

ANNUAL FINANCIAL REPORT

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Alexandria, Minnesota
Annual Financial Report
Table of Contents
For the Year Ended December 31, 2023

	<u>Page No.</u>
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	96
Schedule of Employer's Public Employees Retirement Association Contributions - General Employees Retirement Fund	97
Notes to the Required Supplementary Information - General Employees Retirement Fund	98
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - Public Employees Police and Fire Fund	100
Schedule of Employer's Public Employees Retirement Association Contributions - Public Employees Police and Fire Fund	100
Notes to the Required Supplementary Information - Public Employees Police and Fire Fund	101
Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios	103
Notes to the Required Supplementary Information - Fire Relief Association	104
Schedule of Employer's Fire Relief Association Contributions	105
Schedule of Changes in the City's Total OPEB Liability and Related Ratios	105

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Alexandria, Minnesota
Annual Financial Report
Table of Contents (Continued)
For the Year Ended December 31, 2023

	Page No.
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Special Revenue Funds	
Combining Balance Sheet	108
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	110
General Fund	
Comparative Balance Sheets	113
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	114
Capital Projects Fund	
Combining Balance Sheet	120
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	124
Debt Service Funds	
Combining Balance Sheet	128
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	130
Tax Increment Financing Fund	
Combining Balance Sheet	133
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	137
Summary Financial Report -	
Revenues and Expenditures for General Operations - Governmental Funds	140
 Single Audit and Other Required Reports	
Independent Auditor's Report on	
Minnesota Legal Compliance	143
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>	144
Independent Auditor's Report on Compliance for Each	
Major Program and Report on Internal Control over	
Compliance Required by Uniform Guidance	146
Schedule of Expenditures of Federal Awards	149
Notes to the Schedule of Expenditures of Federal Awards	150
Schedule of Findings, Responses and Question Costs	151

THIS PAGE IS LEFT
BLANK INTENTIONALLY

INTRODUCTORY SECTION

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Alexandria, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2023

Elected

Name	Title	Term Expires
Bobbie Osterberg	Mayor	12/31/2024
Bill Franzen	Council	12/31/2026
Roger Thalman	Council	12/31/2026
Scott Allen	Council	12/31/2024
Nicole Mace	Council	12/31/2026
Andrew Wiener	Council	12/31/2024

Appointed

Martin Schultz	City Administrator
Kelsey Deling	HR Director
Reed Heidelberger	City Assessor
Mike Weber	Community Development Director
Jane Blade	Finance Director
Heather Koskiniemi	Assistant Finance Director
Jeff Karrow	Fire Chief
Maureen Miller	Information Technology Support Specialist
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
Blaine Green	City Engineer

THIS PAGE IS LEFT
BLANK INTENTIONALLY

FINANCIAL SECTION
CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2023, 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.

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



Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 19, 2024



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, 2023.

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 as shown in the summary of net position on the following pages. The unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net position table on the following pages. Both business-type activities and governmental activities had increases, a majority of the increase relates to increases in investment earnings and capital grants and contributions.

Financial Highlights – Fund financial statements

- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Fund section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to increased investment earnings and the issuance of debt.

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

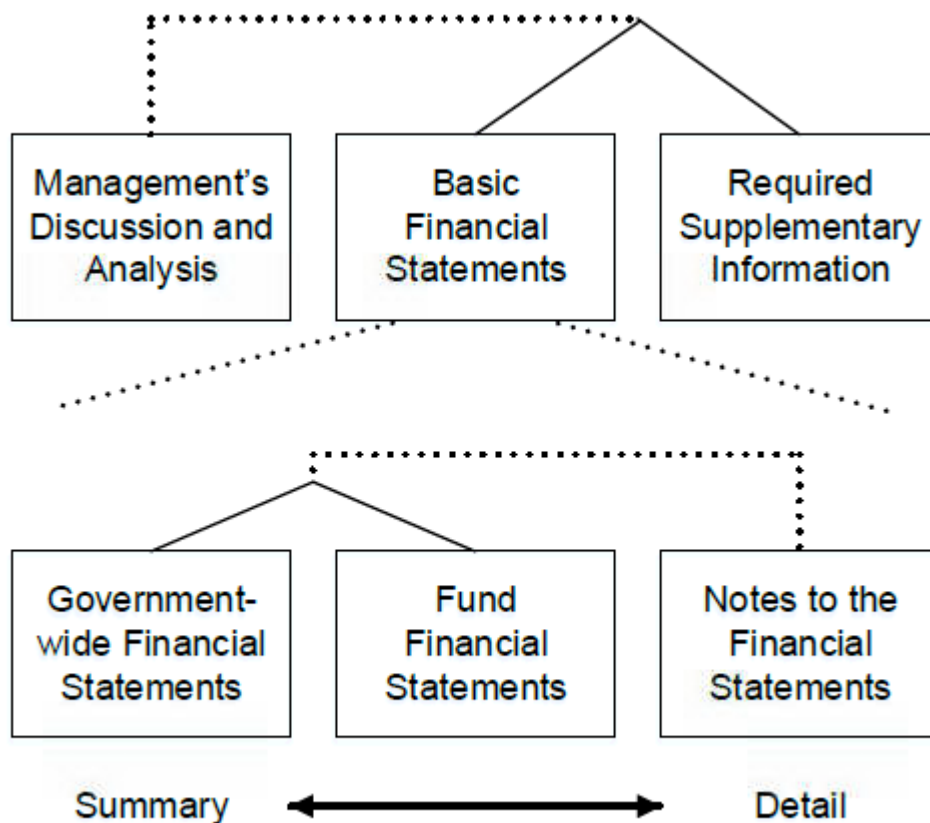


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire, streets and parks	Activities the City operates similar to private business such the liquor dispensary and storm sewer system
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• 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, 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 108 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 at the close of the most recent fiscal year as shown below.

A large portion of the City's net position 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		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Assets						
Current and other assets	\$ 24,039,537	\$ 23,440,030	\$ 599,507	\$ 4,177,248	\$ 3,332,046	\$ 845,202
Capital assets	69,754,358	68,816,653	937,705	13,132,060	11,834,147	1,297,913
Total Assets	93,793,895	92,256,683	1,537,212	17,309,308	15,166,193	2,143,115
Deferred outflows of resources	6,598,304	6,661,070	(62,766)	125,807	215,850	(90,043)
Liabilities						
Long-term liabilities outstanding	23,656,835	29,482,606	(5,825,771)	1,555,875	1,942,917	(387,042)
Other liabilities	1,550,853	2,585,059	(1,034,206)	421,010	361,838	59,172
Total Liabilities	25,207,688	32,067,665	(6,859,977)	1,976,885	2,304,755	(327,870)
Deferred inflows of resources	8,498,568	1,454,645	7,043,923	146,845	7,739	139,106
Net Position						
Net investment in capital assets	54,258,808	51,885,907	2,372,901	12,161,584	10,686,575	1,475,009
Restricted	10,507,907	10,841,545	(333,638)	-	-	-
Unrestricted	1,919,228	2,667,991	(748,763)	3,149,801	2,382,974	766,827
Total Net Position	\$ 66,685,943	\$ 65,395,443	\$ 1,290,500	\$ 15,311,385	\$ 13,069,549	\$ 2,241,836

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* 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 in net position reported in connection with the City's business-type activities. The Municipal Liquor Dispensary fund's gross profit percentage has slightly increased from the previous year, currently at 25.2 percent and was 24.3 in 2022.

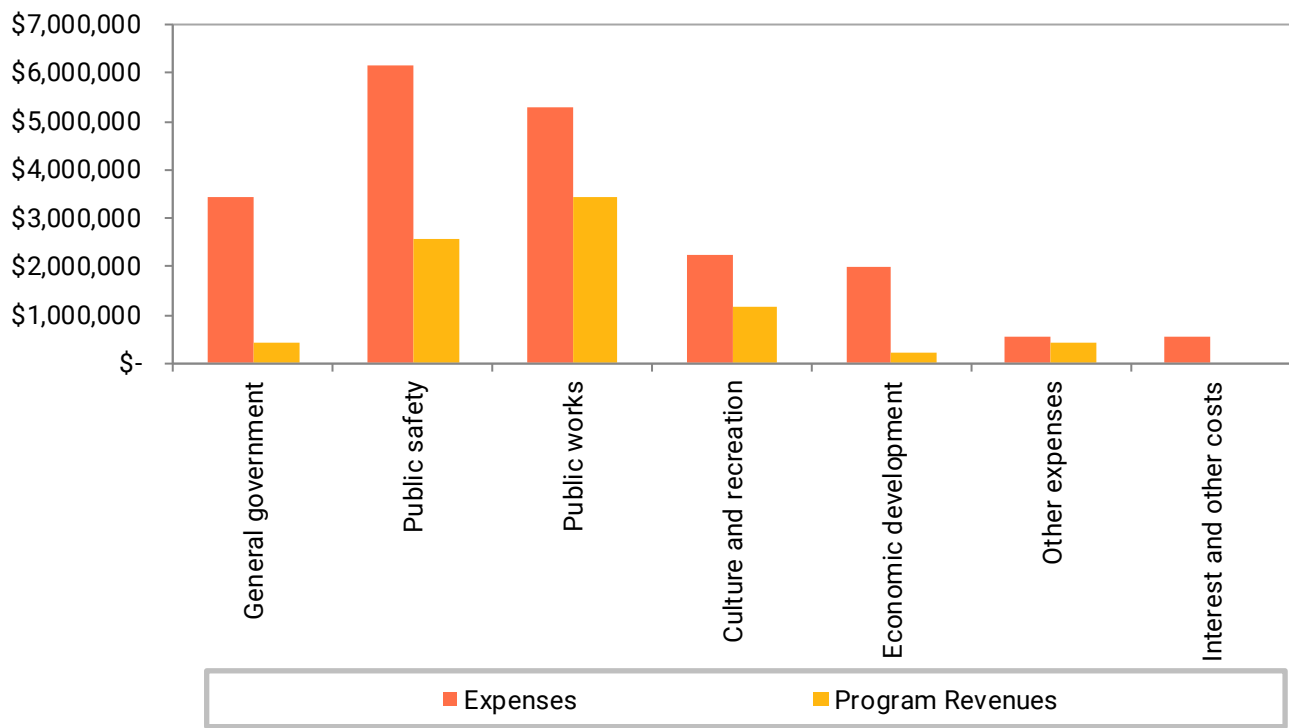
Governmental activities. The change in net position is described above and summarized as follows:

City of Alexandria's Changes in Net Position

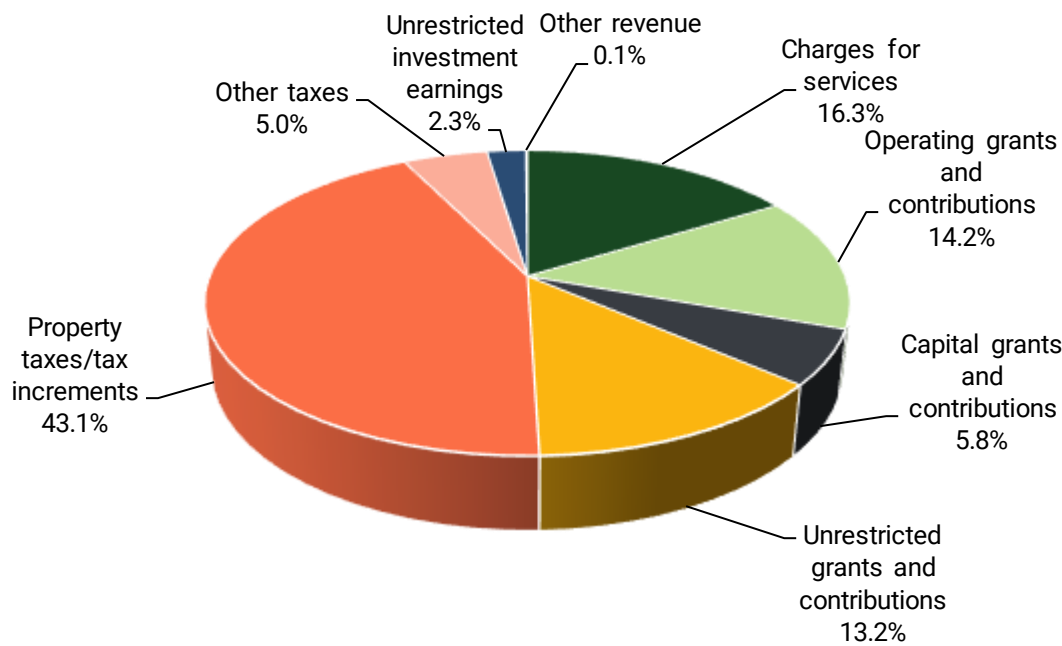
	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 3,697,569	\$ 3,695,908	\$ 1,661	\$ 8,967,311	\$ 8,839,676	\$ 127,635
Operating grants and contributions	3,224,328	4,588,925	(1,364,597)	23,415	3,028	20,387
Capital grants and contributions	1,309,487	834,483	475,004	25,000	-	25,000
General Revenues						
Property taxes/tax increments	9,794,626	9,378,759	415,867	-	-	-
Other taxes	1,137,718	1,193,292	(55,574)	-	-	-
Grants and contributions not restricted to specific programs	2,992,142	1,816,777	1,175,365	-	-	-
Unrestricted investment earnings	517,561	(327,887)	845,448	32,240	8,171	24,069
Other revenues	3,021	2,167	854	-	-	-
Gain on sale of capital assets	-	265,138	(265,138)	-	-	-
Total Revenues	<u>22,676,452</u>	<u>21,447,562</u>	<u>1,228,890</u>	<u>9,047,966</u>	<u>8,850,875</u>	<u>197,091</u>
Expenses						
General government	3,423,446	2,883,351	540,095	-	-	-
Public safety	6,151,214	5,124,457	1,026,757	-	-	-
Public works	5,292,738	4,474,169	818,569	-	-	-
Culture and recreation	2,251,546	1,820,911	430,635	-	-	-
Economic development	2,005,518	1,592,042	413,476	-	-	-
Other expenses	550,602	561,960	(11,358)	-	-	-
Interest and other costs	408,906	1,062,186	(653,280)	-	-	-
Liquor	-	-	-	7,527,825	7,431,902	95,923
Storm water	-	-	-	580,287	772,006	(191,719)
Total Expenses	<u>20,083,970</u>	<u>17,519,076</u>	<u>2,564,894</u>	<u>8,108,112</u>	<u>8,203,908</u>	<u>(95,796)</u>
Increase (Decrease) in Net Position						
Before Transfers and Contributions	2,592,482	3,928,486	(1,336,004)	939,854	646,967	292,887
Transfers	223,773	498,880	(275,107)	(223,773)	(498,880)	275,107
Capital Contributions	<u>(1,525,755)</u>	<u>-</u>	<u>(1,525,755)</u>	<u>1,525,755</u>	<u>-</u>	<u>1,525,755</u>
Change in Net Position	1,290,500	4,427,366	(3,136,866)	2,241,836	148,087	2,093,749
Net Position - January 1	<u>65,395,443</u>	<u>60,968,077</u>	<u>4,427,366</u>	<u>13,069,549</u>	<u>12,921,462</u>	<u>148,087</u>
Net Position - December 31	<u>\$ 66,685,943</u>	<u>\$ 65,395,443</u>	<u>\$ 1,290,500</u>	<u>\$ 15,311,385</u>	<u>\$ 13,069,549</u>	<u>\$ 2,241,836</u>

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

Expenses and Program Revenues - Governmental Activities

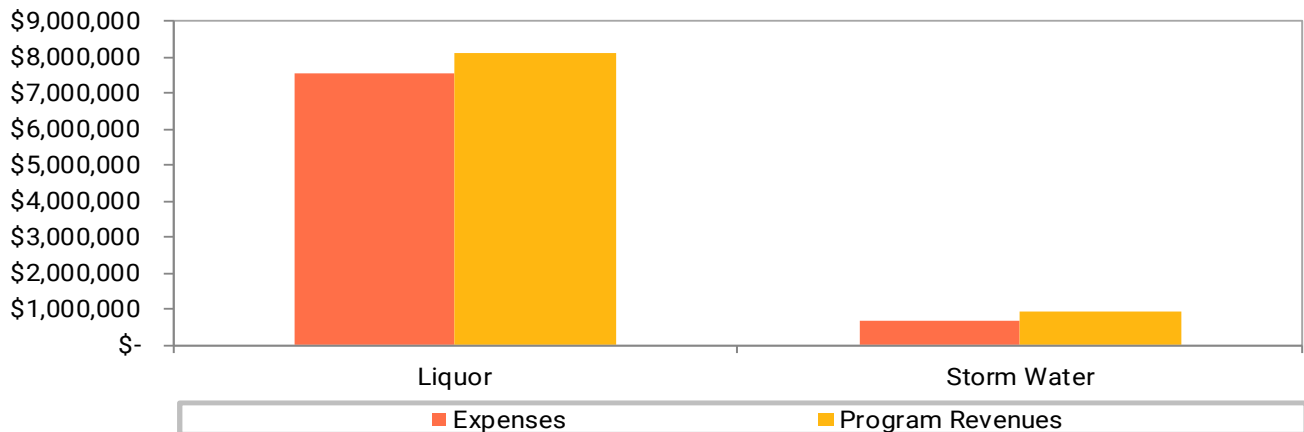


Revenues by Source - Governmental Activities



Business-type activities. Key elements of the increase in net position are summarized in the proprietary funds section on the following page.

