



**YEAR ENDED  
DECEMBER 31, 2024**

**CITY OF NORTHFIELD  
NORTHFIELD, MN**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**PREPARED BY: BRENDA ANGELSTAD, FINANCE DIRECTOR  
MEMBER GFOA OF U.S. AND CANADA**

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INTRODUCTORY SECTION

CITY OF NORTHFIELD  
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024



June 2, 2025

To the Honorable Mayor, Members of the City Council, and Citizens of Northfield:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Northfield for the fiscal year ended December 31, 2024.

This report consists of management's representations concerning the finances of the City of Northfield. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Northfield continues to build and refine a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Northfield's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Northfield's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City of Northfield's financial statements have been audited by Abdo; a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Northfield for the fiscal year ended December 31, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Northfield's financial statements for the fiscal year ended December 31, 2023 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Northfield's MD&A can be found immediately following the report of the independent auditors.

All City funds, departments, commissions, and other organizations for which the City of Northfield is financially accountable are presented within the Annual Comprehensive Financial Report. The Northfield Fire Relief Association does not meet the established criteria for inclusion in the reporting entity, and accordingly is excluded from this report.



To the Honorable Mayor and City Council  
City of Northfield, Minnesota

### ***Profile of the Government***

The City of Northfield was formed in 1855 and was incorporated March 1875. The City of Northfield as it exists today consists of 7.6 square miles. As of the 2020 Census, Northfield has a population of 20,790. Northfield is a 45-mile drive from Minneapolis and Saint Paul.

Northfield is a Home Rule Charter city with the City Council appointing a City Administrator. The City Administrator has operating responsibilities for all City functions.

The City of Northfield provides various services to the residents in the community. The current services are:

- General Government
  - a. Mayor & City Council
  - b. Administration
  - c. Elections
  - d. Finance
  - e. City Attorney
  - f. Human Resources and Risk Management
  - g. Information Technology
  - h. Community Development, including Housing and Economic Development
  - i. Planning
  - j. General Government Building
- Public Safety
  - a. Police
  - b. Fire
  - c. Building Inspections
- Public Works
  - a. Engineering
  - b. Streets
  - c. Street Lighting
  - d. Water
  - e. Wastewater
  - f. Garbage
  - g. Storm Water Drainage
- Culture and Recreation
  - a. Ice Arena
  - b. Outdoor Pool at Memorial Park
  - c. Park Maintenance
  - d. Library
- Liquor Store
- Community Resource Center
- Municipal Hospital

To the Honorable Mayor and City Council  
City of Northfield, Minnesota

The council is required to adopt a final budget prior to the close of the fiscal year. The annual budget serves as the foundation for the City's financial planning and control. The City Administrator, Finance Director and other department directors prepare the annual budget each summer. A preliminary budget is presented to the City Council in August, prior to consideration of the preliminary property tax levy. Under Minnesota Statutes, a preliminary property tax levy must be adopted no later than September 30<sup>th</sup> of each year for the ensuing years' collection. This action establishes a maximum levy. Subsequent Council action may lower the preliminary levy but may not increase the levy. In addition, the City Council reviews the budgets for the enterprise funds and all other funds on an annual basis as part of the budgetary process.

In November, citizens receive a notice of proposed property taxes based upon the preliminary levies established by all taxing jurisdictions. Citizens are invited to a public hearing known as the Truth in Taxation hearings for each taxing unit. The City's hearing includes a presentation that addresses the budget, proposed property tax levy, other city operations, and the priorities of the City Council for the upcoming year. There is an opportunity for public comment, on these topics, at the public hearing before the final property tax levy is adopted.

### ***Economic Condition and Outlook***

The estimated population as reported by the Minnesota Demographer for 2020 was 20,790 which represents a 3.9 percent increase from 2010. The 2010 Census established the City's population at 20,007. The population has remained fairly steady over the last decade with slight increases in the last few years. This is reflective of the upturn of the economy and the increase in residential construction since the low in 2011. The unemployment rate peaked in 2020, early in the COVID pandemic, but as of March 2025 has dropped to 2.5%, well below pre-pandemic levels and lower than the State of Minnesota rate of 3.9%.

	Revenue from Licenses & Permits:	Increase (Decrease)
2024	\$ 711,146	\$ (210,412)
2023	921,558	\$ 70,810
2022	850,748	53,582
2021	797,166	163,627
2020	633,539	61,152
2019	572,387	(55,509)
2018	627,896	(231,352)
2017	859,248	179,774
2016	679,474	250,717
2015	428,765	31,867

Revenue from permit activity was down in 2024, a 22.8% decrease from the prior year, but was 10% over budget and in line with expectations. The decrease relates to timing of large college projects in prior years.

In 2024, the city issued permits for 10 residential structures, consisting of 4 single family dwellings and 3 two-family dwellings. 132 permits were issued for residential alterations, with a combined project value of \$2.9 million. The city also issued 10 large commercial/industrial permits in 2024, with a combined project valuation of \$19.2 million.

2025 should remain similar to 2024, with an emphasis on alterations rather than new construction, at least in the commercial sector. Residential new construction should remain the same or slightly higher. High interest rates, labor and material costs have slowed construction. The market has also caught up with projects delayed during COVID from both the labor shortage and material availability.

To the Honorable Mayor and City Council  
City of Northfield, Minnesota

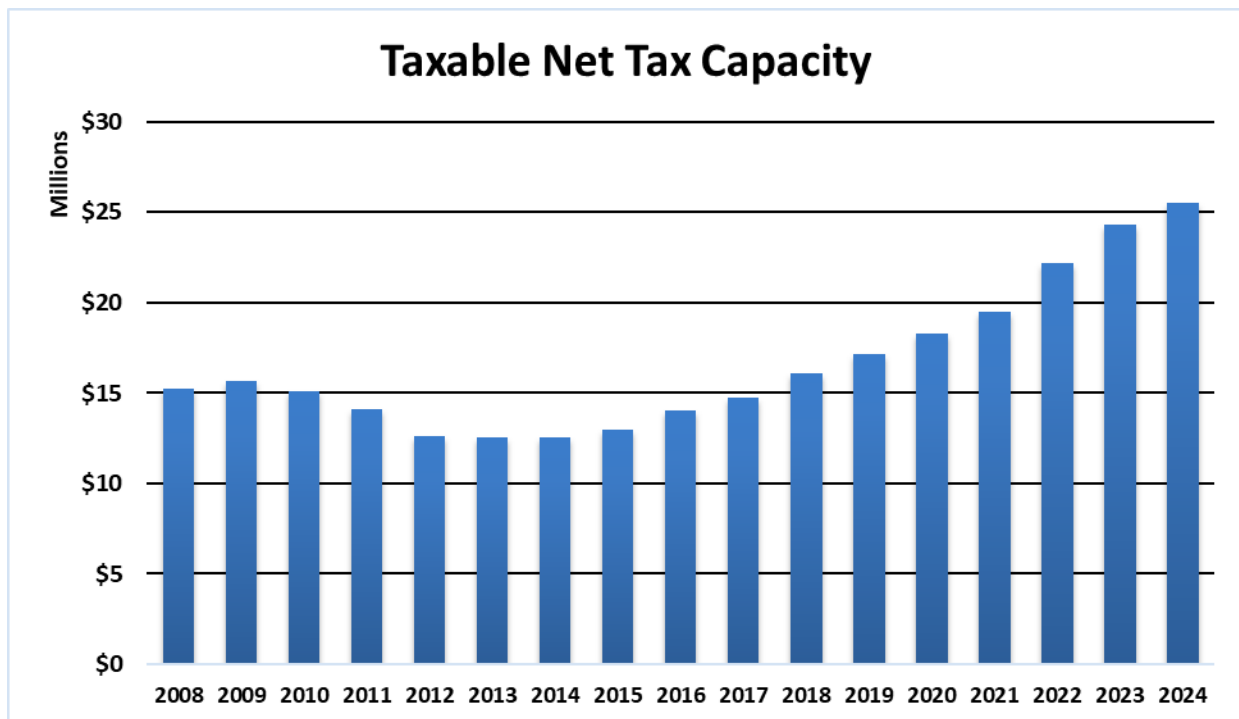
Northfield's fastest growing population is people between the ages of 25 and 34, however the aging of the largest birth cohort in history, the baby boom, will continue to contribute to shifts in demand for commercial and service sector business, housing and care facilities. All of Minnesota's baby boomers will be 65 or older by year end 2028. According to state agency forecasts, the 65+ population will now exceed the number of children under 18 in the state between 2031 and 2035.

According to recent forecast data from the MN State Economist at Minnesota Management and Budget (MMB) the state has already experienced reduced starts in new home construction due to high interest rates, and the outlook does not improve before 2028 given national policy uncertainties affected by tariffs and changes in immigration and energy policy. MMB economic forecasts show a softening in the temporary employment market, demonstrable shifts downward in hours worked per week per worker and a very tight labor market with far more job openings than unemployed workers. Given the state's trend toward higher labor market participation than the national average and uncertainty in immigration policies, forecasts through 2029 show a significant stall in employment growth and a higher likelihood that businesses will not invest in fixed improvements until uncertainty in the market is reduced.

