-	6,557	-	-	-	-	469
Transfers Out	(6,243)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(6,243)</u>	<u>6,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>469</u>
Net Change In Fund Balances	53,793	21,009	4,346	7,239	102,924	(1,094)	19,433
Fund Balances, January 1	<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>
Fund Balances, December 31	<u>\$ 246,004</u>	<u>\$ 21,092</u>	<u>\$ 72,006</u>	<u>\$ 34,002</u>	<u>\$ 869,120</u>	<u>\$ -</u>	<u>\$ 30,471</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, 2022

	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	275 TIF District #47	274 TIF District #48
Revenues									
Tax increments	\$ 13,055	\$ 23,068	\$ 136,316	\$ 192,697	\$ 65,364	\$ 10,571	\$ 7,734	\$ 158,088	\$ 22,685
Other taxes	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Investment earnings	137	-	133	37	6	16	-	982	-
Total Revenues	<u>13,192</u>	<u>23,068</u>	<u>136,449</u>	<u>192,734</u>	<u>65,370</u>	<u>10,587</u>	<u>7,734</u>	<u>159,070</u>	<u>22,685</u>
Expenditures									
Current									
Economic development	-	23,068	49,561	192,697	65,364	9,514	-	158,088	22,685
Debt service									
Principal	-	-	-	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>23,068</u>	<u>49,561</u>	<u>192,697</u>	<u>65,364</u>	<u>9,514</u>	<u>-</u>	<u>158,088</u>	<u>22,685</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>13,192</u>	<u>-</u>	<u>86,888</u>	<u>37</u>	<u>6</u>	<u>1,073</u>	<u>7,734</u>	<u>982</u>	<u>-</u>
Other Financing Sources (Uses)									
Transfers in	138	-	-	-	433	-	781	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>433</u>	<u>-</u>	<u>781</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balances	13,330	-	86,888	37	439	1,073	8,515	982	-
Fund Balances, January 1	<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>	<u>115,214</u>	<u>74</u>
Fund Balances, December 31	<u>\$ 25,467</u>	<u>\$ 77</u>	<u>\$ 87,506</u>	<u>\$ 4,432</u>	<u>\$ 669</u>	<u>\$ 2,643</u>	<u>\$ 22,782</u>	<u>\$ 116,196</u>	<u>\$ 74</u>

273 TIF District #49	272 TIF District #51	271 TIF District #52	270 TIF District #53	269 TIF District #54	268 TIF District #55	267 TIF District #58	266 TIF District #60	Total
\$ 79,842	\$ 93,453	\$ 29,172	\$ 25,032	\$ 101,559	\$ 48,153	\$ 33,590	\$ 34,434	\$ 1,342,322
-	-	-	-	-	-	-	-	410
-	-	-	-	-	-	-	-	124,838
-	-	-	-	-	-	-	-	10,259
<u>79,842</u>	<u>93,453</u>	<u>29,172</u>	<u>25,032</u>	<u>101,559</u>	<u>48,153</u>	<u>33,590</u>	<u>34,434</u>	<u>1,477,829</u>
49,120	93,453	29,172	25,032	101,559	48,153	33,590	34,434	1,127,982
-	-	-	-	-	-	-	-	1,904
-	-	-	-	-	-	-	-	442
<u>49,120</u>	<u>93,453</u>	<u>29,172</u>	<u>25,032</u>	<u>101,559</u>	<u>48,153</u>	<u>33,590</u>	<u>34,434</u>	<u>1,130,328</u>
30,722	-	-	-	-	-	-	-	347,501
-	-	-	-	-	-	-	-	8,378
-	-	-	-	-	-	-	-	(6,243)
-	-	-	-	-	-	-	-	2,135
30,722	-	-	-	-	-	-	-	349,636
62	-	51	45	-	-	-	-	1,213,785
<u>\$ 30,784</u>	<u>\$ -</u>	<u>\$ 51</u>	<u>\$ 45</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,563,421</u>

City of Alexandria, Minnesota
 Summary Financial Report
 Revenues and Expenditures for General Operations
 Governmental Funds
 For the Years Ended December 31, 2022 and 2021