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. The table below outlines the governmental fund balances for the year ending December 31, 2023:

	General Fund	Debt Service Fund	Capital Project Fund	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances							
Nonspendable	\$ 15,828	\$ -	\$ 2,016	\$ -	\$ 17,844	\$ 29,382	\$ (11,538)
Restricted	653,400	3,406,356	503,898	3,806,039	8,369,693	8,151,336	218,357
Committed	40,748	-	4,997,761	276,825	5,315,334	887,794	4,427,540
Assigned for	-	-	-	54,551	54,551	-	54,551
Unassigned	6,504,603	-	(5,103,225)	-	1,401,378	5,906,736	(4,505,358)
	<u>\$ 7,214,579</u>	<u>\$ 3,406,356</u>	<u>\$ 400,450</u>	<u>\$ 4,137,415</u>	<u>\$ 15,158,800</u>	<u>\$ 14,975,248</u>	<u>\$ 183,552</u>

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances as shown above, an increase in comparison with the prior year.

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 is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	\$ 15,828	\$ 29,382	\$ (13,554)
Restricted	653,400	12,195	641,205
Committed	40,748	39,449	1,299
Unassigned	6,504,603	5,906,736	597,867
Total	<u>\$ 7,214,579</u>	<u>\$ 5,987,762</u>	<u>\$ 1,226,817</u>
General Fund expenditures	\$ 10,758,763	\$ 11,023,789	
Unassigned as a percent of expenditures	60.5%	53.6%	
Total Fund Balance as a percent of expenditures	67.1%	54.3%	

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

Other major governmental fund analysis is shown below:

	December 31, 2023	December 31, 2022	Increase (Decrease)
Debt Service fund	\$ 3,406,356	\$ 4,000,368	\$ (594,012)
<i>The Debt Service fund decrease in fund balance during the year was due to scheduled principal and interest payments made on bonds during the year.</i>			
Capital Projects fund	\$ 400,450	\$ 1,039,393.00	\$ (638,943.00)
<i>The Capital Projects fund decrease during the year was due to ongoing project costs incurred in the current year.</i>			

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the City's proprietary funds increased or (decreased) as follows:

	Ending Net Position 2023	Ending Net Position 2022	Increase/ (Decrease)
Downtown Liquor	\$ 856,542	\$ 805,970	\$ 50,572
<i>The increase primarily is attributed to the decrease in cost of sales during the current year.</i>			
Plaza Liquor	\$ 1,357,400	\$ 1,169,079	\$ 188,321
<i>The increase primarily is attributed to increased sales during the current year.</i>			
Storm Water Utility	\$ 13,097,443	\$ 11,094,500	\$ 2,002,943
<i>The increase primarily is attributed to capital contributions received in the current year.</i>			

General Fund Budgetary Highlights

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 10,930,394	\$ 12,669,406	\$ 1,739,012
Expenditures	11,375,394	10,758,763	616,631
Excess (Deficiency) of Revenues Over (Under) Expenditures	(445,000)	1,910,643	2,355,643
Other Financing Sources (Uses)			
Transfers in	455,000	441,045	(13,955)
Transfers out	(10,000)	(1,124,871)	(1,114,871)
Total Other Financing Sources (Uses)	445,000	(683,826)	(1,128,826)
Net Change in Fund Balances	-	1,226,817	1,226,817
Fund Balances, January 1	5,987,762	5,987,762	-
Fund Balances, December 31	\$ 5,987,762	\$ 7,214,579	\$ 1,226,817

The City's General fund budget was not amended during the year. Revenues exceeded expectations and the expenditures were under the budgeted amounts as shown above.

Some highlights include:

- Building permit revenues for the year exceeded budget by \$318,403 due to an increase in permits issued for commercial projects and single-family dwellings over the previous year.
- Township inspection fees exceeded budget by \$64,751 due to increased building in Alexandria Township.
- Engineering fees were over budget by \$67,789 due mainly to the increase in building permit reviews.
- Due to unexpected repairs, the equipment repair and maintenance budget City wide, was over by \$77,835 mostly due to large equipment repairs.
- Runestone Community Center revenues were \$759,852, which was \$23,799 over budget. RCC expenditures were under budget by \$35,589.
- Insurance proceeds were over budget by \$192,451 largely due to a 2022 claim that the City received reimbursement for in 2023.
- Investment earnings were over budget by \$254,832, 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, 2023; 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 2023 exceeded budget by \$112,141.
- Federal revenue, City wide, exceeded budget by \$17,916, due mostly to unbudgeted CRRSSA funds received for an airport project.
- Total payroll and related expenditures for the City's General fund were under budget by \$764,665 due largely to the allocation of remaining ARPA funds to Police Department wages.

- The City Council authorized a General Fund reserve transfer resulting in the General Government transfer expenditure being over budget by \$1,114,871.
- Insurance premium expenditures exceeded budget by \$48,295.
- General Supplies, City wide, were over budget by \$73,395 due mainly to the increase in sand and salt prices and increased snowfall in the beginning of 2023.

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, 2023, is shown in the table below (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities and roads.

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

- Airport, Oshkosh Sweeper - \$47,400
- Fire Department, Rosenbauer Fire Rescue Truck - \$739,700
- Fire Department, Dodge Ram Grass Rig - \$113,983
- Park Department, Knute Nelson Turf Improvements - \$738,040
- Park Department, Knute Nelson Ballpark Scoreboard - \$201,723
- Street Department, Pronovost Snow Blower - \$36,250
- Street Department, 2006 International Tandem - \$35,000
- Street Department, TH 29 Sidewalk Extension 34th – 44th Avenue – 739,552
- Street Improvements including portions of Victoria Dr, Fingal Dr, Fingal Ct, Ashley Ln, Knut St, End St and Tolena Rd - \$520,395

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			Total		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Land	\$ 2,887,178	\$ 2,887,178	\$ -	\$ 101,413	\$ 101,413	\$ -	\$ 2,988,591	\$ 2,988,591	\$ -
Buildings	11,977,968	12,558,325	(580,357)	77,436	117,393	(39,957)	12,055,404	12,675,718	(620,314)
Improvements Other than Buildings	40,943,045	40,814,733	128,312	10,965,949	11,376,976	(411,027)	51,908,994	52,191,709	(282,715)
Machinery and Equipment	8,380,478	8,001,416	379,062	191,752	209,466	(17,714)	8,572,230	8,210,882	361,348
Construction in Progress	5,565,689	4,555,001	1,010,688	1,795,510	28,899	1,766,611	7,361,199	4,583,900	2,777,299
Total	\$ 69,754,358	\$ 68,816,653	\$ 937,705	\$ 13,132,060	\$ 11,834,147	\$ 1,297,913	\$ 82,886,418	\$ 80,650,800	\$ 2,235,618
Percent increase (decrease)			1.4%			11.0%			2.8%

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding as shown above. 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			Total		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
General Obligation Bonds	\$ 11,575,000	\$ 12,535,000	\$ (960,000)	\$ -	\$ -	\$ -	\$ 11,575,000	\$ 12,535,000	\$ (960,000)
General Obligation									
Improvement Bonds	1,615,000	2,600,000	(985,000)	910,000	1,075,000	(165,000)	2,525,000	3,675,000	(1,150,000)
Loans	678,619	-	678,619	-	-	-	678,619	-	678,619
Financed Purchase Arrangements	1,886,547	1,310,356	576,191	-	-	-	1,886,547	1,310,356	576,191
Leases	419,666	544,678	(125,012)	-	-	-	419,666	544,678	(125,012)
Total	<u>\$ 16,174,832</u>	<u>\$ 16,990,034</u>	<u>\$ (815,202)</u>	<u>\$ 910,000</u>	<u>\$ 1,075,000</u>	<u>\$ (165,000)</u>	<u>\$ 17,084,832</u>	<u>\$ 18,065,034</u>	<u>\$ (980,202)</u>
Percent increase (decrease)			-4.8%			-15.3%			-5.4%

The City's total debt decreased during the current fiscal year as shown above.

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.

Taxable Market Value	3 percent	Net Debt Applicable to Limit	Over/ (Under) Limit
<u>\$ 2,151,929,602</u>	<u>\$ 64,557,888</u>	<u>\$ 11,575,000</u>	<u>\$ (52,982,888)</u>

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 2024 budget.

- As is customary, the City Council reviewed not only the proposed 2024 budget but also considered a multi-year projection when discussing the 2024 budget.
- Property value increases and growth through new construction contributed to a 14.3% increase in tax capacity from 2022 to 2023.
- The overall property tax levy increased by 9.95% for 2024.
- Alexandria has a pull factor index of 2.80, according to the 2022 Retail Trade Analysis of Alexandria prepared by the University of Minnesota Extension Center for Community Vitality. This study was released in May 2024 and used data from 2022. 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 continues 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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Alexandria, Minnesota
Statement of Net Position
December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	ALP Utilities
Assets				
Cash and temporary investments	\$ 16,504,460	\$ 2,709,279	\$ 19,213,739	\$ 23,306,575
Restricted debt service reserve deposits	-	-	-	866,318
Receivables				
Interest	59,860	-	59,860	48,261
Delinquent taxes	102,200	-	102,200	-
Accounts, net of allowance	412,075	124,456	536,531	1,047,301
Notes and loans, net of allowance	1,282,257	-	1,282,257	-
Leases	221,740	-	221,740	-
Special assessments	3,166,799	-	3,166,799	10,224
Intergovernmental	1,165,881	-	1,165,881	-
Internal balances	52,140	(52,140)	-	-
Due from component unit	567,312	66,469	633,781	-
Inventories	-	1,329,184	1,329,184	4,029,371
Prepaid items	17,844	-	17,844	314,330
Net pension asset	486,969	-	486,969	-
Capital assets				
Capital assets not being depreciated/amortized	8,452,867	1,896,923	10,349,790	7,458,235
Capital assets net of accumulated depreciation/amortization	61,301,491	11,235,137	72,536,628	63,798,789
Total Assets	93,793,895	17,309,308	111,103,203	100,879,404
Deferred Outflows of Resources				
Deferred pension resources	5,992,246	120,498	6,112,744	575,296
Deferred other postemployment benefit resources	606,058	5,309	611,367	2,099
Total Deferred Outflows of Resources	6,598,304	125,807	6,724,111	577,395
Liabilities				
Accounts and contracts payable	849,739	305,612	1,155,351	1,647,740
Due to other governments	31,498	77,405	108,903	888,996
Accrued interest payable	195,900	9,021	204,921	31,863
Accrued salaries payable	259,572	28,972	288,544	172,691
Due to primary government	-	-	-	633,781
Deposits payable	191,286	-	191,286	339,735
Other current liabilities	-	-	-	163,394
Unearned revenue	22,858	-	22,858	-
Noncurrent liabilities				
Due within one year				
Long-term liabilities	2,812,261	218,766	3,031,027	1,172,571
Due in more than one year				
Long-term liabilities	14,804,075	868,265	15,672,340	6,797,098
Net pension liability	5,166,564	464,648	5,631,212	2,197,612
Other postemployment benefits liability	873,935	4,196	878,131	25,870
Total Liabilities	25,207,688	1,976,885	27,184,573	14,071,351
Deferred Inflows of Resources				
Deferred lease resources	228,059	-	228,059	-
Deferred pension resources	5,441,515	142,009	5,583,524	797,636
Deferred other postemployment benefit resources	275,989	4,836	280,825	53,522
Advance from other government	2,553,005	-	2,553,005	-
Total Deferred Inflows of Resources	8,498,568	146,845	8,645,413	851,158
Net Position				
Net investment in capital assets	54,258,808	12,161,584	66,420,392	64,004,654
Restricted for				
Fire relief pension	486,969	-	486,969	-
Debt service	5,057,601	-	5,057,601	866,318
Public safety	642,839	-	642,839	-
Wellness	10,561	-	10,561	-
Capital outlay	503,898	-	503,898	-
Economic development	3,806,039	-	3,806,039	-
Unrestricted	1,919,228	3,149,801	5,069,029	21,663,318
Total Net Position	\$ 66,685,943	\$ 15,311,385	\$ 81,997,328	\$ 86,534,290

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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 3,423,446	\$ 397,510	\$ 10,994	\$ -
Public safety	6,151,214	1,147,653	1,423,376	-
Public works	5,292,738	995,456	1,328,576	1,118,835
Culture and recreation	2,251,546	722,037	243,586	190,652
Economic development	2,005,518	136,200	101,341	-
Airport	550,602	298,713	116,455	-
Interest and other costs	408,906	-	-	-
Total Governmental Activities	<u>20,083,970</u>	<u>3,697,569</u>	<u>3,224,328</u>	<u>1,309,487</u>
Business-type Activities				
Liquor	7,527,825	8,099,804	58	-
Storm Water Utility	580,287	867,507	23,357	25,000
Total business-type activities	<u>8,108,112</u>	<u>8,967,311</u>	<u>23,415</u>	<u>25,000</u>
Total Primary Government	<u>\$ 28,192,082</u>	<u>\$ 12,664,880</u>	<u>\$ 3,247,743</u>	<u>\$ 1,334,487</u>
Component Unit				
ALP Utilities	<u>\$ 27,550,656</u>	<u>\$ 31,599,668</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
Other revenues
Transfers
Transfers of capital assets

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
\$ (3,014,942)		\$ (3,014,942)	
(3,580,185)		(3,580,185)	
(1,849,871)		(1,849,871)	
(1,095,271)		(1,095,271)	
(1,767,977)		(1,767,977)	
(135,434)		(135,434)	
(408,906)		(408,906)	
<u>(11,852,586)</u>		<u>(11,852,586)</u>	
-	\$ 572,037	572,037	
-	335,577	335,577	
-	907,614	907,614	
<u>(11,852,586)</u>	<u>907,614</u>	<u>(10,944,972)</u>	
			<u>\$ 4,049,012</u>
6,958,793	-	6,958,793	-
1,497,992	-	1,497,992	-
1,337,841	-	1,337,841	-
480,699	-	480,699	-
657,019	-	657,019	-
2,992,142	-	2,992,142	-
517,561	32,240	549,801	854,226
3,021	-	3,021	99,058
223,773	(223,773)	-	-
<u>(1,525,755)</u>	<u>1,525,755</u>	<u>-</u>	<u>-</u>
<u>13,143,086</u>	<u>1,334,222</u>	<u>14,477,308</u>	<u>953,284</u>
1,290,500	2,241,836	3,532,336	7,533,922
<u>65,395,443</u>	<u>13,069,549</u>	<u>78,464,992</u>	<u>79,000,368</u>
<u>\$ 66,685,943</u>	<u>\$ 15,311,385</u>	<u>\$ 81,997,328</u>	<u>\$ 86,534,290</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, 2023

City of Alexandria, Minnesota

Balance Sheet
Governmental Funds
December 31, 2023

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and temporary investments	\$ 7,127,601	\$ 3,394,884	\$ 3,067,547	\$ 2,914,428	\$ 16,504,460
Receivables					
Interest	56,292	-	-	3,568	59,860
Delinquent taxes	65,600	21,200	6,900	8,500	102,200
Accounts	375,725	-	13,547	22,803	412,075
Notes and loans, net of allowance	-	-	-	1,282,257	1,282,257
Special assessments	3,517	1,825,945	1,337,337	-	3,166,799
Intergovernmental	108,964	15,922	1,035,964	5,031	1,165,881
Leases	77,995	-	143,745	-	221,740
Due from other funds	52,140	-	-	-	52,140
Due from component unit	81,006	-	486,306	-	567,312
Prepaid items	15,828	-	2,016	-	17,844
Total Assets	\$ 7,964,668	\$ 5,257,951	\$ 6,093,362	\$ 4,236,587	\$ 23,552,568
Liabilities					
Accounts payable	\$ 237,379	\$ 4,450	\$ 336,971	\$ 87,085	\$ 665,885
Contracts payable	-	-	183,854	-	183,854
Due to other governments	31,498	-	-	-	31,498
Accrued salaries payable	255,985	-	-	3,587	259,572
Deposits payable	79,633	-	111,653	-	191,286
Unearned revenue	16	-	22,842	-	22,858
Total Liabilities	604,511	4,450	655,320	90,672	1,354,953
Deferred Inflows of Resources					
Deferred lease revenue	76,461	-	151,598	-	228,059
Unavailable revenue - taxes	65,600	21,200	6,900	8,500	102,200
Unavailable revenue - special assessments	3,517	1,825,945	1,337,337	-	3,166,799
Unavailable revenue - intergovernmental	-	-	988,752	-	988,752
Advance from other government	-	-	2,553,005	-	2,553,005
Total Deferred Inflows of Resources	145,578	1,847,145	5,037,592	8,500	7,038,815
Fund Balances					
Nonspendable for					
Prepaid items	15,828	-	2,016	-	17,844
Restricted for					
Debt service	-	3,406,356	-	-	3,406,356
Public safety	642,839	-	-	-	642,839
Wellness	10,561	-	-	-	10,561
Capital outlay	-	-	503,898	-	503,898
Economic development	-	-	-	3,806,039	3,806,039
Committed for					
Capital outlay	-	-	4,555,206	-	4,555,206
Payment of benefits	-	-	-	449	449
Firefighter's retirement obligation	-	-	-	104,666	104,666
Economic development	-	-	-	64,215	64,215
Tree Preservation	-	-	-	91,863	91,863
Sanitary sewer district appropriations	-	-	-	15,632	15,632
Wellness	40,748	-	-	-	40,748
Capital outlay	-	-	442,555	-	442,555
Assigned for					
Public safety	-	-	-	54,551	54,551
Unassigned	6,504,603	-	(5,103,225)	-	1,401,378
Total Fund Balances	7,214,579	3,406,356	400,450	4,137,415	15,158,800
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,964,668	\$ 5,257,951	\$ 6,093,362	\$ 4,236,587	\$ 23,552,568