Other concerns for the economic outlook include:

- Higher inflation will likely negatively impact nominal consumer spending predictions which could have an implication for sales tax revenues.
- Longer term interest rates will likely come down more slowly as a new set of inflation expectations are calculated
- Consumers and lenders are both reporting expectations of higher-than-anticipated inflation.
- Minnesota is highly dependent upon migration for its labor force, including immigrants. This includes highly skilled workers in medical and technical fields as well as seasonal and farm laborers.

**The City's tax base in tax capacity values is shown below:**



The residential sector is moderately increasing, commercial and industrial values are gaining. We anticipate the base capacity to be stable with a modest increase over the next year.

To the Honorable Mayor and City Council  
City of Northfield, Minnesota

*Major Employers* - Northfield is known for the quality educational institutions that have been landmarks in the community for over 100 years. Northfield's heritage dates back to 1855 when the City was established on the banks of the Cannon River. Soon a dam was constructed to power the Ames Flour Mill, which turned wheat from nearby fields into flour. Today, the Ames Flour Mill is the location of Post Consumer Brands, formerly Malt-O-Meal, a food manufacturer producing a significant part of the nation's breakfast cereals. The educational institutions and the mill remain major employers in Northfield.

Major employers in Northfield are as follows:

Employer	Products/Services	Employees
ISD 659* includes seasonal employees	Education	1,100
Carleton College	Education	860
St Olaf College	Education	860
Northfield Hospital	General Medical & Surgical Hospital	850
Post Consumer Products	Grain & Oilseed Milling	750
McLane Minnesota Inc.	Grocery Distribution	550
Taylor Truck Line, Inc.	Transportation	360
Lutheran Home - The Cannon Valley	Retirement Community	330
Three Links Care Center	Skilled Nursing Care Facility	250
Lutheran Retirement Community	Nursing and Convalescent Home	250

Table 16 in the Statistical Section also details the principal employers for the current year along with a comparison from nine years ago.

*Financing General Fund operations* - The City's General Fund operations continue to be supported by two major categories of revenue. They are general property taxes at 55 percent, and intergovernmental revenues at 26 percent. Intergovernmental revenue includes state aids, such as local government aid, highway maintenance aid, fire relief aid and police aid; county grants include highway aid and support of library operations. Local Government Aid (LGA) is the single largest revenue source within the category of intergovernmental revenues. 2020, 2021 and 2022 also included revenue from COVID related funding from the CARES Act and American Rescue Plan (ARPA). 2023 included one-time State Police Aid.

The history and ratio to total budget of property taxes and intergovernmental revenues is shown below. The City of Northfield is heavily dependent upon state aid to support General Fund operations. Monitoring state legislative activity and the state's own fiscal condition has been a continual focus.

	General Fund			
	Property Tax Revenue	Percent of Total	Intergovernmental Revenue	Percent of Total
2024	\$ 10,483,934	54.68%	\$ 5,058,970	26.48%
2023	10,171,986	53.95%	5,278,887	28.00%
2022	8,425,519	50.15%	5,496,701	32.71%
2021	7,404,234	48.23%	5,306,210	34.56%
2020	7,214,743	46.75%	5,692,340	36.89%
2019	6,583,221	49.84%	3,852,999	29.17%
2018	6,133,235	48.68%	3,829,758	30.40%
2017	5,624,778	47.81%	3,659,007	31.10%
2016	5,454,266	47.10%	3,674,908	31.73%
2015	5,235,618	46.54%	3,608,311	32.07%

### ***Long-term Financial Planning***

In 2018, a utility rate study was conducted by Springsted Incorporated. That study laid out a plan for our Water, Sewer, and Stormwater rates for the next 5-10 years based on operating expense and anticipated capital projects. Baker Tilly, formerly Springsted Incorporated, has provided more recent updates to this plan related to Water, Waste Water and Storm Water based on updated capital improvement plans. The Council authorized Water, Waste Water, Storm Water and Refuse rates to increase by 28.0 percent, 4.5 percent, 15.0 percent and 1.0%, respectively, in 2025. A drinking water treatment facility study was completed in 2021. In January of 2025, the Council voted to not accept bids on a new water treatment plant. However, the City continues to explore State and Federal Funding grant opportunities to offset capital costs to construct the facility and to reduce the impact on water rates in 2026 and beyond.

PFM Asset Management manages the majority of the City's investment portfolio. A smaller portion is kept in the 4M fund for cash flow and is managed in-house.

### ***Major Initiatives***

In 2024, the City continued its focus on planning for the future by acting on the its strategic plan, which included 6 priority areas highlighted below and it also focused on updating the plan for future years 2025-2028.

- Economic Development – a Community that is Economically thriving
  - The EDA provided financing for the new Ice Arena through bonding, providing the capital for this major economic driver.
  - The EDA completed two loans to local producer Loon Liquors, providing essential gap financing for their major local relocation to the downtown. This relocation is also an expansion, with 20 new jobs projected in their production and hospitality spaces.
  - The EDA is actively recruiting businesses to take advantage of the rezoned Northwest area. New light industrial users would contribute majorly to the city's tax base.
  - The EDA has provided \$20,000 in Facade improvement grants, further supporting our downtown commercial core. This program concludes in 2026.
  - The EDA received a competitive DEED grant of 750,000 to further strengthen our C-1 commercial district, contributing to building renovations and other capital improvements.
  - The EDA contributed \$20,000 to the Riverwalk Market Fair, which is both a community event and incubation space for Northfield producers. Three vendors have gone on to open brick and mortar locations in Northfield.
- Affordable Housing – a Community where everyone can afford to live
  - Partnered with CAC to provide emergency housing navigation utilizing ARPA funds. The City has an agreement with CAC to provide emergency housing navigation, deposit and first month's rent for a household who's home has been deemed uninhabitable/condemned by the City Building Official. The City has helped 4 households (\$16,000).
  - Partnered with the Northfield Union of Youth (NUY) to provide \$20,000 in support of the Wallflower Project- a temporary host home/foster care for Northfield teens.
  - Partnered with Rice County Habitat for Humanity by financially contributing \$25,000 to purchase 1102 Forest Street and paid \$8,479.88 for their building permit fees for a quadplex at Ford Street.
  - Partnered with HCI and CAC to provide \$50,000 for emergency manufactured home repairs.
  - Established a citywide 4d tax incentive program. Minnesota Statutes 273.128 provides that qualifying low-income rental properties are eligible for a property use classification that has a lower tax class rate thereby reducing the property tax obligation for a qualifying property.
  - Provided 3 down payment assistance loans totaling \$75,000 to first-time homeowners
  - Provided 2 rehab loans to homeowners living in single-family homes to address foundation and aging HVAC systems.
  - Provided 2 forgivable loans for homeowners living in manufactured homes to address roofs, skirting, water leaks, and HVAC issues.

To the Honorable Mayor and City Council  
City of Northfield, Minnesota

- Partnered with RETHOS and Northfield Library to bring a hands-on workshop for Repairing and Restoring Old Windows to Northfield.
- Quality Facilities – a Community where infrastructure supports its objectives
  - Deployment of high-speed fiber-optic internet throughout the city: Metronet has completed approximately 95% of the underground fiber installation.
  - The City Council approved construction of a new ice arena in partnership with the City of Dundas, Northfield Public Schools, and private fundraising.
  - A 10-year Capital Investment Plan for Parks and Recreation has been completed.
  - The design and bidding process has begun for a new water treatment plant to ensure safe drinking water for all residents.
  - The NCRC/FiftyNorth remodel study has been completed, identifying \$14–\$20 million in recommended building improvements.
- Diversity, Equity & Inclusion – a Community that welcomes everyone
  - City staff, in partnership with the Healthy Community Initiative (HCI), led efforts to organize and participate in the Northfield Racial & Ethnic Equity Collaborative.
  - The City of Northfield is an Inclusive Workforce Employer (I/WE Designated Employer), a recognition supported by the Workforce Development Board of Southeast Minnesota and the Winona Workforce Development Board.
  - ASL interpreters are available for city and library programs upon request. Additional bilingual staff have been hired to better serve the community, including in administration, communications, the Department of Motor Vehicles, library, and police departments.
  - The Northfield Public Library received a Federal Library Services and Technology Act (LSTA) grant to promote librarianship as a desirable career pathway for diverse populations. This grant funds paid summer internships specifically designed for students of the Northfield Community College Collaborative (NCCC).
  - The library launched the Library Oasis—a satellite service hub—on the southwest side of town, conveniently located inside the Northfield Community Resource Center (NCRC). The Oasis is near Northfield High School, Northfield Middle School, Bridgewater Elementary School, and several income-based housing developments.
- Service Excellence – a Community with a Government that works
  - Earned our 15<sup>th</sup> consecutive GFOA Award for Excellence in Financial Reporting
  - Completed organizational assessments for the Administrative Services Department and Streets & Park Maintenance in 2024.
  - Launched the community engagement process for development of the 2025–2028 Strategic Plan.
  - Concluded the Comprehensive Plan engagement process in 2024, paving the way for Council adoption in 2025.
  - Human Resources implemented routine reviews of the personnel policy to ensure alignment with state laws and best practices in equity and inclusion.
- Climate Change Impacts – a Community that’s resilient and sustainable
  - The City reduced its electricity-related greenhouse gas emissions by 34% between 2017 and 2024. New LED streetlights have also cut electricity use for lighting by 50%.
  - Secured \$72,000 in grant funding for solar panel installation on the Northfield Community Resource Center.
  - Launched a Residential Energy Efficiency Rebate Program, distributing over \$10,000 in rebates to Northfield residents.
  - Partnered with Habitat for Humanity to launch a weatherization program, providing funding for assessments and materials

The City has a website located at [www.ci.northfield.mn.us](http://www.ci.northfield.mn.us) for use by citizens and other interested parties. Information is continuously provided here in a convenient manner. Updates are made continually and include progress reports on the City’s major initiatives.