	Total		Percent Increase (Decrease)	
	2022	2021		
Revenues				
Taxes	\$ 10,543,850	\$ 9,510,177	10.87	%
Payment in lieu of taxes	995,515	1,014,844	(1.90)	
Special assessments	521,842	588,515	(11.33)	
Licenses and permits	1,094,409	754,029	45.14	
Intergovernmental	6,262,958	5,451,905	14.88	
Charges for services	1,551,031	1,442,970	7.49	
Fines and forfeits	138,272	99,490	38.98	
Investment earnings (loss)	(296,265)	8,620	(3,536.95)	
Miscellaneous	564,711	245,807	129.74	
	<u>\$ 21,376,323</u>	<u>\$ 19,116,357</u>	11.82	%
Total Revenues				
Per Capita	\$ 1,491	\$ 1,350	10.43	%
Expenditures				
Current				
General government	\$ 2,683,425	\$ 2,527,963	6.15	%
Public safety	4,831,432	4,381,936	10.26	
Public works	2,469,374	2,074,222	19.05	
Culture and recreation	1,578,499	1,409,398	12.00	
Economic development	1,592,042	2,779,846	(42.73)	
Miscellaneous	236,707	196,251	20.61	
Capital outlay				
General government	36,267	37,431	(3.11)	
Public safety	1,770,388	75,796	2,235.73	
Public works	3,336,093	1,725,343	93.36	
Culture and recreation	210,367	207,406	1.43	
Miscellaneous	159,893	1,169,414	(86.33)	
Debt service				
Principal	2,239,955	1,994,857	12.29	
Interest and other charges	525,737	537,625	(2.21)	
	<u>\$ 21,670,179</u>	<u>\$ 19,117,488</u>	13.35	%
Total Expenditures				
Per Capita	\$ 1,512	\$ 1,350	11.94	%
Total Long-term Indebtedness	\$ 16,990,034	\$ 19,241,624	(11.70)	%
Per Capita	1,185	1,359	(12.80)	
General Fund Balance - December 31	\$ 5,987,762	\$ 5,804,117	3.16	%
Per Capita	418	410	1.88	

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.

SINGLE AUDIT AND OTHER REQUIRED REPORTS

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

THIS PAGE IS LEFT
BLANK INTENTIONALLY

**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, 2022, 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 21, 2023.

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, insofar as they relate to accounting matters. 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 21, 2023

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, 2022, 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 21, 2023.

The City's basic financial statements include the operations of Alexandria Light and Power for the year ended December 31, 2022. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 21, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and City Council
City of Alexandria, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Alexandria, Minnesota (the City) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Abdo
Mankato, Minnesota
June 21, 2023



City of Alexandria, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Funding Source	Administering Department	Program Name	Catalog of Federal Domestic Assistance Number	State or Other Contract Number	Federal Program Clusters	Total Federal Expenditures
U.S. Department of Transportation	National Highway Traffic Safety Administration	State and Community Highway Safety	20.600		<u>\$ 4,269</u>	
		Total Highway Safety Cluster				\$ 4,269
U.S. Department of Defense	National Guard Bureau	National Guard Military Operations and Maintenance	12.401			360
U.S. Department of Transportation	Federal Highway Administration	Highway Planning and Construction	20.205			1,174,040
U.S. Department of Transportation	National Highway Traffic Safety Administration	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608			12,141
U.S. Department of Transportation	National Highway Traffic Safety Administration	National Priority Safety Programs	20.616			4,049
U.S. Department of Homeland Security	Minnesota Department of Public Safety	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			8,201
U.S. Department of Treasury	Minnesota Department of Treasury	Coronavirus Relief Fund	21.019C			<u>129,948</u>
	Total Expended					<u>\$ 1,333,008</u>

City of Alexandria, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Alexandria, Minnesota (the City) for the year ended December 31, 2022. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

Note 2: Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on the modified accrual basis of accounting.

Note 3: Pass-through Entity Identifying Numbers

Pass-through entity identifying numbers, if any, are presented where available.

Note 4: Subrecipients

No federal expenditures presented in this schedule were provided to subrecipients.

Note 5: Indirect Cost Rate

During the year ended December 31, 2022, the City did not elect to use the 10% de minimis indirect cost rate.

City of Alexandria, Minnesota
 Schedule of Findings, Responses and Questioned Costs
 For the Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of Major Programs/Projects

	CFDA No.
Highway Planning and Construction	20.205
Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with Uniform Guidance.

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with Uniform Guidance.

Section IV - Schedule of Prior Year Audit Findings

There was a prior year audit finding and is included in the Schedule of Prior Year Audit Findings.

Other Issues

A Corrective Action Plan is not required because there were no findings required to be reported under 2CFR section 200.516(a).

City of Alexandria, Minnesota
Schedule of Prior Year Findings
For the Year Ended December 31, 2022

<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>Update:</i>	
This finding has been corrected for 2022.	