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, 2023

Total Fund Balances - Governmental Funds	\$ 15,158,800
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.	486,969
Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	69,754,358
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	(1,022,501)
Other postemployment benefit liability	(873,935)
Bonds payable	(13,190,000)
Leases payable	(419,666)
Finance purchase arrangements	(1,886,547)
Loans payable	(678,619)
Bond premium and discount, net of accumulated amortization	(419,003)
Net pension liability	(5,166,564)
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	102,200
Special assessments receivable	3,166,799
Intergovernmental receivable	988,752
Governmental funds do not report long-term amounts related to pensions and other post employment benefits	
Deferred outflows of resources - pension resources	5,992,246
Deferred outflows of resources - other post employment benefits	606,058
Deferred inflows of resources - pension resources	(5,441,515)
Deferred inflows of resources - other post employment benefits	(275,989)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(195,900)</u>
Total Net Position - Governmental Activities	<u><u>\$ 66,685,943</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, 2023

	General	Debt Service	Capital Projects	Other Governmental Funds	Totals
Revenues					
Taxes	\$ 6,153,315	\$ 1,669,870	\$ 570,935	\$ 2,481,212	\$ 10,875,332
Payment in lieu of taxes	1,006,671	-	-	-	1,006,671
Special assessments	14,764	202,068	368,928	-	585,760
Licenses and permits	943,626	-	-	-	943,626
Intergovernmental	2,753,077	20,782	1,860,419	1,655,185	6,289,463
Charges for services	1,160,878	-	293,964	107,977	1,562,819
Fines and forfeits	91,273	-	-	-	91,273
Investment earnings	296,151	58,703	37,474	153,456	545,784
Other revenue	249,651	4,036	341,725	1,606	597,018
Total Revenues	<u>12,669,406</u>	<u>1,955,459</u>	<u>3,473,445</u>	<u>4,399,436</u>	<u>22,497,746</u>
Expenditures					
Current					
General government	2,819,576	-	1,213	402,626	3,223,415
Public safety	4,022,041	-	-	992,979	5,015,020
Public works	1,950,208	-	10,731	624,572	2,585,511
Culture and recreation	1,621,556	-	24,721	48,181	1,694,458
Economic development	-	-	-	2,005,518	2,005,518
Airport	266,277	-	6,437	-	272,714
Capital outlay					
General government	10,675	-	24,488	1,890	37,053
Public safety	61,986	-	603,362	88,494	753,842
Public works	5,745	-	4,431,294	19,614	4,456,653
Culture and recreation	699	-	1,023,222	-	1,023,921
Airport	-	-	164,127	-	164,127
Debt service					
Principal	-	1,945,000	257,016	-	2,202,016
Interest and other	-	413,071	77,462	-	490,533
Total Expenditures	<u>10,758,763</u>	<u>2,358,071</u>	<u>6,624,073</u>	<u>4,183,874</u>	<u>23,924,781</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,910,643</u>	<u>(402,612)</u>	<u>(3,150,628)</u>	<u>215,562</u>	<u>(1,427,035)</u>
Other Financing Sources (Uses)					
Transfers in	441,045	-	1,124,871	-	1,565,916
Debt issued	-	-	1,386,814	-	1,386,814
Transfers out	(1,124,871)	(191,400)	-	(25,872)	(1,342,143)
Total Other Financing Sources (Uses)	<u>(683,826)</u>	<u>(191,400)</u>	<u>2,511,685</u>	<u>(25,872)</u>	<u>1,610,587</u>
Net Change in Fund Balances	1,226,817	(594,012)	(638,943)	189,690	183,552
Fund Balances, January 1	5,987,762	4,000,368	1,039,393	3,947,725	14,975,248
Fund Balances, December 31	<u>\$ 7,214,579</u>	<u>\$ 3,406,356</u>	<u>\$ 400,450</u>	<u>\$ 4,137,415</u>	<u>\$ 15,158,800</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, 2023

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

Net Change in Fund Balances - Governmental Funds	\$	183,552
--	----	---------

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.

Capital outlay		5,855,019
Depreciation expense		(3,582,211)
Capital contributions to other funds		(1,525,755)

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

Contributed capital assets		190,652
----------------------------	--	---------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued or incurred		(1,386,814)
Principal repayments		2,202,016
Premium/discount on bonds issued, net of amortization expense		66,387

Long-term pension activity is not reported in governmental funds.

Pension expense		(614,967)
-----------------	--	-----------

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.

15,240

Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.

Property taxes		38,100
Special assessments		(109,319)
State grants		86,856

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		(128,256)
----------------------	--	-----------

Change in Net Position - Governmental Activities	\$	<u>1,290,500</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, 2023

	General		
	Budgeted Amounts		
	Original and Final	Actual Amounts	Variance with Final Budget
Revenues			
Taxes	\$ 6,097,594	\$ 6,153,315	\$ 55,721
Payment in lieu of taxes	1,000,000	1,006,671	6,671
Special assessments	-	14,764	14,764
Licenses and permits	597,525	943,626	346,101
Intergovernmental	1,963,387	2,753,077	789,690
Charges for services	1,081,588	1,160,878	79,290
Fines and forfeits	92,000	91,273	(727)
Investment earnings	40,000	296,151	256,151
Other revenue	58,300	249,651	191,351
Total Revenues	<u>10,930,394</u>	<u>12,669,406</u>	<u>1,739,012</u>
Expenditures			
Current			
General government	2,899,766	2,819,576	80,190
Public safety	4,815,419	4,022,041	793,378
Public works	1,735,301	1,950,208	(214,907)
Culture and recreation	1,622,558	1,621,556	1,002
Airport	217,850	266,277	(48,427)
Capital outlay			
General government	4,500	10,675	(6,175)
Public safety	62,000	61,986	14
Public works	5,000	5,745	(745)
Culture and recreation	10,000	699	9,301
Airport	3,000	-	3,000
Total Expenditures	<u>11,375,394</u>	<u>10,758,763</u>	<u>616,631</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(445,000)</u>	<u>1,910,643</u>	<u>2,355,643</u>
Other Financing Sources (Uses)			
Transfers in	455,000	441,045	(13,955)
Transfers out	(10,000)	(1,124,871)	(1,114,871)
Total Other Financing Sources (Uses)	<u>445,000</u>	<u>(683,826)</u>	<u>(1,128,826)</u>
Net Change in Fund Balances	-	1,226,817	1,226,817
Fund Balances, January 1	<u>5,987,762</u>	<u>5,987,762</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 5,987,762</u>	<u>\$ 7,214,579</u>	<u>\$ 1,226,817</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, 2023

	609 Downtown Liquor	610 Plaza Liquor	211 Storm Water Utility	Totals
Assets				
Current Assets				
Cash and temporary investments	\$ 411,576	\$ 1,001,404	\$ 1,296,299	\$ 2,709,279
Receivables				
Accounts	42,721	81,735	-	124,456
Due from component unit	-	-	66,469	66,469
Inventories	664,118	665,066	-	1,329,184
Total Current Assets	1,118,415	1,748,205	1,362,768	4,229,388
Noncurrent Assets				
Capital assets				
Land	68,603	32,810	-	101,413
Buildings	439,516	624,364	8,346	1,072,226
Equipment	200,132	220,475	3,536	424,143
Other improvements	45,487	48,789	21,344,910	21,439,186
Construction in progress	-	-	1,795,510	1,795,510
Less accumulated depreciation	(572,555)	(716,960)	(10,410,903)	(11,700,418)
Total Capital Assets (Net of Accumulated Depreciation)	181,183	209,478	12,741,399	13,132,060
Total Assets	1,299,598	1,957,683	14,104,167	17,361,448
Deferred Outflows of Resources				
Deferred pension resources	54,572	65,809	117	120,498
Deferred other postemployment benefit resources	4,407	902	-	5,309
Total Deferred Outflows of Resources	58,979	66,711	117	125,807
Liabilities				
Current Liabilities				
Accounts and contracts payable	109,198	183,223	13,192	305,613
Due to other governments	28,131	49,274	-	77,405
Accrued interest payable	-	-	9,021	9,021
Accrued salaries payable	14,510	14,461	-	28,971
Compensated absences payable	19,926	21,164	7,676	48,766
Due to other funds	25,813	26,160	167	52,140
Bonds payable, current portion	-	-	170,000	170,000
Total Current Liabilities	197,578	294,282	200,056	691,916
Noncurrent Liabilities				
Compensated absences payable	27,072	34,998	5,719	67,789
Bonds payable	-	-	800,476	800,476
Other postemployment benefits	635	3,561	-	4,196
Net pension liability	210,433	253,763	452	464,648
Total Noncurrent Liabilities	238,140	292,322	806,647	1,337,109
Total Liabilities	435,718	586,604	1,006,703	2,029,025
Deferred Inflows of Resources				
Deferred pension resources	64,314	77,557	138	142,009
Deferred other postemployment benefit resources	2,003	2,833	-	4,836
Total Deferred Inflows of Resources	66,317	80,390	138	146,845
Net Position				
Net investment in capital assets	181,183	209,478	11,770,923	12,161,584
Unrestricted	675,359	1,147,922	1,326,520	3,149,801
Total Net Position	\$ 856,542	\$ 1,357,400	\$ 13,097,443	\$ 15,311,385

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, 2023

	609 Downtown Liquor	610 Plaza Liquor	211 Storm Water Utility	Totals
Operating Revenues				
Sales	\$ 3,091,530	\$ 5,007,209	\$ -	\$ 8,098,739
Cost of sales	(2,322,934)	(3,738,704)	-	(6,061,638)
Gross Profit	768,596	1,268,505	-	2,037,101
Charges for services	-	-	867,507	867,507
Total Operating Revenues	768,596	1,268,505	867,507	2,904,608
Operating Expenses				
Personal services	471,669	536,966	(49,837)	958,798
Operating supplies and expenses	17,138	30,781	8,130	56,049
Insurance	17,414	24,261	-	41,675
Utilities	13,674	15,521	-	29,195
Depreciation and amortization	16,954	54,556	410,450	481,960
Other services and charges	97,535	169,718	201,577	468,830
Total Operating Expenses	634,384	831,803	570,320	2,036,507
Operating Income	134,212	436,702	297,187	868,101
Nonoperating Revenues (Expenses)				
Intergovernmental revenue	26	32	23,357	23,415
Miscellaneous income	279	786	-	1,065
Investment income	1,055	801	30,384	32,240
Amortization of premium	-	-	12,096	12,096
Interest expense	-	-	(22,063)	(22,063)
Total Nonoperating Revenues (Expenses)	1,360	1,619	43,774	46,753
Income Before Contributions and Transfers	135,572	438,321	340,961	914,854
Capital contributions from other funds	-	-	1,525,755	1,525,755
Capital grants and contributions	-	-	25,000	25,000
Transfers in	-	-	191,400	191,400
Transfers Out	(85,000)	(250,000)	(80,173)	(415,173)
Change in Net Position	50,572	188,321	2,002,943	2,241,836
Net Position, January 1	805,970	1,169,079	11,094,500	13,069,549
Net Position, December 31	\$ 856,542	\$ 1,357,400	\$ 13,097,443	\$ 15,311,385

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, 2023

	609 Downtown Liquor	610 Plaza Liquor	211 Storm Water Utility	Totals
Cash Flows from Operating Activities				
Receipts from customers	\$ 3,088,751	\$ 5,004,021	\$ 867,507	\$ 8,960,279
Payments to suppliers and vendors	(2,559,010)	(4,069,726)	(221,066)	(6,849,802)
Payments to and on behalf of employees	(436,547)	(498,744)	(855)	(936,146)
Other receipts	279	786	-	1,065
Net Cash Provided by Operating Activities	<u>93,473</u>	<u>436,337</u>	<u>645,586</u>	<u>1,175,396</u>
Cash Flows from Noncapital Financing Activities				
Grants received	26	32	23,357	23,415
Transfer in	-	-	191,400	191,400
Transfers out	(85,000)	(250,000)	(80,173)	(415,173)
Decrease in due from component unit	-	-	(757)	(757)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(84,974)</u>	<u>(249,968)</u>	<u>133,827</u>	<u>(201,115)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(6,676)	(6,586)	(240,856)	(254,118)
Capital grants	-	-	25,000	25,000
Principal paid on long-term debt	-	-	(165,000)	(165,000)
Interest paid on long-term debt	-	-	(24,125)	(24,125)
Net Cash Used by Capital and Related Financing Activities	<u>(6,676)</u>	<u>(6,586)</u>	<u>(404,981)</u>	<u>(418,243)</u>
Cash Flows from Investing Activities				
Interest received on cash and investments	<u>1,055</u>	<u>801</u>	<u>30,384</u>	<u>32,240</u>
Net Increase (Decrease) In Cash and Cash Equivalents	2,878	180,584	404,816	588,278
Cash and Cash Equivalents, January 1	<u>408,698</u>	<u>820,820</u>	<u>891,483</u>	<u>2,121,001</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 411,576</u></u>	<u><u>\$ 1,001,404</u></u>	<u><u>\$ 1,296,299</u></u>	<u><u>\$ 2,709,279</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 134,212	\$ 436,702	\$ 297,187	\$ 868,101
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	16,954	54,556	410,450	481,960
Other income related to operations	279	786	-	1,065
(Increase) decrease in assets				
Accounts receivable	(3,199)	(7,013)	-	(10,212)
Due from other funds/departments	420	3,825	-	4,245
Inventories	(108,056)	(93,804)	-	(201,860)
(Increase) decrease in deferred outflows of resources				
Deferred pension resources	29,683	40,575	17,944	88,202
Deferred other postemployment benefit resources	793	(713)	1,761	1,841
Increase (decrease) in liabilities				
Accounts and contracts payable	43,983	25,903	(11,614)	58,272
Due to other governments	(1,928)	1,441	-	(487)
Due to other funds/departments	(24,314)	(24,281)	167	(48,428)
Due to component unit	-	-	88	88
Accrued salaries payable	3,206	243	-	3,449
Compensated absences payable	6,349	12,495	652	19,496
Net pension liability	(60,427)	(88,240)	(69,061)	(217,728)
Other postemployment benefits liability	(5,858)	784	(6,640)	(11,714)
Increase (decrease) in deferred inflows of resources				
Deferred pension resources	60,497	72,737	7,345	140,579
Deferred other postemployment benefit resources	879	341	(2,693)	(1,473)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 93,473</u></u>	<u><u>\$ 436,337</u></u>	<u><u>\$ 645,586</u></u>	<u><u>\$ 1,175,396</u></u>
Noncash Investing, Capital and Financing Activities				
Capital assets contributed by (to) other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,525,755</u>	<u>\$ 1,525,755</u>
Amortization of bond (premium) discount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,096)</u>	<u>\$ (12,096)</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, 2023

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 Utilities 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 Utilities and any bonded debt of the Board of Public Utilities must be approved by City Council. The Board of Public Utilities does not provide services entirely to the City and the Board of Public Utilities debt is not expected to be repaid by the City's resources. It is this criterion that results in the Board of Public Utilities being reported as a discretely presented component unit. Completed financial statements of the Board of Public Utilities can be obtained from the Board of Public Utilities, 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, 2023

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, 2023

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 *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 and surface water management program.

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, 2023

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, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

The city has the following recurring fair value measurements as of December 31, 2023:

- United State Treasuries of \$787,329 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposit, Government agency securities, and Municipal bonds of \$2,672,791, \$5,659,176 and \$837,673, respectively are valued using a matrix pricing model (Level 2 inputs)

The ALP Utilities has the following recurring fair value measurements as of December 31, 2023:

- United State Treasuries of \$1,538,247 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposit, Government agency securities, and Municipal bonds of \$1,777,468, \$11,217,823 and \$346,098, 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 ALP Utilities accounts receivable of \$1,047,301 are recorded net of allowance for doubtful accounts of \$67,385 at December 31, 2023. 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 \$125,029 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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

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 Utilities is exempt from federal and state income taxes. However, the Board of Public Utilities 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 Utilities and the Storm Water Utility fund 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 Utilities 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 and annual unpaid property clean-up fees and police false alarm charges. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are annually certified to the County or received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

Inventories and Prepaid Items

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

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Inventories at the Board of Public Utilities 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 Utilities 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 assets 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 Utilities' 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 Utilities' 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, 2022. 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, 2023

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	\$ 402,103	\$ 947,756	\$ 175,646	\$ 1,525,505
Pension expense - Component Unit	294,557	-	-	294,557

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 assets 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.

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.

Note 3: Detailed Notes on all Funds

A. Deposits and Investments

Deposits

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

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

Authorized collateral in lieu of a corporate surety bond includes:

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

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on all Funds (Continued)

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 \$4,891,761 and the bank balance was \$5,165,768. Of the bank balance, \$1,250,000 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 Utilities DBA ALP Utilities, a discretely presented component unit, was \$9,145,637 and the bank balance was \$9,277,085. 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.