To the Honorable Mayor and City Council  
City of Northfield, Minnesota

***Acknowledgements***

The preparation of this report could not have been accomplished without the efficient services of the Finance Department staff and the consultation of the City's auditing firm. In particular, Mary Grant, Accounting Coordinator in the Finance Department and others in the City have our sincere appreciation for their contribution in the preparation of this report.

We also want to express our appreciation to the Mayor, members of the City Council, and City Administrator for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Brenda Angelstad". The signature is written in a cursive, flowing style.

Brenda Angelstad  
Finance Director

City of Northfield, Minnesota  
Principal City Officials  
For the Year Ended December 31, 2024

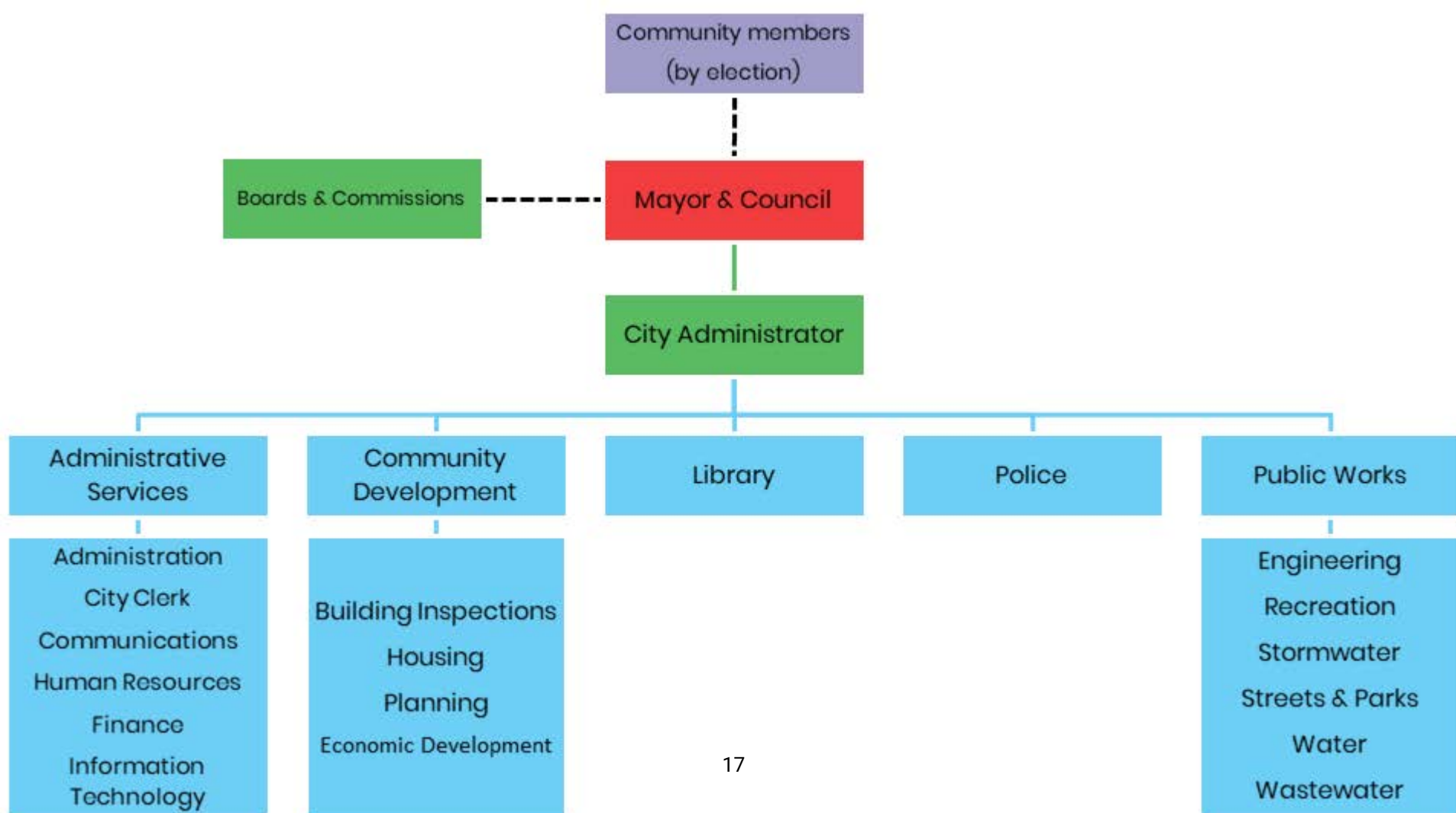
**Elected**

Name	Title	Term Expires
Erica Zweifel	Mayor	12/31/28
Kathleen Holmes	Council Member First Ward	12/31/26
Chad Beumer	Council Member Second Ward	12/31/28
Peter Dahlen	Council Member Third Ward	12/31/28
Jessica Peterson White	Council Member Fourth Ward	12/31/26
Brad Ness	Council Member At Large	12/31/28
Davin Sokup	Council Member At Large	12/31/26

**Appointed**

Ben Martig	City Administrator
Brenda Angelstad	Finance Director
Lynette Peterson	City Clerk
Sara Hoffman	Deputy City Clerk/Executive Administrative Assistant
Chris Hood	City Attorney
Flaherty & Hood, P.A.	Assistant City Attorney
Jeff Schroepfer	Police Chief
David Bennett	Public Works Director / City Engineer
Jake Reilly	Community Development/Planning Director
Natalie Draper	Library / IT Director
Michelle Mahowald	Human Resources / Communications Director







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Northfield  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2023

*Christopher P. Morill*

Executive Director/CEO

FINANCIAL SECTION

CITY OF NORTHFIELD  
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Northfield, Minnesota

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Northfield, Minnesota, (the City) as of and for the year ended December 31, 2024, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2024, and the respective changes in financial position and cash flows, where applicable, 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.

We did not audit the financial statements of the Municipal Hospital, which is a discretely presented component unit of the City and 34 percent, 23 percent and 75 percent, respectively, of the City's assets, net position and revenues. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in the City, is based solely on the report of the other auditors.

### 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 Northfield 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 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 Northfield'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 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'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'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 25 and the Schedule of Employer's Share of the Net Pension Liability, the Schedule of Employer's Contributions, the related note disclosures and the and the Schedule of Changes in the City's OPEB Liability and Related Ratios starting on page 110 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 , individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining, individual fund financial statements, schedules and table 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 and statistical 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 2, 2025, 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 solely to 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 2, 2025



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## **Management's Discussion and Analysis**

As management of the City of Northfield (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, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 8 of this report.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by 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. This increase is mostly due to an increase in property taxes/tax increments due to levy increases and an increase in grants and contributions from the State of Minnesota.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance decreased in comparison with the prior year. This decrease was mainly due to capital project related expenditures. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the City's discretion.