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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on all Funds (Continued)

At December 31, 2023, 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	\$ 4,361,127		
Non-pooled Investments at Fair Value					
US Treasuries	Aaa	less than 1 year	787,329	\$ 787,329	\$ -
Municipal Bonds	Aa2	1 to 5 years	358,978	-	358,978
Municipal Bonds	Aaa	1 to 5 years	265,921	-	265,921
Municipal Bonds	Aa3	1 to 5 years	212,774	-	212,774
Government Agency Securities	Aaa	less than 1 year	2,001,375	-	2,001,375
Government Agency Securities	Aaa	1 to 5 years	3,077,647	-	3,077,647
Government Agency Securities	Aaa	more than 5 years	580,154	-	580,154
Negotiable certificates of deposit	N/A	less than 1 year	1,704,779	-	1,704,779
Negotiable certificates of deposit	N/A	1 to 5 years	968,012	-	968,012
Total Investments			<u>\$ 14,318,096</u>	<u>\$ 787,329</u>	<u>\$ 9,169,640</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, 2023

Note 3: Detailed Notes on all Funds (Continued)

Discretely Presented Component Unit

ALP Utilities

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	147,365		
Non-pooled Investments at Fair Value					
United State Treasuries	N/A	less than one year	1,538,247	\$ 1,538,247	\$ -
Government Agency Securities	AAA	less than one year	2,423,745	-	2,423,745
Government Agency Securities	AAA	1 to 5 years	6,458,322	-	6,458,322
Government Agency Securities	AA+	less than one year	380,590	-	380,590
Government Agency Securities	AA+	1 to 5 years	1,822,472	-	1,822,472
Government Agency Securities	AA+	5 to 10 years	132,694	-	132,694
Municipal Bonds	AAA/AA+	1 to 5 years	346,098	-	346,098
Negotiable certificates of deposit	N/A	less than one year	902,640	-	902,640
Negotiable certificates of deposit	N/A	1 to 5 years	874,828	-	874,828
Total Investments			<u>\$ 15,027,006</u>	<u>\$ 1,538,247</u>	<u>\$ 13,341,389</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 Utilities	Total Reporting Entity
Deposits	\$ 4,891,761	\$ 9,145,637	\$ 14,037,398
Investments	14,318,096	15,027,006	29,345,102
Cash on Hand	3,882	250	4,132
Total	<u>\$ 19,213,739</u>	<u>\$ 24,172,893</u>	<u>\$ 43,386,632</u>
Cash and Cash Equivalents	\$ 19,213,739	\$ 23,306,575	\$ 42,520,314
Restricted Debt Service Reserve Deposits	-	866,318	866,318
Total	<u>\$ 19,213,739</u>	<u>\$ 24,172,893</u>	<u>\$ 43,386,632</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

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, 2023 is \$940,389.

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 \$40,300, at December 31, 2023 is \$203,800.

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, 2023 is \$138,068.

C. Capital Assets

Primary Government

Capital asset activity for the primary government for the year ended December 31, 2023 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	4,555,001	3,950,098	(2,939,410)	5,565,689
Total Capital Assets not being Depreciated/Amortized	7,442,179	3,950,098	(2,939,410)	8,452,867
Capital Assets being Depreciated/Amortized				
Buildings	22,569,376	8,013	-	22,577,389
Improvements other than buildings	78,378,783	2,230,517	(47,700)	80,561,600
Machinery and equipment	15,211,285	1,270,698	-	16,481,983
Leased Equipment (Intangible Right to Use Asset)	618,389	-	-	618,389
Total Capital Assets Being Depreciated/Amortized	116,777,833	3,509,228	(47,700)	120,239,361
Less Accumulated Depreciation/Amortization for				
Buildings	(10,011,051)	(588,370)	-	(10,599,421)
Improvements other than buildings	(37,564,050)	(2,102,205)	47,700	(39,618,555)
Machinery and equipment	(7,750,774)	(758,640)	-	(8,509,414)
Leased Equipment (Intangible Right to Use Asset)	(77,484)	(132,996)	-	(210,480)
Total Accumulated Depreciation/Amortization	(55,403,359)	(3,582,211)	47,700	(58,937,870)
Total Capital Assets Being Depreciated/Amortized, Net	61,374,474	(72,983)	-	61,301,491
Governmental Activities Capital Assets, Net	<u>\$ 68,816,653</u>	<u>\$ 3,877,115</u>	<u>\$ (2,939,410)</u>	<u>\$ 69,754,358</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

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	1,795,510	(28,899)	1,795,510
	<u>130,312</u>	<u>1,795,510</u>	<u>(28,899)</u>	<u>1,896,923</u>
Total capital assets not being depreciated	<u>130,312</u>	<u>1,795,510</u>	<u>(28,899)</u>	<u>1,896,923</u>
Capital Assets being Depreciated				
Buildings	1,072,226	-	-	1,072,226
Equipment	478,892	13,262	(68,011)	424,143
Other improvements	21,439,186	-	-	21,439,186
Total Capital Assets Being Depreciated	<u>22,990,304</u>	<u>13,262</u>	<u>(68,011)</u>	<u>22,935,555</u>
Less Accumulated Depreciation for				
Buildings	(954,833)	(39,957)	-	(994,790)
Equipment	(269,426)	(30,976)	68,011	(232,391)
Other improvements	(10,062,210)	(411,027)	-	(10,473,237)
Total Accumulated Depreciation	<u>(11,286,469)</u>	<u>(481,960)</u>	<u>68,011</u>	<u>(11,700,418)</u>
Total Capital Assets Being Depreciated, Net	<u>11,703,835</u>	<u>(468,698)</u>	<u>-</u>	<u>11,235,137</u>
Business-type Activities Capital Assets, Net	<u>\$ 11,834,147</u>	<u>\$ 1,326,812</u>	<u>\$ (28,899)</u>	<u>\$ 13,132,060</u>

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

Governmental Activities

General government	\$ 139,257
Public safety	508,534
Public works	2,080,637
Culture and recreation	523,201
Airport	330,582
	<u>3,582,211</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,582,211</u>

Business-type Activities

Municipal Liquor Dispensary	\$ 71,510
Storm water	410,450
	<u>481,960</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 481,960</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

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, 2023 are as follows:

ALP Utilities

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities					
Capital Assets not Being Depreciated					
Land and land rights	\$ 131,476	\$ 316,929	\$ -	\$ -	\$ 448,405
Service territory acquired	255,813	-	-	-	255,813
Construction in progress	3,800,269	7,996,478	(5,042,730)	-	6,754,017
Total Capital Assets not Being Depreciated	<u>4,187,558</u>	<u>8,313,407</u>	<u>(5,042,730)</u>	<u>-</u>	<u>7,458,235</u>
Capital Assets Being Depreciated					
Buildings and structures	2,876,474	22,382	-	-	2,898,856
Transmission plant	2,763,581	-	-	-	2,763,581
Distribution plant	102,110,930	4,167,621	(651,886)	123,312	105,749,977
General equipment	8,622,835	476,721	(2,312,859)	(123,312)	6,663,385
Total Capital Assets Being Depreciated	<u>116,373,820</u>	<u>4,666,724</u>	<u>(2,964,745)</u>	<u>-</u>	<u>118,075,799</u>
Less Accumulated Depreciation for					
Buildings and structures	(2,314,880)	(55,535)	-	-	(2,370,415)
Transmission plant	(1,543,312)	(83,515)	-	-	(1,626,827)
Distribution plant	(43,779,676)	(2,385,687)	628,896	-	(45,536,467)
General equipment	(5,998,802)	(357,766)	1,613,267	-	(4,743,301)
Total Accumulated Depreciation	<u>(53,636,670)</u>	<u>(2,882,503)</u>	<u>2,242,163</u>	<u>-</u>	<u>(54,277,010)</u>
Total Capital Assets Being Depreciated, Net	<u>62,737,150</u>	<u>1,784,221</u>	<u>(722,582)</u>	<u>-</u>	<u>63,798,789</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 66,924,708</u></u>	<u><u>\$ 10,097,628</u></u>	<u><u>\$ (5,765,312)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 71,257,024</u></u>

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

Component unit	
Electric	\$ 1,828,580
Water	1,047,847
Fiber	<u>6,076</u>
Total Depreciation Expense - Component Unit	<u><u>\$ 2,882,503</u></u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on all Funds (Continued)

Construction Commitments

The City has active construction projects as of December 31, 2023. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Nokomis Street Improvement - Engineering	\$ 178,877	\$ 118,961
Pioneer Road Overlay - Engineering	33,525	8,381
RCC Expansion Project - Design	323,702	231,592
Rosewood Reginal Pond	239,325	15,805
Runway 13-31 Reconstruction - Design/Engineering	253,152	59,148
18th Avenue Reconstruction	8,151,837	295,313
2024 Local Streets- Engineering	14,961	70,299
Total	<u>\$ 9,195,379</u>	<u>\$ 799,499</u>

D. Interfund Receivables, Payables and Transfers

Interfund Receivables/Payables

The composition of due from/to other funds at December 31, 2023 is as follows:

Receivable Fund	Payable Fund	Amount
General	Proprietary	
	Downtown Liquor	\$ 25,813
	Plaza Liquor	26,160
	Storm Water	167
Net Internal Balance		<u>\$ 52,140</u>

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

Due From Component Unit

The City has a receivable amount from ALP totaling \$633,781 as of December 31, 2023 which consists of reimbursement of project costs, storm water charges and payment in lieu of taxes.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on all Funds (Continued)

Interfund Transfers

Transfers made for the year ended December 31, 2023 are as follows:

Fund	Transfers In			
	General	Capital Projects	Storm Water Utility	Total
Transfers Out				
General	\$ -	\$ 1,124,871	\$ -	\$ 1,124,871
Debt Service	-	-	191,400	191,400
Employee Benefit	25,872	-	-	25,872
Downtown Liquor	85,000	-	-	85,000
Plaza Liquor	250,000	-	-	250,000
Storm Water Utility	80,173	-	-	80,173
Total Transfers Out	<u>\$ 441,045</u>	<u>\$ 1,124,871</u>	<u>\$ 191,400</u>	<u>\$ 1,757,316</u>

During the year, reoccurring transfers are used to 1) transfer a portion of the profits from the Downtown Liquor and Plaza Liquor fund to the General fund and 2) transfer funds to cover bond and lease payments. Further, during the year ended December 31, 2023, the government made the following one-time transfers:

- From General to Capital improvement fund of \$1,124,871 for future improvements.

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	\$ 42,459	\$ 17,483
Landon Craig - Airport Land Lease	04/10/23	4.75	20,456	126,262
Ground Lease - MBA - Alexandria, LLC	06/11/19	4.75	15,295	77,995
Total				<u>\$ 221,740</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

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	\$ 2,655,000
G.O. Refunding Bonds of 2014B	1,470,000	2.00 - 3.00	09/15/14	02/01/30	670,000
G.O. Bonds of 2016A	7,060,000	2.00 - 3.00	08/25/16	02/01/37	5,775,000
G.O. Refunding Bonds of 2016B	780,000	2.00 - 3.00	08/25/16	02/01/30	520,000
G.O. Improvement Bonds of 2020A	2,165,000	4.00 - 1.50	08/27/20	02/01/36	1,955,000
Total General Obligation Bonds					<u>\$ 11,575,000</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
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	1,095,000	181,554	1,276,554
2029 - 2033	4,420,000	435,979	4,855,979
2034 - 2037	1,955,000	79,463	2,034,463
Total	<u>\$ 11,575,000</u>	<u>\$ 1,761,165</u>	<u>\$ 13,336,165</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

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	\$ 655,000
G.O. Improvement Bonds of 2014A	2,900,000	2.60 - 3.00	09/15/14	02/01/24	850,000
G.O. Refunding Bonds of 2014B	1,470,000	2.00 - 3.00	09/15/14	02/01/25	110,000
G.O. Refunding Bonds of 2016B	1,685,000	2.00 - 3.00	08/25/16	02/01/28	910,000
Total G.O. Improvement Bonds					<u>\$ 2,525,000</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
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>\$ 1,615,000</u>	<u>\$ 44,575</u>	<u>\$ 1,659,575</u>	<u>\$ 910,000</u>	<u>\$ 50,075</u>	<u>\$ 960,075</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on all Funds (Continued)

Leases Payable

The City has entered into various lease agreements with Enterprise Fleet Management 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							
252VXH City Hall	\$ 17,027	4.29 %	01/01/2022	46 Months	\$ 401 Monthly	\$ 451	\$ 8,463
252VZ2 City Hall	17,027	4.29	01/01/2022	46 Months	401 Monthly	451	8,462
2549JZ Police	22,056	6.37	06/01/2022	48 Months	531 Monthly	517	14,250
2549JL Police	22,509	5.31	06/01/2022	48 Months	531 Monthly	517	14,435
2549K6 Police	22,018	6.23	06/01/2022	48 Months	529 Monthly	517	14,212
2549J4 Police	22,041	6.21	07/01/2022	48 Months	530 Monthly	517	14,679
2549H2 Police	22,406	6.23	06/01/2022	48 Months	538 Monthly	526	14,463
252VZP Police	27,967	4.48	02/01/2022	48 Months	650 Monthly	621	15,484
252VV9 Police	22,590	4.48	02/01/2022	48 Months	525 Monthly	613	12,507
252VZB Police	28,016	4.48	02/01/2022	48 Months	651 Monthly	622	15,511
252VW3 Builidng	21,566	4.49	01/01/2022	60 Months	400 Monthly	483	13,464
252BVH Street	45,935	6.33	09/01/2022	60 Months	908 Monthly	687	35,572
253P5L Street	31,565	4.67	02/01/2022	60 Months	600 Monthly	480	20,632
252VRM Street	27,131	6.33	08/01/2022	60 Months	536 Monthly	607	20,585
252VT7 Street	28,804	6.33	09/01/2022	60 Months	569 Monthly	645	22,306
2549CW Park	27,801	6.49	08/01/2022	60 Months	552 Monthly	621	21,114
252SLZ Park	27,804	6.49	08/01/2022	60 Months	552 Monthly	622	21,116
252VP3 Park	27,790	6.49	08/01/2022	60 Months	551 Monthly	621	21,105
252VQN Park	27,643	6.33	09/01/2022	60 Months	546 Monthly	619	21,407
252VSD Park	29,990	6.49	07/01/2022	60 Months	595 Monthly	671	22,304
252BWT Park	46,337	6.78	09/01/2022	60 Months	926 Monthly	690	35,975
252BSQ RCC	40,732	6.78	09/01/2022	60 Months	814 Monthly	606	31,620
							<u>\$ 419,666</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
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>\$ 419,666</u>	<u>\$ 42,685</u>	<u>\$ 462,351</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on all Funds (Continued)

Financed Purchase Arrangements

The following arrangements were made to finance a capital equipment.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
John Deere Tractor and Mower	\$ 191,055	2.50 %	10/15/21	02/01/26	\$ 115,430
Aerial Fire Truck	1,248,959	2.75	10/15/21	02/01/36	1,089,364
Fire Truck Rescue	681,753	4.34	08/14/23	02/01/38	681,753
Total Financed Purchase Arrangements					<u>\$ 1,886,547</u>

The annual debt service requirements to maturity for financed purchase arrangements are as follows:

Year Ending December 31,	Financed Purchase Arrangements Governmental Activities		
	Principal	Interest	Total
2024	\$ 156,225	\$ 46,659	\$ 202,884
2025	144,942	57,942	202,884
2026	149,464	53,420	202,884
2027	113,640	48,827	162,467
2028	117,373	45,094	162,467
2029 - 2033	647,435	164,898	812,333
2034 - 2038	557,468	52,738	610,206
Total	<u>\$ 1,886,547</u>	<u>\$ 469,578</u>	<u>\$ 2,356,125</u>

Loans Payable

The following loan was issued from the Minnesota Department of Transportation for the construction of a T-Hangar at the Alexandria Municipal Airport. The loan is to be paid back over 240 months with monthly payments of \$2,938. There is no interest on this loan.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Hangar Loan	\$ 705,061	- %	04/01/23	03/01/43	<u>\$ 678,619</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on all Funds (Continued)

The annual debt service requirements to maturity for the loan are as follows:

Year Ending December 31,	Loans Payable Governmental Activities		
	Principal	Interest	Total
2024	\$ 35,256	\$ -	\$ 35,256
2025	35,256	-	35,256
2026	35,256	-	35,256
2027	35,256	-	35,256
2028	35,256	-	35,256
2029 - 2033	176,280	-	176,280
2034 - 2038	176,280	-	176,280
2039 - 2043	149,779	-	149,779
Total	<u>\$ 678,619</u>	<u>\$ -</u>	<u>\$ 678,619</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 12,535,000	\$ -	\$ (960,000)	\$ 11,575,000	\$ 990,000
General obligation improvement bonds	2,600,000	-	(985,000)	1,615,000	990,000
Bond premium	485,390	-	(66,387)	419,003	-
Total Bonds Payable	<u>15,620,390</u>	<u>-</u>	<u>(2,011,387)</u>	<u>13,609,003</u>	<u>1,980,000</u>
Hangar Loan	-	705,061	(26,442)	678,619	35,255
Financed Purchase Arrangements	1,310,356	681,753	(105,562)	1,886,547	156,225
Leases Payable	544,678	-	(125,012)	419,666	132,445
Compensated Absences payable	<u>934,512</u>	<u>675,600</u>	<u>(587,611)</u>	<u>1,022,501</u>	<u>508,336</u>
Governmental Activity Long-term Liabilities	<u>\$ 18,409,936</u>	<u>\$ 2,062,414</u>	<u>\$ (2,856,014)</u>	<u>\$ 17,616,336</u>	<u>\$ 2,812,261</u>
Business-type Activities					
Bonds Payable					
General obligation improvement bonds	\$ 1,075,000	\$ -	\$ (165,000)	\$ 910,000	\$ 170,000
Bond Premium	72,572	-	(12,096)	60,476	-
Total Bonds Payable	<u>1,147,572</u>	<u>-</u>	<u>(177,096)</u>	<u>970,476</u>	<u>170,000</u>
Compensated Absences Payable	<u>97,059</u>	<u>30,981</u>	<u>(11,485)</u>	<u>116,555</u>	<u>48,766</u>
Business-type Activity Long-term Liabilities	<u>\$ 1,244,631</u>	<u>\$ 30,981</u>	<u>\$ (188,581)</u>	<u>\$ 1,087,031</u>	<u>\$ 218,766</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on all Funds (Continued)

Discretely Presented Component Unit

Board of Public Utilities

Revenue Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End	
					2023	2022
Electric Utility Revenue Bonds of 2015A	\$ 5,395,000	2.00 - 3.25 %	12/30/15	12/01/35	\$ 3,560,000	\$ 3,805,000
Electric Utility Refunding Bonds of 2017A	1,685,000	2.20	10/16/17	12/01/24	200,000	395,000
Electric Utility Revenue Bonds of 2019A	2,680,000	4.00 - 5.00	06/19/19	12/01/33	1,940,000	2,090,000
Total Revenue Bonds					<u>\$ 5,700,000</u>	<u>\$ 6,290,000</u>

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

Year Ending December 31,	Revenue Bonds		
	Principal	Interest	Total
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	470,000	130,688	600,688
2029 - 2033	2,625,000	391,266	3,016,266
2034 - 2035	695,000	34,125	729,125
Total	<u>\$ 5,700,000</u>	<u>\$ 1,232,865</u>	<u>\$ 6,932,865</u>

G.O. Revenue Notes

The following note was issued to finance capital improvements. It will be retired from net revenues of the Board.

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>\$ 1,271,000</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on all Funds (Continued)

The annual debt service requirements to maturity for the Revenue note is as follows:

Year Ending December 31,	G.O. Revenue Notes		
	Principal	Interest	Total
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	220,000	10,880	230,880
2029	225,000	5,501	230,501
Total	<u>\$ 1,271,000</u>	<u>\$ 111,003</u>	<u>\$ 1,382,003</u>

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

	Board of Public Utilities
Revenues	\$ 31,551,623
Principal and Interest	1,030,454
Percentage of Revenues	3.3%

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2023 was as follows:

Component Unit	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds Payable					
Revenue bonds	\$ 6,290,000	\$ -	\$ (590,000)	\$ 5,700,000	\$ 605,000
G.O. revenue notes	1,466,000	-	(195,000)	1,271,000	199,000
Bond premium	309,201	-	(27,831)	281,370	-
Total Bonds Payable	<u>8,065,201</u>	<u>-</u>	<u>(812,831)</u>	<u>7,252,370</u>	<u>804,000</u>
Compensated Absences Payable	<u>616,279</u>	<u>350,258</u>	<u>(249,238)</u>	<u>717,299</u>	<u>368,571</u>
Component Unit Long-term Liabilities	<u>\$ 8,681,480</u>	<u>\$ 350,258</u>	<u>\$ (1,062,069)</u>	<u>\$ 7,969,669</u>	<u>\$ 1,172,571</u>

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

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, 2023 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	\$ 1,018,676
Knute Nelson - Assisted Living Facility	06/08/06	06/01/27	4,300,000	995,946
Alexandria Area YMCA	05/26/20	06/15/30	6,000,000	679,768
Knute Nelson Project	07/08/10	07/08/25	4,500,000	491,158
ATCC Foundation	09/01/11	03/01/43	7,040,000	4,962,758

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

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 2023 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, 2023, 2022 and 2021 were \$274,294, \$256,617 and \$238,876, respectively. The Board of Public Utilities contributions to the GERP for the years ending December 31, 2023, 2022 and 2021 were \$237,562, \$230,496 and \$224,225, respectively. The City's and Board of Public Utilities 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, 2023

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 2023 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, 2023, 2022 and 2021 were \$434,359, \$404,187 and \$372,173, 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, 2023, the City reported a liability of \$2,510,758 for its proportionate share of the General Employees Fund's net pension liability. At December 31, 2023, the Board of Public Utilities reported a liability of \$2,197,612 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 \$69,306 and with the Board of Public Utilities totaled \$60,605. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's and Board of Public Utilities proportionate share of the net pension liability was based on the City's and Board of Public Utilities contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0449 percent as the end of the measurement period and 0.0442 percent for the beginning of the period. The Board of Public Utilities proportionate share was 0.0393 percent at the end of the measurement period and 0.0401 percent for the beginning of the measurement period.

City's proportionate share of the net pension liability	\$ 2,510,758
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>69,306</u>
Total	<u><u>\$ 2,580,064</u></u>
Board of Public Utilities proportionate share of the net pension liability	\$ 2,197,612
State of Minnesota's proportionate share of the net pension liability associated with the Board of Public Utilities	<u>60,605</u>
Total	<u><u>\$ 2,258,217</u></u>

For the year ended December 31, 2023, the City recognized pension expense of \$440,227 for its proportionate share of the General Employees Plan's pension expense. For the year ended December 31, 2023, the Board of Public Utilities recognized pension expense of \$294,285 for its proportionate share of General Employees Fund pension expense. In addition, the City recognized \$311 and the Board of Public Utilities recognized \$272 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, 2023

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

At December 31, 2023, the City and Board of Public Utilities 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	\$ 82,145	\$ 16,333	\$ 72,524	\$ 16,333
Changes in Actuarial Assumptions	384,475	688,177	382,995	602,347
Net Difference Between Projected and Actual Earnings on Plan Investments	-	62,843	-	122,901
Changes in Proportion	46,938	-	-	56,055
Contributions Paid to PERA Subsequent To the Measurement Date	137,558	-	119,777	-
Total	<u>\$ 651,116</u>	<u>\$ 767,353</u>	<u>\$ 575,296</u>	<u>\$ 797,636</u>

The \$257,335 reported as deferred outflows of resources related to pensions resulting from the City's and Board of Public Utilities contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Primary government	Component unit
2024	\$ 89,580	\$ 18,855
2025	(342,516)	(370,338)
2026	53,607	57,039
2027	(54,466)	(47,673)

Police and Fire Fund Pension Costs

At December 31, 2023, the City reported a liability of \$3,120,454 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1807 percent at the end of the measurement period and 0.1796 percent for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that 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, 2022. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$125,708.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

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

City's proportionate share of the net pension liability	\$ 3,120,454
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>125,708</u>
Total	<u><u>\$ 3,246,162</u></u>

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, 2023, the City recognized pension expense of \$940,185 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$7,571 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 \$16,263 for the year ended December 31, 2023 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, 2023, 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	\$ 859,095	\$ -
Changes in Actuarial Assumptions	3,597,629	4,388,235
Net Difference Between Projected and Actual Earnings on Plan Investments	-	144,868
Changes in Proportion	49,657	42,813
Contributions Paid to PERA Subsequent To the Measurement Date	<u>220,070</u>	<u>-</u>
Total	<u><u>\$ 4,726,451</u></u>	<u><u>\$ 4,575,916</u></u>

The \$220,070 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 137,767
2025	15,417
2026	755,957
2027	(204,471)
2027	(774,205)

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

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

E. Long -Term Expected Return on Investment

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

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

F. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 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 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan and 1.00 percent for the Police and Fire Plan.

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 for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

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

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

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

G. Discount Rate

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

H. Pension Liability Sensitivity

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

	City Proportionate Share of NPL		
	1 Percent Decrease (6.00%)	Current (7.00%)	1 Percent Increase (8.00%)
General Employees Fund			
Primary government	\$ 4,441,732	\$ 2,510,758	\$ 922,458
Component unit	3,887,752	2,197,612	807,407
Police and Fire Fund	6,191,353	3,120,454	595,764

I. Pension Plan Fiduciary Net Position

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

Note 5: 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, 2023, the plan covered 29 active firefighters and 6 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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

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

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

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$179,933 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2023, 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, 2023, the City reported a net pension liability (asset) of (\$486,969) for the plan. The net pension liability (asset) was measured as of December 31, 2022. 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, 2023. 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, 2023	\$ 2,559,998	\$ 3,855,071	\$ (1,295,073)
Changes for the Year			
Service cost	113,656	-	113,656
Interest on pension liability (asset)	144,405	-	144,405
Differences between expected and actual experience	(85,480)	-	(85,480)
Changes in assumptions	27,992	-	27,992
Changes of benefit terms	49,442	-	49,442
Contributions (State and local)	-	179,933	(179,933)
Net investment income	-	(723,605)	723,605
Benefit payments	(726,344)	(726,344)	-
Administrative expenses	-	(14,417)	14,417
Total Net Changes	(476,329)	(1,284,433)	808,104
Ending Balance December 31, 2023	\$ 2,083,669	\$ 2,570,638	\$ (486,969)

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

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

For the year ended December 31, 2023 the City recognized negative pension expense of \$257,504.

At December 31, 2023, 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	\$ 69,617	\$ 6,003
Net Difference Between Projected and Actual Investment Earnings	474,784	234,252
Difference Between Expected and Actual Liability	-	-
Contributions to Plan Subsequent To the Measurement Date	190,776	-
Total	<u>\$ 735,177</u>	<u>\$ 240,255</u>

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, 2024. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

2024	\$ (23,791)
2025	83,879
2026	112,971
2027	170,517
2028	(16,666)
Thereafter	(22,764)

E. Actuarial Assumptions

The total pension liability at December 31, 2023 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	5.75%
Inflation Rate	2.50%
Investment Rate of Return	5.75%
20 Year Municipal Bond Yield	4.05%

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, 2023

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 6.25 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 (4.75%)	Current (5.75%)	1 Percent Increase (6.75%)
Defined Benefit Plan	\$ (406,066)	\$ (486,969)	\$ (565,183)

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, 2023

Note 6: Postemployment Benefits Other than Pensions (Continued)

At December 31, 2023, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	9
Active Plan Members	75
Total Plan Members	84

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, 2023, the City's average contribution rate was 10.58 percent of covered-employee payroll. For the year 2023, the City directly contributed \$24,521 to the Plan, while implicit contributions totaled \$19,866.

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$878,131 was measured as of December 31, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2022. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.05%
20-Year Municipal Bond Yield	2.00%
Inflation Rate	2.50%
Salary Increases	Varies
Medical Trend Rate	Actual for FY 2023, 7.6% gradually decreasing over several decades to an ultimate rate of 3.90% in FY2075 and later years

The discount rate used to measure the total OPEB liability was 4.05 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-2021, and other adjustments.

The actuarial assumptions used in the December 31, 2022 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, 2023

Note 6: Postemployment Benefits Other than Pensions (Continued)

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at December 31, 2022	<u>\$ 454,818</u>
Changes for the Year:	
Service cost	45,755
Interest	8,713
Differences between expected and actual experience	571,037
Changes in assumptions or other inputs	(148,079)
Benefit payments	<u>(54,113)</u>
Net Changes	<u>423,313</u>
Balances at December 31, 2023	<u><u>\$ 878,131</u></u>

Since the prior measurement date, the following assumptions changed:

- The discount rate was changed from 1.84% to 4.05% 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.
- Mortality rates were updated from the rates used in the 7/1/2021 PERA General Employees Plan and 7/1/2021 PERA Police & Fire Plan valuations to the rates used in the 7/1/2023 valuations.
- The general inflation assumption was changed from 2.25% to 2.50% based on an updated analysis of historical inflation rates and forward looking market expectations.
- The payroll growth was changed from 3.00% to 3.25% due to a change in the underlying inflation assumption.

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

- Retiree premiums were updated to current levels.

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 (3.05 percent) or 1-percentage-point higher (5.05 percent) than the current discount rate:

1 Percent Decrease (3.05%)	Current (4.05%)	1 Percent Increase (5.05%)
\$ 966,829	\$ 878,131	\$ 799,762

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 6: Postemployment Benefits Other than Pensions (Continued)

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 (6.60 percent decreasing to 2.90 percent) or 1-percentage-point higher (8.60 percent increasing to 4.90 percent) than the current cost trend rate:

1 Percent Decrease (6.60% decreasing to 2.90%)	Healthcare Cost Trend Rates (7.60% decreasing to 3.90%)	1 Percent Increase (8.60% decreasing to 4.90%)
\$ 782,010	\$ 878,131	\$ 990,727

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

For the year ended December 31, 2023, the City recognized OPEB expense of \$28,921. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 547,953	\$ 55,187
Changes in actuarial assumptions	19,027	225,638
Contributions to OPEB subsequent to the measurement date	44,387	-
Total	\$ 611,367	\$ 280,825

Deferred outflows of resources totaling \$44,387 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31		
2024	\$	28,230
2025		28,230
2026		28,230
2027		25,974
2028		43,320
Thereafter		132,171

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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 7: Other Information (Continued)

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.

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.

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 2023 was \$1,608,142 which accounted for 12.7 percent of General fund revenues.

The Board of Public Utilities 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. 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 2023, 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 2023 the City paid TIF administration fees of \$53,239 to the Alexandria Area Economic Development Commission.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 7: Other Information (Continued)

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.

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.

E. Severance Pay

The Board of Public Utilities 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 Utilities 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.

F. Deferred Compensation Plan

The City, Municipal Liquor Dispensary and Board of Public Utilities 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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 7: Other Information (Continued)

Matching Deferred Compensation

For employees choosing this benefit option the Board of Public Utilities 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 \$61,250 and \$62,590 in matching funds to the plan for the year ended December 31, 2023 and 2022, respectively.

Note 8: Tax Abatements

As of December 31, 2023, 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, 2023. 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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 8: Tax Abatements (Continued)

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.

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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 8: Tax Abatements (Continued)

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.

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.

City of Alexandria, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 8: Tax Abatements (Continued)

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.

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, 2022 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, 2022 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, 2023

Note 8: Tax Abatements (Continued)

The City entered into a tax increment financing agreement (TIF #61) on January 10, 2022 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 \$708,757 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 #62) on May 23, 2022 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 \$1,929,633 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 #64) on February 27, 2023 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 \$940,000 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 #65) on October 1, 2023 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 \$3,679,644 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 #66) on February 25, 2024 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 \$438,000 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 #67) on November 13, 2023 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 \$1,078,200 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, 2023

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			
Viking Plaza Associates			\$ 6,887
Tax Increment Districts (PAYGO)			
TIF #12	23.923 %	\$ 14,792	3,539
TIF #17	23.923	87,738	20,990
TIF #25	34.126	14,504	4,950
TIF #26	34.126	183,406	62,589
TIF #37	30.124	38,008	11,450
TIF #39	30.648	29,508	9,044
TIF #40	33.898	27,120	9,193
TIF #41	33.898	157,926	53,534
TIF #42	33.898	225,351	76,389
TIF #43	33.898	77,025	26,110
TIF #45	33.828	22,472	7,602
TIF #46	32.862	9,585	3,150
TIF #47	43.282	161,245	69,790
TIF #48	43.282	23,262	10,068
TIF #49	44.256	82,252	36,401
TIF #50	43.614	24,786	10,810
TIF #51	43.614	102,060	44,512
TIF #52	42.010	30,128	12,657
TIF #53	42.010	27,396	11,509
TIF #54	40.942	105,696	43,274
TIF #55	40.942	50,266	20,580
TIF #56	40.775	14,584	5,947
TIF #58	40.472	48,056	19,449
TIF #60	40.472	78,414	31,736
TIF #61	40.472	50,598	20,478
TIF #62	40.472	164,830	66,710
TIF #64	35.244	-	-
TIF #65	35.244	-	-
TIF #66	35.244	-	-
TIF #67	35.244	-	-
			<u>\$ 699,347</u>

Note 9: Disposal of Operations

On January 18, 2023, the discretely presented component unit sold its fiber operations to Arvig Enterprises, Inc. As a result of the sale, the Board recognized a gain of \$2,538,843 on the disposal of its fiber operations as a special item.

Note 10: Subsequent Event

On May 21, 2024 the City Council approved Hilltop Securities bids for \$11,090,000 of General Obligation Tax Abatement Bonds, Series 2024A and \$2,450,000 of Taxable General Obligation Tax Abatement Bonds, Series 2024B. These bonds will have maturity dates of February 1, 2042 and 2043, respectively. The bonds will be used to fund the RCC renovation and expansion project.

REQUIRED SUPPLEMENTARY
INFORMATION

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Alexandria, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2023

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
06/30/23	0.0449 %	\$ 2,510,758	\$ 69,306	\$ 2,580,064	\$ 3,543,627	70.9 %	83.1 %
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
06/30/20	0.0419	2,512,096	77,478	2,589,574	2,987,173	84.1	79.0
06/30/19	0.0409	2,261,269	70,330	2,331,599	2,893,901	78.1	80.2
06/30/18	0.0418	2,318,893	76,115	2,395,008	2,802,281	82.8	79.5
06/30/17	0.0420	2,681,252	-	2,681,252	2,707,621	99.0	75.9
06/30/16	0.0441	3,580,701	-	3,580,701	2,686,934	133.3	68.9
06/30/15	0.0425	2,202,571	-	2,202,571	1,886,669	116.7	78.2

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

Discretely Presented Component Unit - Board of Public Utilities

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
06/30/23	0.0393 %	\$ 2,197,612	60,605	\$ 2,258,217	\$ 3,123,091	70.4 %	83.1 %
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
06/30/15	0.0419	2,171,475	-	2,171,475	2,421,840	89.7	78.2

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

City of Alexandria, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

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)
12/31/23	\$ 274,294	\$ 274,294	\$ -	\$ 3,657,252	7.5 %
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
12/31/15	191,394	191,394	-	2,551,916	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 Utilities

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)
12/31/23	\$ 237,562	\$ 237,562	\$ -	\$ 3,167,499	7.5 %
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
12/31/15	193,803	193,803	-	2,584,036	7.5

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

City of Alexandria, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information - General Employee Fund

Changes in Actuarial Assumptions

2023 – The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

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

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, 2023

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

2023 - An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on

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

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, 2023

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
06/30/23	0.1807 %	\$ 3,120,454	\$ 125,708	\$ 3,246,162	\$ 2,373,461	131.5 %	86.5 %
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
06/30/15	0.1600	1,817,974	-	1,817,974	1,504,817	120.8	86.6

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

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

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/23	\$ 434,359	\$ 434,359	\$ -	\$ 2,454,003	17.7 %
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	-	2,041,246	16.9
12/31/18	319,039	319,039	-	1,969,377	16.2
12/31/17	304,579	304,579	-	1,880,119	16.2
12/31/16	278,811	278,811	-	1,721,056	16.2
12/31/15	243,780	243,780	-	1,504,817	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, 2023

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

2023 - The investment return assumption was changed from 6.5 percent to 7.0 percent. The single discount rate changed from 5.4 percent to 7.0 percent.