## Overview of the Financial Statements

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

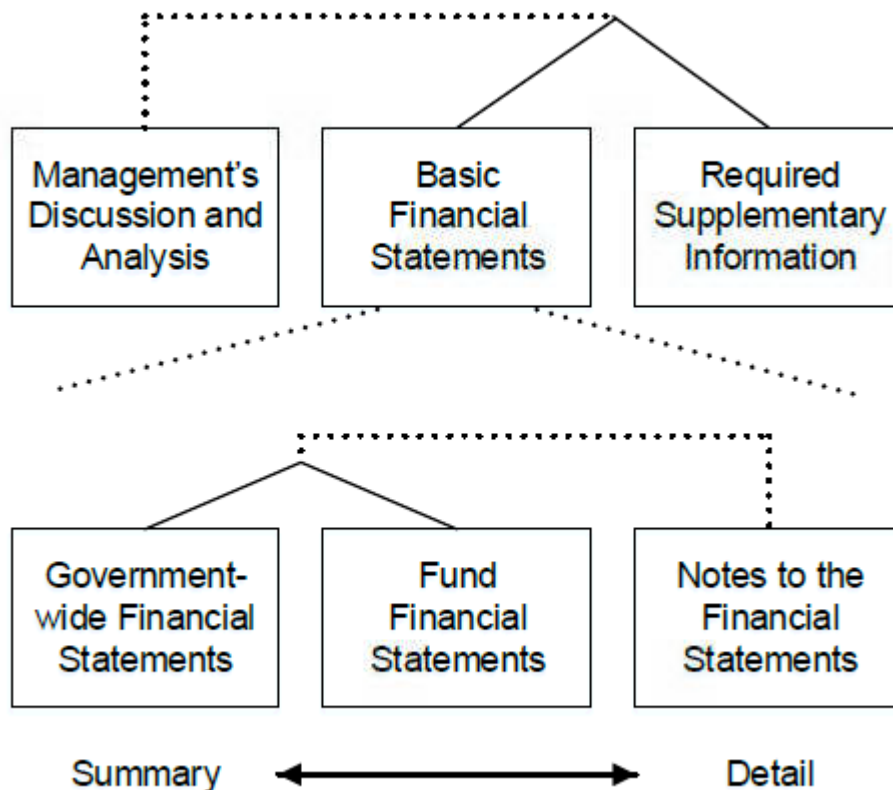


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the 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 and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>
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 deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the 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 revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, housing and economic development, transit and miscellaneous. The business-type activities of the City include water, wastewater, garbage, storm water and municipal liquor store.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Economic Development Authority, Housing Redevelopment Authority and Municipal Hospital for which the City is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found starting on page 41 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*.

The City maintains various individual governmental funds, several of which are Debt Service funds that are considered one fund for financial reporting. 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, Debt Service fund, the 2019 Capital Project fund, 2024 Capital Project fund and the 5<sup>th</sup> Street Redevelopment fund, all of which are considered to be major funds. Data from the other 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* 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 46 of this report.

**Proprietary Funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, garbage, storm water, and liquor store operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its information technology and insurance operations. Because both of these services predominately benefit governmental rather than *business-type functions*, they have been included within the *governmental activities* in the government-wide financial statements.

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 each of its operations that are considered to be major fund of the City. Both internal service funds balances have been incorporated into the functions of the governmental activities that benefited from these services. Individual fund data for the internal services funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found starting on page 54 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 59 of this report.

**Required Supplementary Information.** The required supplementary information can be found starting on page 10 if this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found starting on page 118 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.

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, 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 Northfield's Summary of Net Position

	Governmental Activities			Business-type Activities			Total	
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)	2024	2023
<b>Assets</b>								
Current and other assets	\$ 33,793,672	\$ 35,460,063	\$ (1,666,391)	\$ 26,636,365	\$ 35,833,358	\$ (9,196,993)	\$ 60,430,037	\$ 71,293,421
Capital assets	86,259,283	71,083,501	15,175,782	49,412,914	40,154,183	9,258,731	135,672,197	111,237,684
<b>Total Assets</b>	<b>120,052,955</b>	<b>106,543,564</b>	<b>13,509,391</b>	<b>76,049,279</b>	<b>75,987,541</b>	<b>61,738</b>	<b>196,102,234</b>	<b>182,531,105</b>
Deferred outflows of resources	5,262,507	6,936,091	(1,673,584)	205,310	358,972	(153,662)	5,467,817	7,295,063
<b>Liabilities</b>								
Long-term liabilities								
outstanding	46,152,371	42,649,814	3,502,557	21,690,164	20,894,234	795,930	67,842,535	63,544,048
Other liabilities	3,950,225	4,195,629	(245,404)	1,935,555	2,157,629	(222,074)	5,885,780	6,353,258
<b>Total Liabilities</b>	<b>50,102,596</b>	<b>46,845,443</b>	<b>3,257,153</b>	<b>23,625,719</b>	<b>23,051,863</b>	<b>573,856</b>	<b>73,728,315</b>	<b>69,897,306</b>
Deferred inflows of resources	9,593,755	9,423,760	169,995	553,299	419,095	134,204	10,147,054	9,842,855
<b>Net Position</b>								
Net investment in								
capital assets	48,120,220	42,801,132	5,319,088	31,902,536	33,767,743	(1,865,207)	80,022,756	76,568,875
Restricted	9,043,580	7,869,991	1,173,589	-	-	-	9,043,580	7,869,991
Unrestricted	8,455,311	6,539,329	1,915,982	20,173,035	19,107,812	1,065,223	28,628,346	25,647,141
<b>Total Net Position</b>	<b>\$ 65,619,111</b>	<b>\$ 57,210,452</b>	<b>\$ 8,408,659</b>	<b>\$ 52,075,571</b>	<b>\$ 52,875,555</b>	<b>\$ (799,984)</b>	<b>\$ 117,694,682</b>	<b>\$ 110,086,007</b>
<b>Net Position as a Percent of Total</b>								
Net investment in capital assets	73.3 %	74.8 %		61.3 %	63.9 %			
Restricted	13.8	13.8		0.0	0.0			
Unrestricted	12.9	11.4		38.7	36.1			
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>		<b>100.0 %</b>	<b>100.0 %</b>			

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.

**Governmental Activities.** Governmental activities increased the City's net position as shown below. Key elements of these changes are as follows:

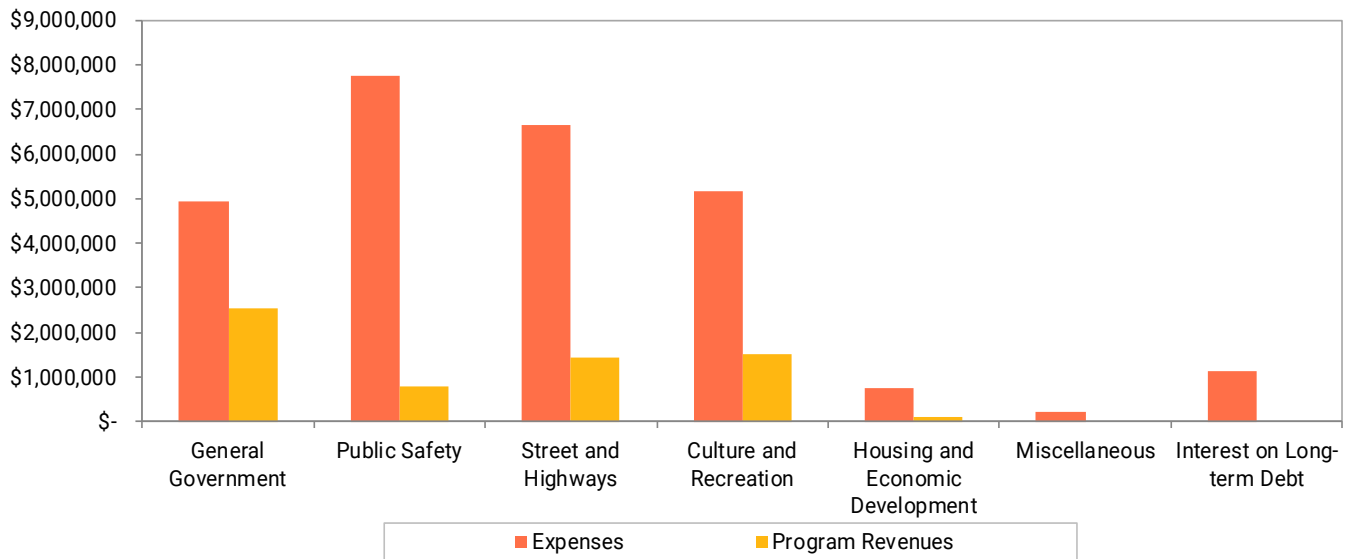
- Property taxes/tax increment revenues increased due to a tax levy increase that occurred in 2024.
- Grant and contribution revenues increased due to receiving state grants during the year for capital improvement for the transit hub.