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

City of Alexandria, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

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

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

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

Changes in Plan Provisions

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

2022 - 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.

City of Alexandria, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

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

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, 2023

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

	2023 (Fire Relief Report Date 2022)	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	\$ 113,656	\$ 108,564	\$ 104,758	\$ 99,725	\$ 96,974	\$ 92,744	\$ 93,902	\$ 99,006
Interest	144,405	159,789	169,818	159,678	170,466	172,323	172,406	115,843
Changes of benefit terms	49,442	40,100	30,638	58,148	50,831	35,092	246,769	180,109
Differences between expected and actual experience	(85,480)	-	(114,619)	-	(81,151)	-	(228,614)	-
Changes of assumptions	27,992	-	29,447	-	43,549	-	31,842	(129,171)
Benefit payments, including refunds of employee contributions	(726,344)	(393,037)	(166,580)	(166,579)	(357,537)	(304,298)	-	(136,320)
Net Change in Total Pension Liability	(476,329)	(84,584)	53,462	150,972	(76,868)	(4,139)	316,305	129,467
Total Pension Liability - January 1	<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>	<u>2,075,383</u>
Total Pension Liability - December 31	<u>\$ 2,083,669</u>	<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	179,933	161,635	170,554	145,910	159,187	140,428	136,992	135,561
Net investment income	(723,605)	501,381	257,320	672,655	(375,550)	583,315	225,208	(316,113)
Benefit payments, including refunds of employee contributions	(726,344)	(393,037)	(166,580)	(166,579)	(357,537)	(304,298)	-	(136,320)
Administrative expense	(14,417)	(12,088)	(12,829)	(6,765)	(6,350)	(7,578)	(5,800)	(6,360)
Net Change in Plan Fiduciary Net Position	(1,284,433)	258,565	248,465	645,221	(580,250)	411,867	356,400	(323,232)
Plan Fiduciary Net Position - January 1	<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>	<u>2,838,035</u>
Plan Fiduciary Net Position - December 31 (B)	<u>\$ 2,570,638</u>	<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>\$ (486,969)</u>	<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)	123.37%	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	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	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, 2023

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

Changes in Actuarial Assumptions

2023 – The expected investment return and discount rate decreased from 6.25 to 5.75% to reflect updated capital market assumptions. The disability, mortality and withdrawal assumptions were updated from the rates used in the July 1, 2020 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2022 Minnesota PERA Police & Fire Plan actuarial valuation. The inflation assumption increased from 2.25% to 2.50%

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

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%.

2018 - There were no changes in plan provisions since the previous valuation.

2017 - There were no changes in plan provisions since the previous valuation.

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

2015 - There were no changes in plan provisions since the previous valuation.

Changes in Benefits

2023 - The annual lump sum amount increased from \$8,655 to \$8,915.

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 - The annual lump sum amount increased from \$8,077 to \$8,279.

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.

2017 - There were no changes in plan provisions since the previous valuation.

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

2015 – The \$6,766 lump sum benefit increased to \$7,500 on December 14, 2015.

City of Alexandria, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/23	\$ 190,776	\$ 190,776	\$ -
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

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 45,755	\$ 43,324	\$ 49,999	\$ 42,064	\$ 39,353	\$ 34,340
Interest	8,713	9,156	14,531	16,976	18,517	19,309
Differences between expected and actual experience	571,037	13,815	51,823	-	(139,314)	-
Changes in assumptions	(148,079)	2,666	(144,150)	20,560	(4,309)	19,895
Benefit payments	(54,113)	(57,276)	(14,948)	(18,485)	(19,118)	(32,761)
Net change in total OPEB liability	423,313	11,685	(42,745)	61,115	(104,871)	40,783
Total OPEB liability - beginning	454,818	443,133	485,878	424,763	529,634	488,851
Total OPEB liability - ending	<u>\$ 878,131</u>	<u>\$ 454,818</u>	<u>\$ 443,133</u>	<u>\$ 485,878</u>	<u>\$ 424,763</u>	<u>\$ 529,634</u>
Employee payroll	\$ 5,575,282	\$ 5,267,091	\$ 4,187,255	\$ 4,866,062	\$ 4,684,169	\$ 4,684,169
City's total OPEB liability as a percentage of covered employee payroll	15.75 %	8.64 %	10.58 %	9.99 %	9.07 %	11.31 %

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

Benefit Changes:

In 2023, retiree premiums were updated to current levels.

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, 2023

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

Changes in Assumptions:

In 2023, the following assumption changes:

- The discount rate was changed from 1.84% to 4.05% 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. Mortality rates were updated from the rates used in the 7/1/2021 PERA General Employees Plan and 7/1/2021 PERA Police & Fire Plan valuations to the rates used in the 7/1/2023 valuations. The general inflation assumption was changed from 2.25% to 2.50% based on an updated analysis of historical inflation rates and forward looking market expectations. The payroll growth was changed from 3.00% to 3.25% due to a change in the underlying inflation assumption.

In 2022, there were no assumption changes.

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 7/1/2022 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%.

THIS PAGE IS LEFT
BLANK INTENTIONALLY

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Alexandria, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2023

	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	\$ 28,873	\$ 298	\$ 104,657	\$ 64,060	\$ 10,916	\$ 91,863
Receivables						
Interest	-	-	-	-	-	-
Delinquent taxes	-	300	100	200	7,900	-
Accounts	193	-	-	-	-	-
Notes and loans, net of allowance	-	-	-	-	-	-
Intergovernmental	-	151	9	155	4,716	-
Total Assets	\$ 29,066	\$ 749	\$ 104,766	\$ 64,415	\$ 23,532	\$ 91,863
Liabilities						
Accounts payable	\$ 27,694	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries payable	-	-	-	-	-	-
Total Liabilities	27,694	-	-	-	-	-
Deferred Inflows of Resources						
Unavailable revenue - taxes	-	300	100	200	7,900	-
Fund Balances						
Restricted for						
Economic development	1,372	-	-	-	-	-
Committed for						
Payment of benefits	-	449	-	-	-	-
Firefighter's retirement obligation	-	-	104,666	-	-	-
Economic development	-	-	-	64,215	-	-
Tree Preservation	-	-	-	-	-	91,863
Sanitary sewer district appropriations	-	-	-	-	15,632	-
Assigned for						
Public safety	-	-	-	-	-	-
Total Fund Balances	1,372	449	104,666	64,215	15,632	91,863
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 29,066	\$ 749	\$ 104,766	\$ 64,415	\$ 23,532	\$ 91,863

206 American Rescue Plan Act	296 Housing Trust	297/298 Revolving Loan	Tax Increment Financing Total	Total Nonmajor Special Revenue
\$ 112,964	\$ 124,372	\$ 1,069,672	\$ 1,306,753	\$ 2,914,428
3,568	-	-	-	3,568
-	-	-	-	8,500
-	-	-	22,610	22,803
-	138,068	940,389	203,800	1,282,257
-	-	-	-	5,031
<u>\$ 116,532</u>	<u>\$ 262,440</u>	<u>\$ 2,010,061</u>	<u>\$ 1,533,163</u>	<u>\$ 4,236,587</u>
\$ 58,394	\$ -	\$ 997	\$ -	\$ 87,085
3,587	-	-	-	3,587
<u>61,981</u>	<u>-</u>	<u>997</u>	<u>-</u>	<u>90,672</u>
-	-	-	-	8,500
-	262,440	2,009,064	1,533,163	3,806,039
-	-	-	-	449
-	-	-	-	104,666
-	-	-	-	64,215
-	-	-	-	91,863
-	-	-	-	15,632
54,551	-	-	-	54,551
<u>54,551</u>	<u>262,440</u>	<u>2,009,064</u>	<u>1,533,163</u>	<u>4,137,415</u>
<u>\$ 116,532</u>	<u>\$ 262,440</u>	<u>\$ 2,010,061</u>	<u>\$ 1,533,163</u>	<u>\$ 4,236,587</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, 2023

	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	\$ -	\$ 19,970	\$ -	\$ 19,970	\$ 622,732	\$ -
Tax increments	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-
Lodging Tax	480,699	-	-	-	-	-
Intergovernmental						
Federal	-	-	-	-	-	-
State	-	2	194,776	2	68	-
Charges for service	-	-	-	-	-	-
Investment earnings	-	298	3,016	1,465	1,906	2,291
Miscellaneous						
Other	-	48	-	48	1,510	-
Total Revenues	<u>480,699</u>	<u>20,318</u>	<u>197,792</u>	<u>21,485</u>	<u>626,216</u>	<u>2,291</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	194,787	-	-	-
Public works	-	-	-	-	624,572	-
Culture and recreation	-	-	-	-	-	-
Economic development	480,791	-	-	10,100	-	-
Capital outlay						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Total Expenditures	<u>480,791</u>	<u>-</u>	<u>194,787</u>	<u>10,100</u>	<u>624,572</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(92)	20,318	3,005	11,385	1,644	2,291
Other Financing Sources (Uses)						
Transfers out	-	(25,872)	-	-	-	-
Net Change in Fund Balances	(92)	(5,554)	3,005	11,385	1,644	2,291
Fund Balances, January 1	<u>1,464</u>	<u>6,003</u>	<u>101,661</u>	<u>52,830</u>	<u>13,988</u>	<u>89,572</u>
Fund Balances, December 31	<u>\$ 1,372</u>	<u>\$ 449</u>	<u>\$ 104,666</u>	<u>\$ 64,215</u>	<u>\$ 15,632</u>	<u>\$ 91,863</u>

206 American Rescue Plan Act	296 Housing Trust	297/298 Revolving Loan	Tax Increment Financing Total	Total Nonmajor Special Revenue
\$ -	\$ -	\$ -	\$ -	\$ 662,672
-	-	-	1,325,806	1,325,806
-	-	-	12,035	12,035
-	-	-	-	480,699
1,358,996	-	-	-	1,358,996
-	101,341	-	-	296,189
-	-	-	107,977	107,977
48,937	498	56,494	38,551	153,456
-	-	-	-	1,606
<u>1,407,933</u>	<u>101,839</u>	<u>56,494</u>	<u>1,484,369</u>	<u>4,399,436</u>
402,626	-	-	-	402,626
798,192	-	-	-	992,979
-	-	-	-	624,572
48,181	-	-	-	48,181
-	-	-	1,514,627	2,005,518
1,890	-	-	-	1,890
88,494	-	-	-	88,494
19,614	-	-	-	19,614
<u>1,358,997</u>	<u>-</u>	<u>-</u>	<u>1,514,627</u>	<u>4,183,874</u>
48,936	101,839	56,494	(30,258)	215,562
-	-	-	-	(25,872)
48,936	101,839	56,494	(30,258)	189,690
<u>5,615</u>	<u>160,601</u>	<u>1,952,570</u>	<u>1,563,421</u>	<u>3,947,725</u>
<u>\$ 54,551</u>	<u>\$ 262,440</u>	<u>\$ 2,009,064</u>	<u>\$ 1,533,163</u>	<u>\$ 4,137,415</u>

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Alexandria, Minnesota
General Fund
Comparative Balance Sheets
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and temporary investments	\$ 7,127,601	\$ 5,954,600
Receivables		
Interest	56,292	25,351
Delinquent taxes	65,600	38,900
Accounts	375,725	317,819
Special assessments	3,517	14,373
Intergovernmental	108,964	86,559
Leases	77,995	88,971
Due from other funds	52,140	96,323
Due from component unit	81,006	80,272
Prepaid items	<u>15,828</u>	<u>29,382</u>
Total Assets	<u><u>\$ 7,964,668</u></u>	<u><u>\$ 6,732,550</u></u>
Liabilities		
Accounts payable	\$ 237,379	\$ 251,523
Due to other governments	31,498	30,749
Accrued salaries payable	255,985	252,147
Deposits payable	79,633	63,233
Unearned revenue	<u>16</u>	<u>3,500</u>
Total Liabilities	<u>604,511</u>	<u>601,152</u>
Deferred Inflows of Resources		
Lease receivable	76,461	90,363
Unavailable revenue - taxes	65,600	38,900
Unavailable revenue - special assessments	<u>3,517</u>	<u>14,373</u>
Total Deferred Inflows of Resources	<u>145,578</u>	<u>143,636</u>
Fund Balances		
Nonspendable for		
Prepaid items	15,828	29,382
Restricted for		
Public safety	642,839	-
Wellness	10,561	12,195
Assigned for		
Wellness	40,748	39,449
Unassigned	<u>6,504,603</u>	<u>5,906,736</u>
Total Fund Balances	<u>7,214,579</u>	<u>5,987,762</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 7,964,668</u></u>	<u><u>\$ 6,732,550</u></u>

City of Alexandria, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Budgeted Amounts			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Taxes				
Property taxes	\$ 5,545,594	\$ 5,496,296	\$ (49,298)	\$ 4,912,471
Franchise taxes	552,000	657,019	105,019	736,102
Total taxes	<u>6,097,594</u>	<u>6,153,315</u>	<u>55,721</u>	<u>5,648,573</u>
Payment in lieu of taxes	<u>1,000,000</u>	<u>1,006,671</u>	<u>6,671</u>	<u>995,515</u>
Special assessments	<u>-</u>	<u>14,764</u>	<u>14,764</u>	<u>5,636</u>
Licenses and permits				
Business licenses	87,425	97,330	9,905	96,419
Nonbusiness licenses	34,100	48,425	14,325	37,082
Building permits	476,000	797,871	321,871	960,908
Total licenses and permits	<u>597,525</u>	<u>943,626</u>	<u>346,101</u>	<u>1,094,409</u>
Intergovernmental				
Federal				
Other Federal grants	<u>20,000</u>	<u>37,916</u>	<u>17,916</u>	<u>69,743</u>
State				
Local government aid	1,610,167	1,608,142	(2,025)	1,591,241
Property tax credits and aids	-	599	599	556
Police aid	248,500	292,709	44,209	250,560
Fire aid	6,500	10,110	3,610	13,704
Airport maintenance	73,020	103,455	30,435	73,020
Other State aids	5,200	700,146	694,946	99,214
Total state	<u>1,943,387</u>	<u>2,715,161</u>	<u>771,774</u>	<u>2,028,295</u>
Total intergovernmental	<u>1,963,387</u>	<u>2,753,077</u>	<u>789,690</u>	<u>2,098,038</u>
Charges for services				
General government	121,950	75,933	(46,017)	119,005
Public safety	268,787	341,098	72,311	319,143
Public works	30,000	25,844	(4,156)	19,930
Culture and recreation	584,567	604,570	20,003	556,626
Airport	76,284	113,433	37,149	97,779
Total charges for services	<u>1,081,588</u>	<u>1,160,878</u>	<u>79,290</u>	<u>1,112,483</u>
Fines and forfeits	<u>92,000</u>	<u>91,273</u>	<u>(727)</u>	<u>138,272</u>
Investment earnings (loss)	<u>40,000</u>	<u>296,151</u>	<u>256,151</u>	<u>(388,697)</u>
Other revenue				
Contributions and donations	-	1,030	1,030	13,900
Other	58,300	248,621	190,321	221,908
Total other revenue	<u>58,300</u>	<u>249,651</u>	<u>191,351</u>	<u>235,808</u>
Total Revenues	<u>10,930,394</u>	<u>12,669,406</u>	<u>1,739,012</u>	<u>10,940,037</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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Budgeted Amount			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures				
Current				
General government				
Mayor and Council				
Personal services	\$ 56,000	\$ 72,647	\$ (16,647)	\$ 53,451
Other services and charges	83,500	67,419	16,081	67,768
Total mayor and council	139,500	140,066	(566)	121,219
Administration				
Personal services	775,640	675,132	100,508	698,884
Supplies	600	772	(172)	1,082
Other services and charges	49,900	36,999	12,901	40,827
Total administration	826,140	712,903	113,237	740,793
Elections				
Personal services	-	-	-	33,001
Supplies	4,000	-	4,000	335
Other services and charges	-	-	-	2,735
Total elections	4,000	-	4,000	36,071
Community development				
Personal services	172,471	182,711	(10,240)	169,818
Other services and charges	30,200	28,401	1,799	28,018
Total community development	202,671	211,112	(8,441)	197,836
Planning and zoning				
Personal services	3,130	2,691	439	2,691
Other services and charges	2,700	3,592	(892)	2,639
Total planning and zoning	5,830	6,283	(453)	5,330
Assessor				
Personal services	203,004	215,022	(12,018)	180,460
Supplies	200	-	200	26
Other services and charges	5,480	4,652	828	2,893
Total assessor	208,684	219,674	(10,990)	183,379
Legal and accounting				
Supplies	3,500	698	2,802	672
Other services and charges	472,000	437,994	34,006	435,701
Total legal and accounting	475,500	438,692	36,808	436,373
Human resources				
Personal services	130,706	122,217	8,489	123,348
Supplies	300	1,236	(936)	-
Other services and charges	32,275	32,883	(608)	20,102
Total human resources	163,281	156,336	6,945	143,450
Employee wellness				
Personal services	-	2,465	(2,465)	1,620
Other services and charges	10,000	1,650	8,350	40
Total employee wellness	10,000	4,115	5,885	1,660

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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Budgeted Amount			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)				
Current (continued)				
General government (continued)				
Information technology				
Personal services	\$ 45,110	\$ 46,383	\$ (1,273)	\$ -
Supplies	-	714	(714)	-
Other services and charges	14,850	25,973	(11,123)	873
Total other information technology	59,960	73,070	(13,110)	873
Other general government				
Personal services	2,000	3,829	(1,829)	-
Supplies	16,250	13,259	2,991	17,189
Other services and charges	785,950	840,237	(54,287)	744,060
Total other general government	804,200	857,325	(53,125)	761,249
Total General Government	2,899,766	2,819,576	80,190	2,628,233
Public safety				
Police protection				
Personal services	3,345,978	2,653,412	692,566	3,205,428
Supplies	73,500	59,292	14,208	72,014
Other services and charges	408,850	397,728	11,122	412,351
Total police protection	3,828,328	3,110,432	717,896	3,689,793
Fire protection				
Personal services	192,228	150,801	41,427	175,251
Supplies	39,800	47,029	(7,229)	37,026
Other services and charges	235,425	205,229	30,196	197,452
Total fire protection	467,453	403,059	64,394	409,729
Building inspection				
Personal services	356,953	367,968	(11,015)	317,430
Supplies	3,925	3,231	694	4,505
Other services and charges	84,710	76,505	8,205	72,224
Total building	445,588	447,704	(2,116)	394,159
Emergency management				
Other services and charges	11,550	7,773	3,777	6,206
Traffic signs and signals				
Personal services	-	572	(572)	43,168
Supplies	17,500	10,639	6,861	16,559
Other services and charges	21,500	18,268	3,232	19,740
Total traffic signs and signals	39,000	29,479	9,521	79,467

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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Budgeted Amount			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)				
Current (Continued)				
Animal control				
Other services and charges	\$ 23,500	\$ 23,594	\$ (94)	\$ 23,589
Total public safety	4,815,419	4,022,041	793,378	4,602,943
Public works				
Highways, streets and alleys				
Personal services	936,128	917,292	18,836	382,836
Supplies	115,400	122,426	(7,026)	109,990
Other services and charges	16,700	14,588	2,112	14,656
Total highways, streets and alleys	1,068,228	1,054,306	13,922	507,482
Engineering				
Other services and charges	120,000	187,789	(67,789)	218,479
Blacktop repair				
Personal services	-	-	-	23,731
Supplies	75,000	89,460	(14,460)	59,189
Other services and charges	2,000	-	2,000	(15)
Total blacktop repair	77,000	89,460	(12,460)	82,905
Dust control				
Supplies	2,000	-	2,000	1,470
Sidewalks and curbs				
Other services and charges	91,000	89,065	1,935	158,894
Snow and ice control				
Personal services	4,873	35,245	(30,372)	228,607
Supplies	85,000	144,007	(59,007)	94,412
Other services and charges	28,500	33,240	(4,740)	49,729
Total snow and ice control	118,373	212,492	(94,119)	372,748
Equipment maintenance				
Personal services	-	3,087	(3,087)	169,694
Supplies	24,200	21,407	2,793	29,994
Other services and charges	107,500	146,568	(39,068)	119,964
Total equipment maintenance	131,700	171,062	(39,362)	319,652
Weed eradication				
Personal services	-	-	-	12,536
Supplies	12,000	23,322	(11,322)	20,531
Total weed eradication	12,000	23,322	(11,322)	33,067
Street lighting				
Other services and charges	115,000	122,712	(7,712)	126,305
Total Public Works	1,735,301	1,950,208	(214,907)	1,821,002

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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Budgeted Amount			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)				
Current (Continued)				
Culture and recreation				
Recreation				
Other services and charges	\$ 40,000	\$ 35,000	\$ 5,000	\$ 35,000
Runestone Community Center				
Personal services	442,953	442,509	444	433,299
Supplies	24,000	21,222	2,778	16,997
Other services and charges	264,100	236,733	27,367	255,382
Total Runestone Community Center	731,053	700,464	30,589	705,678
KN Stadium				
Personal services	-	-	-	755
Supplies	3,000	1,655	1,345	2,991
Other services and charges	33,800	31,757	2,043	24,425
Total KN Stadium	36,800	33,412	3,388	28,171
Senior citizens				
Other services and charges	25,000	25,000	-	22,000
Parks				
Personal services	576,005	604,547	(28,542)	509,378
Supplies	81,000	75,490	5,510	80,432
Other services and charges	132,700	147,643	(14,943)	122,271
Total parks	789,705	827,680	(37,975)	712,081
Total Culture and Recreation	1,622,558	1,621,556	1,002	1,502,930
Airport				
Airport operations				
Personal services	2,500	2,337	163	2,263
Supplies	8,000	10,317	(2,317)	13,482
Other services and charges	207,350	253,623	(46,273)	215,310
Total airport	217,850	266,277	(48,427)	231,055
Total Current	11,290,894	10,679,658	611,236	10,786,163

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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Budgeted Amount			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)				
Capital outlay				
General government	\$ 4,500	\$ 10,675	\$ (6,175)	\$ 6,032
Public safety	62,000	61,986	14	194,949
Public works	5,000	5,745	(745)	22,531
Culture and recreation	10,000	699	9,301	6,954
Airport	3,000	-	3,000	7,160
Total capital outlay	<u>84,500</u>	<u>79,105</u>	<u>5,395</u>	<u>237,626</u>
Total Expenditures	<u>11,375,394</u>	<u>10,758,763</u>	<u>616,631</u>	<u>11,023,789</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(445,000)</u>	<u>1,910,643</u>	<u>2,355,643</u>	<u>(83,752)</u>
Other Financing Sources (Uses)				
Transfers in	455,000	441,045	(13,955)	269,532
Transfers out	<u>(10,000)</u>	<u>(1,124,871)</u>	<u>(1,114,871)</u>	<u>(2,135)</u>
Total Other Financing Sources (Uses)	<u>445,000</u>	<u>(683,826)</u>	<u>(1,128,826)</u>	<u>267,397</u>
Net Change in Fund Balances	-	1,226,817	1,226,817	183,645
Fund Balances, January 1	<u>5,987,762</u>	<u>5,987,762</u>	<u>-</u>	<u>5,804,117</u>
Fund Balances, December 31	<u>\$ 5,987,762</u>	<u>\$ 7,214,579</u>	<u>\$ 1,226,817</u>	<u>\$ 5,987,762</u>

City of Alexandria, Minnesota
Capital Projects Funds
Combining Balance Sheet (Continued on the Following Pages)
December 31, 2023

	430	433	437	438	439	440
	Fire Equipment	Park Development	RCC Equipment	Public Works Equipment	Police Equipment	IT Equipment
Assets						
Cash and temporary investments	\$ 831,513	\$ 266,378	\$ 60,453	\$ 198,614	\$ 256,862	\$ 79,792
Receivables						
Delinquent taxes	500	-	400	2,300	1,100	600
Accounts	-	2,565	-	-	-	-
Special assessments	-	-	-	-	-	-
Intergovernmental	375	-	227	1,517	679	372
Leases	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total Assets	<u>\$ 832,388</u>	<u>\$ 268,943</u>	<u>\$ 61,080</u>	<u>\$ 202,431</u>	<u>\$ 258,641</u>	<u>\$ 80,764</u>
Liabilities						
Accounts payable	\$ 10,187	\$ 101,247	\$ -	\$ -	\$ 16,063	\$ 434
Contracts payable	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Due to other funds	-	-	-	170,952	-	-
Advance from other funds	-	560,483	-	-	-	-
Unearned revenue	-	5,742	-	-	-	-
Total Liabilities	<u>10,187</u>	<u>667,472</u>	<u>-</u>	<u>170,952</u>	<u>16,063</u>	<u>434</u>
Deferred Inflows of Resources						
Deferred lease revenue	-	-	-	-	-	-
Unavailable revenue - taxes	500	-	400	2,300	1,100	600
Unavailable revenue - special assessments	-	-	-	-	-	-
Unavailable revenue - intergovernmental	-	-	-	-	-	-
Advance from other government	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>500</u>	<u>-</u>	<u>400</u>	<u>2,300</u>	<u>1,100</u>	<u>600</u>
Fund Balances						
Nonspendable for						
Prepaid items	-	-	-	-	-	-
Restricted for						
Capital outlay	495,673	-	-	-	-	-
Committed for						
Capital outlay	326,028	-	60,680	29,179	241,478	79,730
Assigned for						
Capital outlay	-	-	-	-	-	-
Unassigned	-	(398,529)	-	-	-	-
Total Fund Balances	<u>821,701</u>	<u>(398,529)</u>	<u>60,680</u>	<u>29,179</u>	<u>241,478</u>	<u>79,730</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 832,388</u>	<u>\$ 268,943</u>	<u>\$ 61,080</u>	<u>\$ 202,431</u>	<u>\$ 258,641</u>	<u>\$ 80,764</u>

401	402	404	405	406
Capital Improvement	Municipal State Aid	Local Street Overlay	2020 Street Reconstruction	Airport Development
\$ 1,609,711	\$ (1,004,514)	\$ (57,320)	\$ (121,424)	\$ 62,216
400	-	1,200	-	400
-	-	-	-	3,365
-	-	-	-	-
4,860	254,468	34,363	-	235,945
-	-	-	-	143,745
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,016	-	-	-	-
<u>\$ 1,616,987</u>	<u>\$ (750,046)</u>	<u>\$ (21,757)</u>	<u>\$ (121,424)</u>	<u>\$ 445,671</u>
\$ 2,016	\$ 52,367	\$ 19,368	\$ -	\$ 3,092
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	17,100
<u>2,016</u>	<u>52,367</u>	<u>19,368</u>	<u>-</u>	<u>20,192</u>
-	-	-	-	151,598
400	-	1,200	-	400
-	-	-	-	-
-	245,766	-	-	235,685
-	2,553,005	-	-	-
<u>400</u>	<u>2,798,771</u>	<u>1,200</u>	<u>-</u>	<u>387,683</u>
2,016	-	-	-	-
-	-	-	-	-
1,612,555	-	-	-	-
-	-	-	-	37,796
-	(3,601,184)	(42,325)	(121,424)	-
<u>1,614,571</u>	<u>(3,601,184)</u>	<u>(42,325)</u>	<u>(121,424)</u>	<u>37,796</u>
<u>\$ 1,616,987</u>	<u>\$ (750,046)</u>	<u>\$ (21,757)</u>	<u>\$ (121,424)</u>	<u>\$ 445,671</u>

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Alexandria, Minnesota
Capital Projects Funds
Combining Balance Sheet (Continued)
December 31, 2023

	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	\$ 8,225	\$ (1,065,923)	\$ 1,846,060	\$ 254,507	\$ (162,877)	\$ 5,274	3,067,547
Receivables							
Delinquent taxes	-	-	-	-	-	-	6,900
Accounts	-	-	7,617	-	-	-	13,547
Special assessments	-	-	1,337,337	-	-	-	1,337,337
Intergovernmental	-	499,684	3,355	-	-	119	1,035,964
Leases	-	-	-	-	-	-	143,745
Advances to other funds	-	-	560,483	-	-	-	560,483
Due from other funds	-	-	170,952	-	-	-	170,952
Due from component unit	-	486,306	-	-	-	-	486,306
Prepaid items	-	-	-	-	-	-	2,016
Total Assets	<u>\$ 8,225</u>	<u>\$ (79,933)</u>	<u>\$ 3,925,804</u>	<u>\$ 254,507</u>	<u>\$ (162,877)</u>	<u>\$ 5,393</u>	<u>\$ 6,824,797</u>
Liabilities							
Accounts payable	\$ -	\$ 3,415	\$ 46,641	\$ 72,141	\$ 10,000	\$ -	\$ 336,971
Contracts payable	-	183,854	-	-	-	-	183,854
Deposits payable	-	-	111,653	-	-	-	111,653
Due to other funds	-	-	-	-	-	-	170,952
Advance from other funds	-	-	-	-	-	-	560,483
Unearned revenue	-	-	-	-	-	-	22,842
Total Liabilities	<u>-</u>	<u>187,269</u>	<u>158,294</u>	<u>72,141</u>	<u>10,000</u>	<u>-</u>	<u>1,386,755</u>
Deferred Inflows of Resources							
Lease receivable	-	-	-	-	-	-	151,598
Unavailable revenue - taxes	-	-	-	-	-	-	6,900
Unavailable revenue - special assessments	-	-	1,337,337	-	-	-	1,337,337
Unavailable revenue - intergovernmental	-	499,684	7,617	-	-	-	988,752
Advance from other government	-	-	-	-	-	-	2,553,005
Total Deferred Inflows of Resources	<u>-</u>	<u>499,684</u>	<u>1,344,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,037,592</u>
Fund Balances							
Nonspendable for							
Prepaid items	-	-	-	-	-	-	2,016
Restricted for							
Capital outlay	8,225	-	-	-	-	-	503,898
Committed for							
Capital outlay	-	-	2,017,797	182,366	-	5,393	4,555,206
Assigned for							
Capital outlay	-	-	404,759	-	-	-	442,555
Unassigned	-	(766,886)	-	-	(172,877)	-	(5,103,225)
Total Fund Balances	<u>8,225</u>	<u>(766,886)</u>	<u>2,422,556</u>	<u>182,366</u>	<u>(172,877)</u>	<u>5,393</u>	<u>400,450</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,225</u>	<u>\$ (79,933)</u>	<u>\$ 3,925,804</u>	<u>\$ 254,507</u>	<u>\$ (162,877)</u>	<u>\$ 5,393</u>	<u>\$ 6,824,797</u>

City of Alexandria, Minnesota
Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued on Following Pages)
For the Year Ended December 31, 2023

	430	433	437	438	439	440
	Fire Equipment	Park Development	RCC Equipment	Public Works Equipment	Police Equipment	IT Equipment
Revenues						
Taxes	\$ 50,002	\$ -	\$ 30,064	\$ 199,513	\$ 89,788	\$ 49,973
Special assessments	-	-	-	-	-	-
Intergovernmental						
Federal	-	-	-	-	-	-
State	5	-	3	-	-	5
Charges for services	101,287	3,300	-	-	-	-
Investment earnings	13,814	7,188	1,332	5,545	5,737	1,366
Other revenue	197	261,338	72	444	214	97
Total Revenues	<u>165,305</u>	<u>271,826</u>	<u>31,471</u>	<u>205,502</u>	<u>95,739</u>	<u>51,441</u>
Expenditures						
Current						
General government	-	-	-	-	-	1,213
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Airport	-	-	-	-	-	-
Capital outlay						
General government	-	-	-	-	-	24,488
Public safety	561,974	-	-	-	20,573	-
Public works	-	-	-	50,250	-	-
Culture and recreation	-	774,370	9,449	-	-	-
Airport	-	-	-	-	-	-
Debt service						
Principal	68,948	-	7,348	95,342	46,150	-
Interest and other	31,854	-	2,981	27,364	12,243	-
Total Expenditures	<u>662,776</u>	<u>774,370</u>	<u>19,778</u>	<u>172,956</u>	<u>78,966</u>	<u>25,701</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(497,471)</u>	<u>(502,544)</u>	<u>11,693</u>	<u>32,546</u>	<u>16,773</u>	<u>25,740</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Debt issued	681,753	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>681,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	184,282	(502,544)	11,693	32,546	16,773	25,740
Fund Balances, January 1	<u>637,419</u>	<u>104,015</u>	<u>48,987</u>	<u>(3,367)</u>	<u>224,705</u>	<u>53,990</u>
Fund Balances, December 31	<u>\$ 821,701</u>	<u>\$ (398,529)</u>	<u>\$ 60,680</u>	<u>\$ 29,179</u>	<u>\$ 241,478</u>	<u>\$ 79,730</u>

401	402	404	405	406
Capital Improvement	Municipal State Aid	Local Street Overlay	2020 Street Reconstruction	Airport Development
\$ 511	\$ -	\$ 99,957	\$ -	\$ 34,984
-	-	-	-	-
-	-	-	-	-
-	(1,616,813)	316,275	-	4
-	-	-	-	185,280
-	-	-	-	-
262	-	271	-	72
<u>773</u>	<u>(1,616,813)</u>	<u>416,503</u>	<u>-</u>	<u>220,340</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	6,437
-	-	-	-	-
20,815	-	-	-	-
-	696,378	480,265	1,354	-
-	-	-	-	-
-	-	-	-	164,127
-	-	-	-	26,442
-	-	-	-	-
<u>20,815</u>	<u>696,378</u>	<u>480,265</u>	<u>1,354</u>	<u>197,006</u>
<u>(20,042)</u>	<u>(2,313,191)</u>	<u>(63,762)</u>	<u>(1,354)</u>	<u>23,334</u>
1,124,871	-	46,977	-	-
-	-	-	-	705,061
(397,819)	-	-	-	-
<u>727,052</u>	<u>-</u>	<u>46,977</u>	<u>-</u>	<u>705,061</u>
707,010	(2,313,191)	(16,785)	(1,354)	728,395
<u>907,561</u>	<u>(1,287,993)</u>	<u>(25,540)</u>	<u>(120,070)</u>	<u>(690,599)</u>
<u>\$ 1,614,571</u>	<u>\$ (3,601,184)</u>	<u>\$ (42,325)</u>	<u>\$ (121,424)</u>	<u>\$ 37,796</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, 2023