### City of Northfield's Changes in Net Position

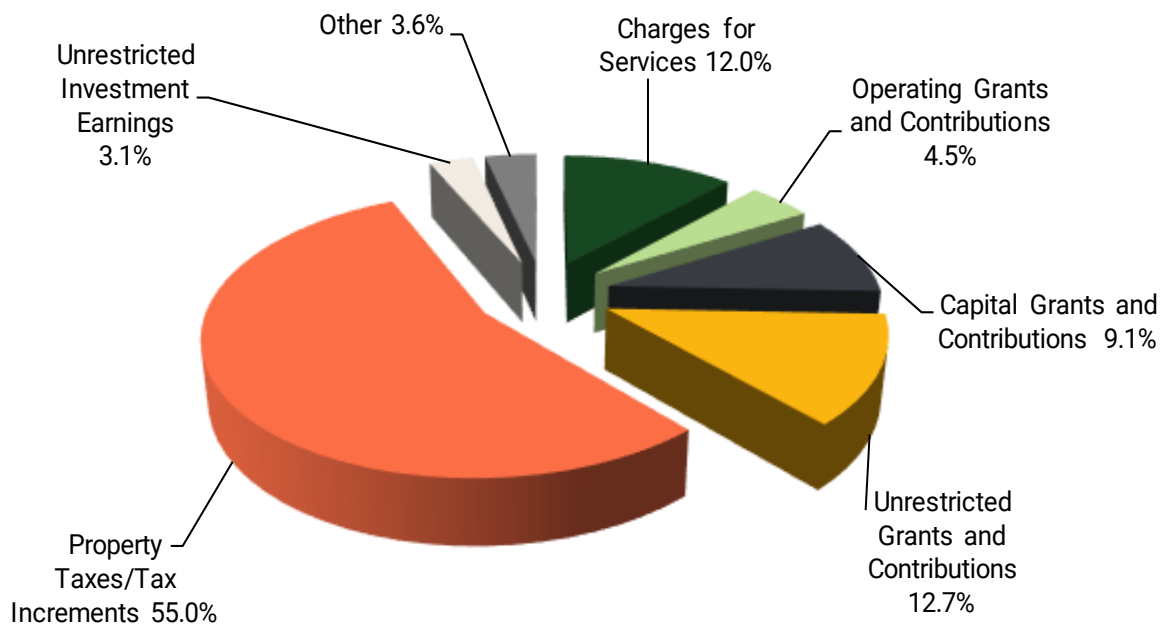
	Governmental Activities			Business-type Activities			Total	
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)	2024	2023
<b>Revenues</b>								
Program Revenues								
Charges for services	\$ 3,763,671	\$ 3,256,016	\$ 507,655	\$ 13,328,808	\$ 12,912,609	\$ 416,199	\$ 17,092,479	\$ 16,168,625
Operating grants and contributions	1,407,437	2,181,293	(773,856)	-	157,209	(157,209)	1,407,437	2,338,502
Capital grants and contributions	2,867,355	1,898,965	968,390	-	-	-	2,867,355	1,898,965
General Revenues								
Property taxes/ tax increments	17,255,237	15,993,541	1,261,696	-	-	-	17,255,237	15,993,541
Grants and contributions not restricted to specific programs	3,984,260	3,406,604	577,656	-	-	-	3,984,260	3,406,604
Unrestricted investment earnings (loss)	968,018	1,314,039	(346,021)	1,216,486	1,348,450	(131,964)	2,184,504	2,662,489
Other	1,130,406	73,812	1,056,594	14,474	41,629	(27,155)	1,144,880	115,441
<b>Total Revenues</b>	<b>31,376,384</b>	<b>28,124,270</b>	<b>3,252,114</b>	<b>14,559,768</b>	<b>14,459,897</b>	<b>99,871</b>	<b>45,936,152</b>	<b>42,584,167</b>
<b>Expenses</b>								
General government	4,951,881	4,140,291	811,590	-	-	-	4,951,881	4,140,291
Public safety	7,752,181	7,346,035	406,146	-	-	-	7,752,181	7,346,035
Public works	6,659,029	6,441,116	217,913	-	-	-	6,659,029	6,441,116
Culture and recreation	5,173,993	4,755,072	418,921	-	-	-	5,173,993	4,755,072
Housing and economic development	732,379	715,510	16,869	-	-	-	732,379	715,510
Transit	108,463	54,838	53,625	-	-	-	108,463	54,838
Miscellaneous	215,642	262,645	(47,003)	-	-	-	215,642	262,645
Interest on long-term debt	1,116,224	632,685	483,539	-	-	-	1,116,224	632,685
Water	-	-	-	2,455,327	2,234,724	220,603	2,455,327	2,234,724
Wastewater	-	-	-	4,548,062	3,860,711	687,351	4,548,062	3,860,711
Garbage	-	-	-	1,065,066	984,523	80,543	1,065,066	984,523
Storm water	-	-	-	814,983	933,397	(118,414)	814,983	933,397
Liquor store	-	-	-	2,734,247	2,750,941	(16,694)	2,734,247	2,750,941
<b>Total Expenses</b>	<b>26,709,792</b>	<b>24,348,192</b>	<b>2,361,600</b>	<b>11,617,685</b>	<b>10,764,296</b>	<b>853,389</b>	<b>38,327,477</b>	<b>35,112,488</b>
<b>Increase in Net Position</b>								
Before Contributions and Transfers	4,666,592	3,776,078	890,514	2,942,083	3,695,601	(753,518)	7,608,675	7,471,679
Transfers	3,742,067	6,302	3,735,765	(3,742,067)	(6,302)	(3,735,765)	-	-
<b>Change in Net Position</b>	<b>8,408,659</b>	<b>3,782,380</b>	<b>4,626,279</b>	<b>(799,984)</b>	<b>3,689,299</b>	<b>(4,489,283)</b>	<b>7,608,675</b>	<b>7,471,679</b>
<b>Net Position - January 1</b>	<b>57,210,452</b>	<b>53,428,072</b>	<b>3,782,380</b>	<b>52,875,555</b>	<b>49,186,256</b>	<b>3,689,299</b>	<b>110,086,007</b>	<b>102,614,328</b>
<b>Net Position - December 31</b>	<b>\$ 65,619,111</b>	<b>\$ 57,210,452</b>	<b>\$ 8,408,659</b>	<b>\$ 52,075,571</b>	<b>\$ 52,875,555</b>	<b>\$ (799,984)</b>	<b>\$ 117,694,682</b>	<b>\$ 110,086,007</b>

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

### Expenses and Program Revenues - Governmental Activities



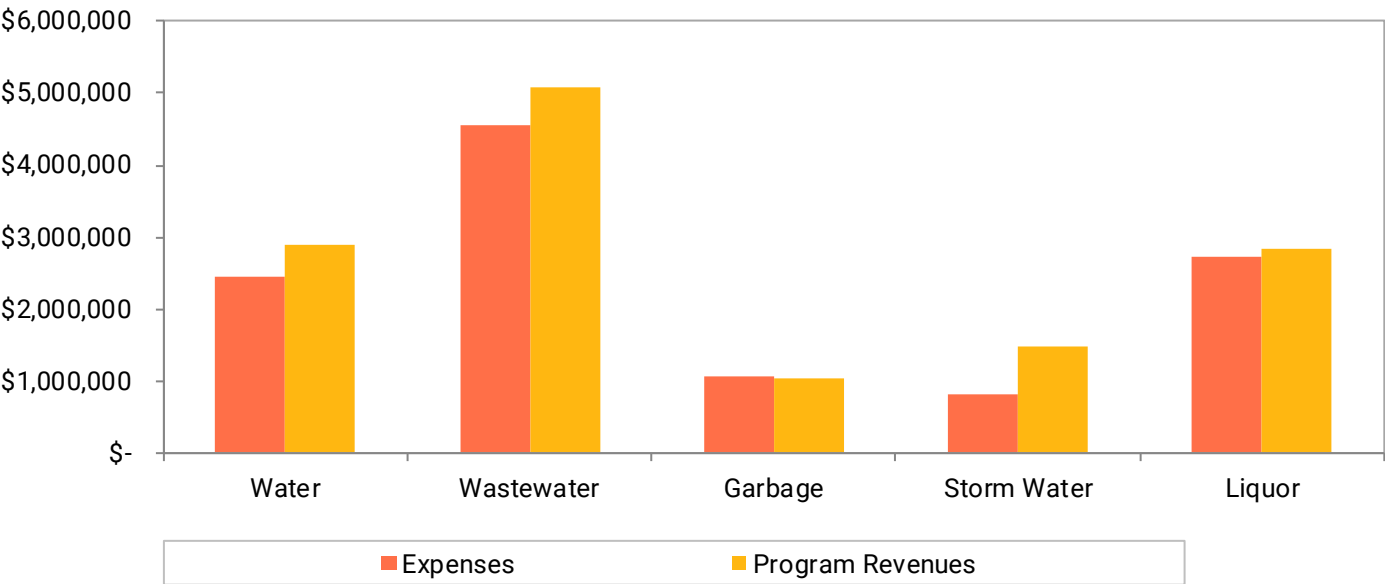
### Revenues by Source - Governmental Activities



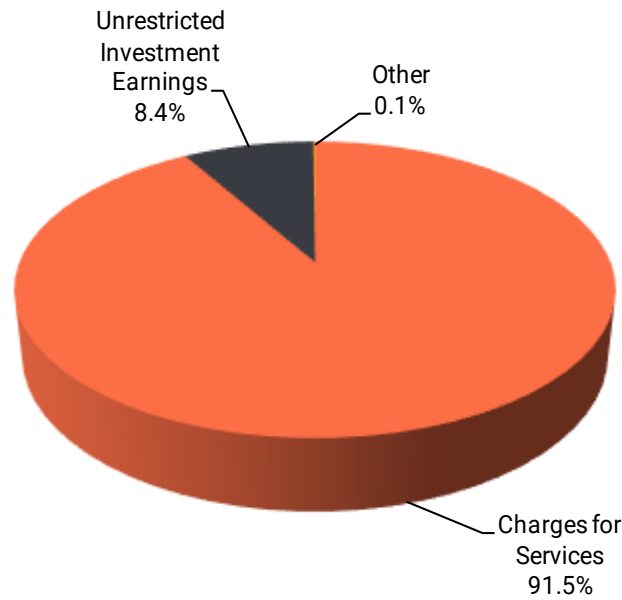
**Business-type Activities.** Business-type activities increased the City’s net position as shown above. Key elements of this increase are as follows:

- Charges for services increased mainly due to an increase in utility rates.
- Unrestricted investment earnings increased due to raised interest rates during the year.