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,143	\$ 570,935
Special assessments	-	-	368,928	-	-	-	368,928
Intergovernmental							
Federal	-	618,976	-	-	-	-	618,976
State	2,125	2,539,837	-	-	-	2	1,241,443
Charges for services	-	-	4,097	-	-	-	293,964
Investment earnings	-	-	-	2,423	-	69	37,474
Other revenue	-	-	-	78,734	-	24	341,725
Total Revenues	<u>2,125</u>	<u>3,158,813</u>	<u>373,025</u>	<u>81,157</u>	<u>-</u>	<u>16,238</u>	<u>3,473,445</u>
Expenditures							
Current							
General government	-	-	-	-	-	-	1,213
Public works	-	150	10,581	-	-	-	10,731
Culture and recreation	-	-	-	24,721	-	-	24,721
Airport	-	-	-	-	-	-	6,437
Capital outlay							
General government	-	-	-	-	-	-	24,488
Public safety	-	-	-	-	-	-	603,362
Public works	-	3,091,408	15,178	-	96,461	-	4,431,294
Culture and recreation	-	-	-	239,403	-	-	1,023,222
Airport	-	-	-	-	-	-	164,127
Debt service							
Principal	-	-	-	-	-	12,786	257,016
Interest and other	-	-	-	-	-	3,020	77,462
Total Expenditures	<u>-</u>	<u>3,091,558</u>	<u>25,759</u>	<u>264,124</u>	<u>96,461</u>	<u>15,806</u>	<u>6,624,073</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,125</u>	<u>67,255</u>	<u>347,266</u>	<u>(182,967)</u>	<u>(96,461)</u>	<u>432</u>	<u>(3,150,628)</u>
Other Financing Sources (Uses)							
Transfers in	-	80,842	-	270,000	-	-	1,522,690
Debt issued	-	-	-	-	-	-	1,386,814
Transfers out	-	-	-	-	-	-	(397,819)
Total Other Financing Sources (Uses)	<u>-</u>	<u>80,842</u>	<u>-</u>	<u>270,000</u>	<u>-</u>	<u>-</u>	<u>2,511,685</u>
Net Change in Fund Balances	2,125	148,097	347,266	87,033	(96,461)	432	(638,943)
Fund Balances, January 1	6,100	(914,983)	2,075,290	95,333	(76,416)	4,961	1,039,393
Fund Balances, December 31	<u>\$ 8,225</u>	<u>\$ (766,886)</u>	<u>\$ 2,422,556</u>	<u>\$ 182,366</u>	<u>\$ (172,877)</u>	<u>\$ 5,393</u>	<u>\$ 400,450</u>

City of Alexandria, Minnesota

Debt Service Funds

Combining Balance Sheet

December 31, 2023

	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	\$ 711,555	\$ 29,686	\$ 732,610	\$ 554,529	\$ 284,913
Receivables					
Delinquent taxes	5,100	600	3,900	1,700	1,400
Special assessments	441,083	78,874	25,480	119,974	2,240
Intergovernmental	3,037	17	4,901	1,782	630
Total Assets	\$ 1,160,775	\$ 109,177	\$ 766,891	\$ 677,985	\$ 289,183
Liabilities					
Accounts payable	\$ 1,834	\$ -	\$ 436	\$ 436	\$ 436
Deferred Inflows of Resources					
Unavailable revenue - taxes	5,100	600	3,900	1,700	1,400
Unavailable revenue - special assessments	441,083	78,874	25,480	119,974	2,240
Total Deferred Inflows of Resources	446,183	79,474	29,380	121,674	3,640
Fund Balances					
Restricted for debt service	712,758	29,703	737,075	555,875	285,107
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,160,775	\$ 109,177	\$ 766,891	\$ 677,985	\$ 289,183

336	337	339	
G.O.	G.O.	G.O.	
Bonds	Refunding	Improvement	
of 2016A	Bonds	Bonds	Total
	of 2016B	of 2020A	
<u>\$ 781,635</u>	<u>\$ 123,161</u>	<u>\$ 176,795</u>	<u>\$ 3,394,884</u>
6,200	500	1,800	21,200
-	1,158,294	-	1,825,945
<u>4,164</u>	<u>46</u>	<u>1,345</u>	<u>15,922</u>
<u><u>\$ 791,999</u></u>	<u><u>\$ 1,282,001</u></u>	<u><u>\$ 179,940</u></u>	<u><u>\$ 5,257,951</u></u>
<u>\$ 436</u>	<u>\$ 436</u>	<u>\$ 436</u>	<u>\$ 4,450</u>
6,200	500	1,800	21,200
-	1,158,294	-	1,825,945
<u>6,200</u>	<u>1,158,794</u>	<u>1,800</u>	<u>1,847,145</u>
<u>785,363</u>	<u>122,771</u>	<u>177,704</u>	<u>3,406,356</u>
<u><u>\$ 791,999</u></u>	<u><u>\$ 1,282,001</u></u>	<u><u>\$ 179,940</u></u>	<u><u>\$ 5,257,951</u></u>

City of Alexandria, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2023

	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	\$ 399,372	\$ -	\$ 316,584	\$ 131,358	\$ 80,027
Special assessments	2,955	4,247	115,435	70,660	2,464
Intergovernmental					
Federal	20,600	-	-	-	-
State	43	-	35	14	9
Charges for services					
Investment earnings	12,262	694	11,903	10,950	6,006
Other revenue	799	20	752	383	332
Total Revenues	<u>436,031</u>	<u>4,961</u>	<u>444,709</u>	<u>213,365</u>	<u>88,838</u>
Expenditures					
Debt service					
Principal	285,000	-	645,000	280,000	155,000
Interest and other	131,517	-	29,102	25,736	24,349
Total Expenditures	<u>416,517</u>	<u>-</u>	<u>674,102</u>	<u>305,736</u>	<u>179,349</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,514	4,961	(229,393)	(92,371)	(90,511)
Other Financing Sources (Uses)					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	19,514	4,961	(229,393)	(92,371)	(90,511)
Fund Balances, January 1	<u>693,244</u>	<u>24,742</u>	<u>966,468</u>	<u>648,246</u>	<u>375,618</u>
Fund Balances, December 31	<u>\$ 712,758</u>	<u>\$ 29,703</u>	<u>\$ 737,075</u>	<u>\$ 555,875</u>	<u>\$ 285,107</u>

336	337	339	
G.O.	G.O.	G.O.	
Bonds	Refunding	Improvement	
of 2016A	Bonds	Bonds	Total
	of 2016B	of 2020A	
\$ 560,341	\$ 20	\$ 182,168	\$ 1,669,870
-	6,307	-	202,068
-	-	-	20,600
61	-	20	182
11,856	3,066	1,966	58,703
1,324	-	426	4,036
<u>573,582</u>	<u>9,393</u>	<u>184,580</u>	<u>1,955,459</u>
390,000	70,000	120,000	1,945,000
136,775	13,786	51,806	413,071
<u>526,775</u>	<u>83,786</u>	<u>171,806</u>	<u>2,358,071</u>
46,807	(74,393)	12,774	(402,612)
-	(191,400)	-	(191,400)
46,807	(265,793)	12,774	(594,012)
738,556	388,564	164,930	4,000,368
<u>\$ 785,363</u>	<u>\$ 122,771</u>	<u>\$ 177,704</u>	<u>\$ 3,406,356</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, 2023

	235 EDA Development Fund	236 TIF District #12	240 TIF District #17	295 TIF District #25	294 TIF District #26	285 TIF District #37
Assets						
Cash and temporary investments	\$ 297,210	\$ 8,393	\$ 85,293	\$ 40,412	\$ 351,350	\$ 51,857
Receivables						
Accounts	22,610	-	-	-	-	-
Notes, net of allowance	-	-	-	4,200	199,600	-
Total Assets	<u>\$ 319,820</u>	<u>\$ 8,393</u>	<u>\$ 85,293</u>	<u>\$ 44,612</u>	<u>\$ 550,950</u>	<u>\$ 51,857</u>
Fund Balances						
Restricted for economic development	<u>\$ 319,820</u>	<u>\$ 8,393</u>	<u>\$ 85,293</u>	<u>\$ 44,612</u>	<u>\$ 550,950</u>	<u>\$ 51,857</u>

City of Alexandria, Minnesota
Tax Increment Financing Funds
Combining Balance Sheet (Continued)
December 31, 2023

	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	\$ 40,642	\$ 24,338	\$ 230,728	\$ 4,977	\$ 16,910	\$ 3,839	\$ 30,477	\$ 119,500
Receivables								
Accounts	-	-	-	-	-	-	-	-
Notes, net of allowance	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 40,642</u>	<u>\$ 24,338</u>	<u>\$ 230,728</u>	<u>\$ 4,977</u>	<u>\$ 16,910</u>	<u>\$ 3,839</u>	<u>\$ 30,477</u>	<u>\$ 119,500</u>
Fund Balances								
Restricted for economic development	<u>\$ 40,642</u>	<u>\$ 24,338</u>	<u>\$ 230,728</u>	<u>\$ 4,977</u>	<u>\$ 16,910</u>	<u>\$ 3,839</u>	<u>\$ 30,477</u>	<u>\$ 119,500</u>

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
\$ 124	\$ -	\$ -	\$ 114	\$ 99	\$ 213	\$ 101	\$ 98	\$ 78	\$ 1,306,753
-	-	-	-	-	-	-	-	-	22,610
-	-	-	-	-	-	-	-	-	203,800
<u>\$ 124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114</u>	<u>\$ 99</u>	<u>\$ 213</u>	<u>\$ 101</u>	<u>\$ 98</u>	<u>\$ 78</u>	<u>\$ 1,533,163</u>
<u>\$ 124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114</u>	<u>\$ 99</u>	<u>\$ 213</u>	<u>\$ 101</u>	<u>\$ 98</u>	<u>\$ 78</u>	<u>\$ 1,533,163</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, 2023

	235 EDA Development Fund	236 TIF District #12	240 TIF District #17	295 TIF District #25	294 TIF District #26	285 TIF District #37
Revenues						
Tax increments	\$ -	\$ 14,301	\$ 74,686	\$ 13,954	\$ 176,494	\$ 20,411
Other taxes	12,035	-	-	-	-	-
Charges for services	107,977	-	-	-	-	-
Investment earnings	11,623	-	2,085	812	17,463	975
Total Revenues	<u>131,635</u>	<u>14,301</u>	<u>76,771</u>	<u>14,766</u>	<u>193,957</u>	<u>21,386</u>
Expenditures						
Current						
Economic development	<u>57,819</u>	<u>27,000</u>	<u>63,484</u>	<u>4,156</u>	<u>512,127</u>	<u>-</u>
Net Change In Fund Balances	73,816	(12,699)	13,287	10,610	(318,170)	21,386
Fund Balances, January 1	<u>246,004</u>	<u>21,092</u>	<u>72,006</u>	<u>34,002</u>	<u>869,120</u>	<u>30,471</u>
Fund Balances, December 31	<u>\$ 319,820</u>	<u>\$ 8,393</u>	<u>\$ 85,293</u>	<u>\$ 44,612</u>	<u>\$ 550,950</u>	<u>\$ 51,857</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, 2023

	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	\$ 14,386	\$ 24,261	\$ 143,222	\$ 202,483	\$ 68,739	\$ 10,967	\$ 7,695	\$ 155,652	\$ 22,340
Other taxes	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Investment earnings	789	-	-	545	198	99	-	3,304	50
Total Revenues	<u>15,175</u>	<u>24,261</u>	<u>143,222</u>	<u>203,028</u>	<u>68,937</u>	<u>11,066</u>	<u>7,695</u>	<u>158,956</u>	<u>22,390</u>
Expenditures									
Current									
Economic development	-	-	-	202,483	52,696	9,870	-	155,652	22,340
Net Change In Fund Balances	15,175	24,261	143,222	545	16,241	1,196	7,695	3,304	50
Fund Balances, January 1	<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>
Fund Balances, December 31	<u>\$ 40,642</u>	<u>\$ 24,338</u>	<u>\$ 230,728</u>	<u>\$ 4,977</u>	<u>\$ 16,910</u>	<u>\$ 3,839</u>	<u>\$ 30,477</u>	<u>\$ 119,500</u>	<u>\$ 124</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
\$ -	\$ 92,370	\$ 28,734	\$ 24,731	\$ 100,091	\$ 47,467	\$ 46,145	\$ 36,677	\$ 1,325,806
-	-	-	-	-	-	-	-	12,035
-	-	-	-	-	-	-	-	107,977
-	-	63	54	213	101	99	78	38,551
-	92,370	28,797	24,785	100,304	47,568	46,244	36,755	1,484,369
30,784	92,370	28,734	24,731	100,091	47,467	46,146	36,677	1,514,627
(30,784)	-	63	54	213	101	98	78	(30,258)
30,784	-	51	45	-	-	-	-	1,563,421
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114</u>	<u>\$ 99</u>	<u>\$ 213</u>	<u>\$ 101</u>	<u>\$ 98</u>	<u>\$ 78</u>	<u>\$ 1,533,163</u>

City of Alexandria, Minnesota
Summary Financial Report
Revenues and Expenditures for General Operations
Governmental Funds
For the Years Ended December 31, 2023 and 2022

	Total		Percent Increase (Decrease)	
	2023	2022		
Revenues				
Taxes	\$ 10,875,332	\$ 10,543,850	3.14	%
Payment in lieu of taxes	1,006,671	995,515	1.12	
Special assessments	585,760	521,842	12.25	
Licenses and permits	943,626	1,094,409	(13.78)	
Intergovernmental	6,289,463	6,262,958	0.42	
Charges for services	1,562,819	1,551,031	0.76	
Fines and forfeits	91,273	138,272	(33.99)	
Investment earnings (loss)	545,784	(296,265)	N/A	
Miscellaneous	597,018	564,711	5.72	
Total Revenues	<u>\$ 22,497,746</u>	<u>\$ 21,376,323</u>	5.25	%
Per Capita	<u>\$ 1,474</u>	<u>\$ 1,491</u>	(1.15)	%
Expenditures				
Current				
General government	\$ 3,223,415	\$ 2,683,425	20.12	%
Public safety	5,015,020	4,831,432	3.80	
Public works	2,585,511	2,469,374	4.70	
Culture and recreation	1,694,458	1,578,499	7.35	
Economic development	2,005,518	1,592,042	25.97	
Miscellaneous	272,714	236,707	15.21	
Capital outlay				
General government	37,053	36,267	2.17	
Public safety	753,842	1,770,388	(57.42)	
Public works	4,456,653	3,336,093	33.59	
Culture and recreation	1,023,921	210,367	386.73	
Miscellaneous	164,127	159,893	2.65	
Debt service				
Principal	2,202,016	2,239,955	(1.69)	
Interest and other charges	490,533	525,737	(6.70)	
Total Expenditures	<u>\$ 23,924,781</u>	<u>\$ 21,670,179</u>	10.40	%
Per Capita	<u>\$ 1,568</u>	<u>\$ 1,512</u>	3.69	%
Total Long-term Indebtedness	\$ 16,174,832	\$ 16,990,034	(4.80)	%
Per Capita	1,060	1,185	(10.59)	
General Fund Balance - December 31	\$ 7,214,579	\$ 5,987,762	20.49	%
Per Capita	473	418	13.16	

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, 2023

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, 2023, 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 19, 2024.

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 19, 2024

**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, 2023, 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 19, 2024.

The City's basic financial statements include the operations of Alexandria Light and Power for the year ended December 31, 2023. 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 19, 2024



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, 2023. 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, 2023.

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 19, 2024



THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Alexandria, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Funding Source	Administering Department	Program Name	Assistance Listing 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	N/A	<u>\$ 9,765</u>	
		Total Highway Safety Cluster				\$ 9,765
U.S. Department of Defense	National Guard Bureau	National Guard Military Operations and Maintenance	12.401	N/A		360
U.S. Department of Justice	Direct	Missing Children's Assistance	16.543	N/A		663
U.S. Department of Justice Direct Programs	Direct	Bulletproof Vest Partnership Program	16.607	N/A		5,268
U.S. Department of Transportation	Federal Aviation Administration	Airport Improvement Program	20.106	3-24-0004-016-2021		13,000
U.S. Department of Transportation	Federal Highway Administration	Highway Planning and Construction	20.205	2122216		618,976
U.S. Department of Transportation	National Highway Traffic Safety Administration	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	N/A		3,975
U.S. Department of Transportation	National Highway Traffic Safety Administration	National Priority Safety Programs	20.616	N/A		3,490
U.S. Department of Treasury	Minnesota Department of Treasury	Coronavirus Relief Fund	21.027	N/A		<u>1,358,996</u>
	Total Expended					<u>\$ 2,014,493</u>

City of Alexandria, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

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, 2023. 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, 2023, 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, 2023

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

	<u>ALN</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027
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 were no 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).