**Expenses and Program Revenues - Business-type Activities**



**Revenues by Source - 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, 2024:

	General Fund	Debt Service Fund	2019 Capital Project Fund	2024 Capital Project Fund	5th Street Redevelopment	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances									
Nonspendable	\$ 155,456	\$ -	\$ -	\$ -	\$ -	\$ 3,916	\$ 159,372	\$ 146,752	\$ 12,620
Restricted	22,038	6,392,774	-	-	-	2,208,219	8,623,031	10,623,902	(2,000,871)
Committed	-	-	-	68,859	-	1,971,133	2,039,992	1,960,665	79,327
Assigned	-	-	-	-	-	3,431,467	3,431,467	2,782,592	648,875
Unassigned	11,085,502	-	(1,479,088)	-	(2,197,119)	(1,896,160)	5,513,135	4,611,461	901,674
Total	<u>\$ 11,262,996</u>	<u>\$ 6,392,774</u>	<u>\$ (1,479,088)</u>	<u>\$ 68,859</u>	<u>\$ (2,197,119)</u>	<u>\$ 5,718,575</u>	<u>\$ 19,766,997</u>	<u>\$ 20,125,372</u>	<u>\$ (358,375)</u>

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 59 of this report.

The *General fund* is the chief operating fund of the City. At the end of the current year the total 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	\$ 155,456	\$ 144,289	\$ 11,167
Restricted	22,038	879,417	(857,379)
Unassigned	11,085,502	9,775,031	1,310,471
Total	<u>\$ 11,262,996</u>	<u>\$ 10,798,737</u>	<u>\$ 464,259</u>
General Fund expenditures	\$ 18,763,642	\$ 17,360,229	
Unassigned as a percent of expenditures	59.1%	56.3%	
Total Fund Balance as a percent of expenditures	60.0%	62.2%	

The fund balance of the City's General fund increased as shown above. Major variances that occurred in the General fund from its budget are noted below in the General Fund Budgetary Highlights.

Other major governmental fund analysis is shown below:

	December 31, 2024	December 31, 2023	Increase (Decrease)
Debt Service fund	\$ 6,392,774	\$ 4,741,374	\$ 1,651,400
<i>The Debt Service fund increase in fund balance during the year was due to increased investment earnings and transfers in made during the year from closed capital funds</i>			
2019 Capital Project fund	\$ (1,479,088)	\$ (1,499,642)	\$ 20,554
<i>The 2019 Capital Project total fund balance increased during the due to investment earnings incurred in the current year.</i>			
2024 Capital Project fund	\$ 68,859	\$ (800,718)	\$ 869,577
<i>The 2024 Capital Project total fund balance increased during the due to issuing bonds for ongoing project costs.</i>			
5th Street Redevelopment fund	\$ (2,197,119)	\$ (2,161,078)	\$ (36,041)
<i>The 5th street redevelopment total fund balance decreased during the 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 2024	Ending Net Position 2023	Increase/ (Decrease)
Water	\$ 14,072,427	\$ 14,693,384	\$ (620,957)
<i>The decrease primarily is attributed to the increase in salary expenses and an increase transfers out.</i>			
Wastewater	\$ 27,874,990	\$ 27,451,679	\$ 423,311
<i>The increase primarily is attributed to the increase of charges for services along with a decrease in pension expense during the year.</i>			
Storm Water	\$ 6,240,356	\$ 6,844,642	\$ (604,286)
<i>The decrease primarily is attributed to the increase of transfers out during the year.</i>			

## General Fund Budgetary Highlights

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 18,040,978	\$ (137,546)	\$ 17,903,432	\$ 19,027,793	\$ 1,124,361
Expenditures	18,429,519	-	18,429,519	18,763,642	(334,123)
Excess of Revenues Over Expenditures	(388,541)	(137,546)	(526,087)	264,151	790,238
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	1,821	1,821
Transfers in	215,000	-	215,000	210,000	(5,000)
Transfers out	(169,213)	-	(169,213)	(11,713)	157,500
Total Other Financing Sources (Uses)	45,787		45,787	200,108	154,321
Net Change in Fund Balances	(342,754)	(137,546)	(480,300)	464,259	944,559
Fund Balances, January 1	10,798,737	-	10,798,737	10,798,737	-
Fund Balances, December 31	\$ 10,455,983	\$ (137,546)	\$ 10,318,437	\$ 11,262,996	\$ 944,559

The City's General Fund budget was amended during the year for budgeted contributions that were not going to be received during the year. Revenues were over budget, expenditures were over budget and the other financing sources (uses) were over budget causing fund balance to increase in 2024.

The major variances in the budget for the General fund were:

- Intergovernmental revenues were over budget mainly due to receiving revenue for engineering reimbursements for additional projects during the year.
- Police aid revenues were over budget mainly due to receiving more state police relief aid than anticipated.
- Police protection expenses were over budget mainly due to higher staffing levels than anticipated which were offset by the additional aid.
- Streets expenses were over budget mainly due to increased downtown and tree maintenance.

## 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, 2024 is shown in the table below (net of accumulated depreciation). This investment in net assets includes land, buildings, infrastructure, machinery, and equipment.

Major capital asset activity during the current fiscal year included the following:

- The completion of the Northwest Area mill and overlay
- Purchase of Caterpillar 906
- Purchase of four new police interceptors
- Purchase of 2006 Freightliner Command Van
- Purchase of Stageline Mobile Stage
- Sale of Ice Arena
- Sale of Cat Wheel Loader
- Construction in progress on the WWTP improvements
- Construction in progress on the reclamation project
- Construction in progress on the Babcock shelter/ball field project
- Construction in progress on the Ice Arena

Additional information on the City's capital assets can be found in Note 3C starting on page 77 of this report.

### City of Northfield's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities			Total		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Land	\$ 1,465,130	\$ 1,465,130	\$ -	\$ 1,661,718	\$ 1,661,718	\$ -	\$ 3,126,848	\$ 3,126,848	\$ -
Buildings and Improvements	14,169,616	15,099,567	(929,951)	10,230,688	11,520,108	(1,289,420)	24,400,304	26,619,675	(2,219,371)
Infrastructure	41,890,044	40,928,060	961,984	19,747,194	19,673,602	73,592	61,637,238	60,601,662	1,035,576
Machinery and Equipment	3,387,570	2,743,916	643,654	1,596,529	1,612,959	(16,430)	4,984,099	4,356,875	627,224
Construction in Progress	25,346,923	10,846,828	14,500,095	16,176,785	5,685,796	10,490,989	41,523,708	16,532,624	24,991,084
Total	<u>\$ 86,259,283</u>	<u>\$ 71,083,501</u>	<u>\$ 15,175,782</u>	<u>\$ 49,412,914</u>	<u>\$ 40,154,183</u>	<u>\$ 9,258,731</u>	<u>\$ 135,672,197</u>	<u>\$ 111,237,684</u>	<u>\$ 24,434,513</u>
Percent increase (decrease)									22.0%

**Long-term Debt.** At the end of the current fiscal year, the City had a total bonded debt outstanding as shown below. The City's debt is comprised of debt backed by the full faith and credit of the City, special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment, tax increment bonds, and bonds secured solely by specified revenue sources (i.e., revenue bonds).

## City of Northfield's Outstanding Debt

	Governmental Activities			Business-type Activities			Total		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
General Obligation Bonds	\$ 29,400,000	\$ 22,450,000	\$ 6,950,000	\$ -	\$ -	\$ -	\$ 29,400,000	\$ 22,450,000	\$ 6,950,000
General Obligation Improvement Bonds	6,630,000	7,960,000	(1,330,000)	-	-	-	6,630,000	7,960,000	(1,330,000)
General Obligation Tax Increment Bonds	60,000	146,500	(86,500)	-	-	-	60,000	146,500	(86,500)
General Obligation Revenue Bonds	-	230,000	(230,000)	19,550,000	18,435,000	1,115,000	19,550,000	18,665,000	885,000
Notes	460,166	627,354	(167,188)	-	-	-	460,166	627,354	(167,188)
<b>Total</b>	<b>\$ 36,550,166</b>	<b>\$ 31,413,854</b>	<b>\$ 5,136,312</b>	<b>\$ 19,550,000</b>	<b>\$ 18,435,000</b>	<b>\$ 1,115,000</b>	<b>\$ 56,100,166</b>	<b>\$ 49,848,854</b>	<b>\$ 6,251,312</b>
Percent increase (decrease)									12.5%

The City's total debt increased during the current fiscal year due to issuance of General Obligation bonds, series 2024A. The City's bond rating was 'AA' from Standard & Poor's for their 2024 issues.

Minnesota statutes limit the amount of net general obligation debt a City may issue to three percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limit for the City is \$65,501,598, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3E starting on page 86 of this report.

### Economic Factors and Next Year's Budgets and Rates

- The 2024 unemployment rate for Rice County, where the City is located, was 2.7 percent, which was no change from a year ago. This is unfavorable to the State's average unemployment rate of 2.6 percent but favorable to the national average rate of 3.8 percent.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2025 fiscal year.

During the current fiscal year, unassigned fund balance in the General fund increased to \$11,077,045. This unassigned fund balance is designated for cash flow purposes and revenue stabilization.

The City's tax levy was increased by 5.4 percent for 2025.

For 2025, water rates are set to increase 28.0 percent. Wastewater rates are set to increase 4.5 percent. Storm water rates are set to increase 15.0 percent. Garbage rates are set to increase 1.0 percent.

### 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 Northfield, 801 Washington Street, Northfield, Minnesota 55057-2598.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF NORTHFIELD  
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

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City of Northfield, Minnesota  
Statement of Net Position  
December 31, 2024

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	Housing Redevelopment Authority	Municipal Hospital
<b>Assets</b>						
Cash and temporary investments	\$ 28,104,173	\$ 21,942,661	\$ 50,046,834	\$ 1,718,768	\$ 657,169	\$ 43,550,978
Cash held with fiscal agent	-	-	-	-	-	49,091
Receivables						
Interest	89,845	104,771	194,616	1,323	2,565	-
Delinquent taxes	91,738	-	91,738	2,284	2,325	-
Accounts, net of allowances	601,338	1,809,045	2,410,383	-	12,711	24,840,884
Leases	93,679	-	93,679	-	-	-
Notes	-	-	-	354,458	-	-
Special assessments	1,665,986	15,305	1,681,291	-	-	-
Intergovernmental	809,852	5,218	815,070	31,571	1,802	-
Internal balances	(2,358,928)	2,358,928	-	-	-	-
Inventories	489	377,004	377,493	-	-	2,596,454
Prepaid items	181,348	23,433	204,781	2,132	2,132	1,728,586
Other assets	-	-	-	-	-	335,412
Land held for resale	49,937	-	49,937	213,234	907,109	-
Capital assets						
Nondepreciable	26,812,053	17,838,503	44,650,556	-	56,994	3,545,427
Depreciable	59,447,230	31,574,411	91,021,641	-	188,278	27,384,782
Investment in joint venture	4,464,215	-	4,464,215	-	-	-
<b>Total Assets</b>	<b>120,052,955</b>	<b>76,049,279</b>	<b>196,102,234</b>	<b>2,323,770</b>	<b>1,831,085</b>	<b>104,031,614</b>
<b>Deferred Outflows of Resources</b>						
Deferred pension resources	5,085,579	168,293	5,253,872	11,162	10,988	5,478,370
Deferred other postemployment benefit resources	176,928	37,017	213,945	2,753	3,458	-
<b>Total Deferred Outflows of Resources</b>	<b>5,262,507</b>	<b>205,310</b>	<b>5,467,817</b>	<b>13,915</b>	<b>14,446</b>	<b>5,478,370</b>
<b>Liabilities</b>						
Accounts payable	2,230,353	942,028	3,172,381	77,176	12,977	5,016,251
Contracts payable	518,316	505,940	1,024,256	-	-	-
Deposits payable	178,734	-	178,734	-	700	-
Due to other governments	71,612	41,616	113,228	-	-	-
Accrued interest payable	493,963	360,303	854,266	-	-	21,465
Accrued wages payable	353,940	64,053	417,993	4,224	4,351	8,901,319
Unearned revenue	-	-	-	-	-	286,199
Noncurrent liabilities						
Due within one year						
Long-term liabilities	3,452,670	623,732	4,076,402	-	-	4,699,084
Other postemployment benefit liability	103,307	21,615	124,922	1,607	2,019	-
Due in more than one year						
Long-term liabilities	36,202,169	20,111,819	56,313,988	-	-	12,109,296
Net pension liability	5,231,599	689,744	5,921,343	45,746	45,032	24,803,006
Other postemployment benefit liability	1,265,933	264,869	1,530,802	19,695	24,745	-
<b>Total Liabilities</b>	<b>50,102,596</b>	<b>23,625,719</b>	<b>73,728,315</b>	<b>148,448</b>	<b>89,824</b>	<b>55,836,620</b>
<b>Deferred Inflows of Resources</b>						
Intergovernmental resources	2,467,340	-	2,467,340	-	-	-
Deferred pension resources	6,736,822	490,175	7,226,997	32,511	32,003	17,489,811
Deferred other postemployment benefit resources	301,696	63,124	364,820	4,694	5,897	-
Deferred lease resources	87,897	-	87,897	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>9,593,755</b>	<b>553,299</b>	<b>10,147,054</b>	<b>37,205</b>	<b>37,900</b>	<b>17,489,811</b>
<b>Net Position</b>						
Net investment in capital assets	48,120,220	31,902,536	80,022,756	-	245,272	14,121,829
Restricted						
Affordable housing	-	-	-	-	75,056	-
Police forfeitures	22,038	-	22,038	-	-	-
Debt service	6,813,323	-	6,813,323	-	-	49,091
Library	315,722	-	315,722	-	-	-
Public safety activities	27,681	-	27,681	-	-	-
Arts and culture	262,969	-	262,969	-	-	-
Redevelopment and housing	190,455	-	190,455	-	-	-
Capital projects	1,411,392	-	1,411,392	-	-	-
Unrestricted	8,455,311	20,173,035	28,628,346	2,152,032	1,397,479	22,012,633
<b>Total Net Position</b>	<b>\$ 65,619,111</b>	<b>\$ 52,075,571</b>	<b>\$ 117,694,682</b>	<b>\$ 2,152,032</b>	<b>\$ 1,717,807</b>	<b>\$ 36,183,553</b>

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

City of Northfield, Minnesota  
Statement of Activities  
For the Year Ended December 31, 2024

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 4,951,881	\$ 2,538,766	\$ -	\$ -
Public safety	7,752,181	82,697	707,416	-
Public works	6,659,029	568,275	266,024	592,563
Culture and recreation	5,173,993	573,933	316,203	608,673
Housing and economic development	732,379	-	117,794	-
Transit	108,463	-	-	1,666,119
Miscellaneous	215,642	-	-	-
Interest on long-term debt	1,116,224	-	-	-
Total Governmental Activities	26,709,792	3,763,671	1,407,437	2,867,355
Business-type Activities				
Water	2,455,327	2,883,280	-	-
Wastewater	4,548,062	5,093,835	-	-
Garbage	1,065,066	1,028,589	-	-
Storm water	814,983	1,474,197	-	-
Liquor stores	2,734,247	2,848,907	-	-
Total Business-type Activities	11,617,685	13,328,808	-	-
Total Primary Government	\$ 38,327,477	\$ 17,092,479	\$ 1,407,437	\$ 2,867,355
Component Units				
Economic Development Authority	\$ 464,857	\$ -	\$ 29,795	\$ -
Housing Redevelopment Authority	\$ 417,243	\$ 30,200	\$ -	\$ 75,056
Municipal Hospital	\$ 134,547,020	\$ 131,005,813	\$ 75,588	\$ 12,136
General Revenues				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Tax increments				
Franchise taxes				
Lodging taxes				
Property taxes, levied for economic development				
Property taxes, levied for housing redevelopment				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Other revenues				
Gain on sale of capital assets				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position, January 1				
Net Position, December 31				

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

Net (Expense) Revenue and  
Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Economic Development Authority	Housing Redevelopment Authority	Municipal Hospital
\$ (2,413,115)	\$ -	\$ (2,413,115)	\$ -	\$ -	\$ -
(6,962,068)	-	(6,962,068)	-	-	-
(5,232,167)	-	(5,232,167)	-	-	-
(3,675,184)	-	(3,675,184)	-	-	-
(614,585)	-	(614,585)	-	-	-
1,557,656	-	1,557,656	-	-	-
(215,642)	-	(215,642)	-	-	-
(1,116,224)	-	(1,116,224)	-	-	-
<u>(18,671,329)</u>	<u>-</u>	<u>(18,671,329)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	427,953	427,953	-	-	-
-	545,773	545,773	-	-	-
-	(36,477)	(36,477)	-	-	-
-	659,214	659,214	-	-	-
-	114,660	114,660	-	-	-
<u>-</u>	<u>1,711,123</u>	<u>1,711,123</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(18,671,329)</u>	<u>1,711,123</u>	<u>(16,960,206)</u>			
			<u>(435,062)</u>	<u>-</u>	<u>-</u>
			<u>-</u>	<u>(311,987)</u>	<u>-</u>
			<u>-</u>	<u>-</u>	<u>(3,453,483)</u>
11,897,361	-	11,897,361	-	-	-
2,736,800	-	2,736,800	-	-	-
1,012,614	-	1,012,614	-	-	-
1,407,683	-	1,407,683	-	-	-
200,779	-	200,779	-	-	-
-	-	-	363,113	-	-
-	-	-	-	370,521	-
3,984,260	-	3,984,260	-	-	-
968,018	1,216,486	2,184,504	66,629	28,729	2,856,800
51,318	-	51,318	17,789	14,184	-
1,079,088	14,474	1,093,562	-	114,316	1,197,891
3,742,067	(3,742,067)	-	-	-	-
<u>27,079,988</u>	<u>(2,511,107)</u>	<u>24,568,881</u>	<u>447,531</u>	<u>527,750</u>	<u>4,054,691</u>
8,408,659	(799,984)	7,608,675	12,469	215,763	601,208
<u>57,210,452</u>	<u>52,875,555</u>	<u>110,086,007</u>	<u>2,139,563</u>	<u>1,502,044</u>	<u>35,582,345</u>
<u>\$ 65,619,111</u>	<u>\$ 52,075,571</u>	<u>\$ 117,694,682</u>	<u>\$ 2,152,032</u>	<u>\$ 1,717,807</u>	<u>\$ 36,183,553</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF NORTHFIELD  
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

City of Northfield, Minnesota

Balance Sheet  
Governmental Funds  
December 31, 2024

	General	Debt Service	2019 Capital Project Fund	Formerly Nonmajor 2024 Capital Project Fund
<b>Assets</b>				
Cash and temporary investments	\$ 9,959,315	\$ 6,371,953	\$ 533,308	\$ 941,973
Receivables				
Interest	27,273	18,932	1,987	-
Delinquent taxes	91,494	-	-	-
Accounts	203,089	-	-	-
Leases	-	-	-	-
Special assessments	-	1,490,864	-	-
Intergovernmental	134,640	2,286	-	-
Due from other funds	1,719,999	-	-	-
Inventories	489	-	-	-
Prepaid items	154,967	-	-	-
Land held for resale	-	-	-	-
<b>Total Assets</b>	<b>\$ 12,291,266</b>	<b>\$ 7,884,035</b>	<b>\$ 535,295</b>	<b>\$ 941,973</b>
<b>Liabilities</b>				
Accounts payable	\$ 505,838	\$ 56,583	\$ -	\$ 117,456
Contracts payable	-	-	-	302,701
Due to other governments	81	-	-	-
Deposits payable	99,865	-	-	-
Accrued wages payable	330,992	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>936,776</b>	<b>56,583</b>	<b>-</b>	<b>420,157</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue				
Taxes	91,494	-	-	-
Special assessments	-	1,434,678	-	-
Deferred lease resources	-	-	-	-
Intergovernmental resources	-	-	2,014,383	452,957
<b>Total Deferred Inflows of Resources</b>	<b>91,494</b>	<b>1,434,678</b>	<b>2,014,383</b>	<b>452,957</b>
<b>Fund Balances</b>				
Nonspendable				
Inventories	489	-	-	-
Prepaid items	154,967	-	-	-
Restricted				
Police forfeitures	22,038	-	-	-
Debt service	-	6,392,774	-	-
Library	-	-	-	-
Public safety activities	-	-	-	-
Arts and culture	-	-	-	-
Redevelopment and housing	-	-	-	-
Capital projects	-	-	-	-
Committed				
Carbon reduction	-	-	-	-
Capital projects	-	-	-	68,859
Utility franchise fees	-	-	-	-
Motor vehicle operations	-	-	-	-
Communications	-	-	-	-
Assigned				
Capital projects	-	-	-	-
Unassigned	11,085,502	-	(1,479,088)	-
<b>Total Fund Balances</b>	<b>11,262,996</b>	<b>6,392,774</b>	<b>(1,479,088)</b>	<b>68,859</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 12,291,266</b>	<b>\$ 7,884,035</b>	<b>\$ 535,295</b>	<b>\$ 941,973</b>

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

5th Street Redevelopment	Other Governmental Funds	Total
\$ -	\$ 8,239,213	\$ 26,045,762
-	30,932	79,124
-	244	91,738
-	398,249	601,338
-	93,679	93,679
-	175,122	1,665,986
-	672,926	809,852
-	-	1,719,999
-	-	489
-	3,916	158,883
-	49,937	49,937
<u>\$ -</u>	<u>\$ 9,664,218</u>	<u>\$ 31,316,787</u>
\$ 2,044	\$ 1,523,817	\$ 2,205,738
-	215,615	518,316
-	71,531	71,612
4,149	74,720	178,734
-	12,639	343,631
79,184	1,640,815	1,719,999
2,111,742	143,243	2,254,985
<u>2,197,119</u>	<u>3,682,380</u>	<u>7,293,015</u>
-	244	91,738
-	175,122	1,609,800
-	87,897	87,897
-	-	2,467,340
<u>-</u>	<u>263,263</u>	<u>4,256,775</u>
-	-	489
-	3,916	158,883
-	-	22,038
-	-	6,392,774
-	315,722	315,722
-	27,681	27,681
-	262,969	262,969
-	190,455	190,455
-	1,411,392	1,411,392
-	243,628	243,628
-	-	68,859
-	951,108	951,108
-	401,754	401,754
-	374,643	374,643
-	3,431,467	3,431,467
<u>(2,197,119)</u>	<u>(1,896,160)</u>	<u>5,513,135</u>
<u>(2,197,119)</u>	<u>5,718,575</u>	<u>19,766,997</u>
<u>\$ -</u>	<u>\$ 9,664,218</u>	<u>\$ 31,316,787</u>

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

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City of Northfield, Minnesota  
Reconciliation of the Balance Sheet  
to the Statement of Net Position  
Governmental Funds  
December 31, 2024

	<u>Primary Government</u>
Amounts reported for governmental activities in the statement of net position are different because	
Total Fund Balances - Governmental Funds	\$ 19,766,997
Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	86,173,837
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	(1,198,926)
Bonds payable	(32,940,000)
Finance purchase agreements	(2,835,000)
Notes payable	(460,166)
Net pension liability	(5,101,316)
Other postemployment benefit liability	(1,653,986)
Bond premium, net of accumulated amortization	(1,905,747)
Investment in joint ventures are not financial resources, and therefore, are not reported in the funds	4,464,215
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	91,738
Special assessments receivable	1,609,800
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	5,053,790
Deferred inflows of pension resources	(6,644,235)
Governmental funds do not report long-term amounts related to other postemployment benefits.	
Deferred inflows of other postemployment benefit resources	(295,030)
Deferred outflows of other postemployment benefit resources	173,019
Governmental funds do not report a liability for accrued interest until due and payable.	(493,963)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	<u>1,814,084</u>
Total Net Position - Governmental Activities	<u><u>\$ 65,619,111</u></u>

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

**City of Northfield, Minnesota**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2024**

	General	Debt Service	2019 Capital Project Fund	Formerly Major 2023 Project Fund
<b>Revenues</b>				
Taxes	\$ 10,684,710	\$ 3,469,628	\$ -	
Special assessments	-	548,056	-	
Licenses and permits	711,146	-	-	
Intergovernmental	5,058,970	-	-	
Charges for services	1,971,744	-	-	
Fines and forfeits	114,144	-	-	
Investment earnings	334,511	151,845	20,554	
Miscellaneous	152,568	81,191	-	
Total Revenues	<u>19,027,793</u>	<u>4,250,720</u>	<u>20,554</u>	
<b>Expenditures</b>				
Current				
General government	3,886,560	-	-	
Public safety	7,190,494	-	-	
Public works	3,678,661	-	-	
Culture and recreation	3,613,046	-	-	
Housing and economic development	-	123,392	-	
Miscellaneous	186,007	-	-	
Capital outlay				
Public safety	-	-	-	
Public works	-	-	-	
Culture and recreation	208,874	-	-	
Housing and economic development	-	-	-	
Transit	-	-	-	
Debt service				
Principal	-	2,878,688	-	
Interest and other charges	-	903,204	-	
Bond issuance costs	-	-	-	
Total Expenditures	<u>18,763,642</u>	<u>3,905,284</u>	<u>-</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>264,151</u>	<u>345,436</u>	<u>20,554</u>	
<b>Other Financing Sources (Uses)</b>				
Sale of capital assets	1,821	-	-	
Transfers in	210,000	1,430,764	-	
Bonds issued	-	-	-	
Premium on bonds issued	-	-	-	
Transfers out	(11,713)	(124,800)	-	
Total Other Financing Sources (Uses)	<u>200,108</u>	<u>1,305,964</u>	<u>-</u>	
<b>Net Change in Fund Balances</b>	<u>464,259</u>	<u>1,651,400</u>	<u>20,554</u>	
Fund Balances, January 1 , as previously reported	10,798,737	4,741,374	(1,499,642)	2,930,339
Change to the financial reporting entity (Note 9)				
Change from nonmajor to major fund	-	-	-	-
Change from major to nonmajor fund	-	-	-	(2,930,339)
Fund Balances, January 1, as adjusted	<u>10,798,737</u>	<u>4,741,374</u>	<u>(1,499,642)</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 11,262,996</u>	<u>\$ 6,392,774</u>	<u>\$ (1,479,088)</u>	<u>\$ -</u>

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

Formerly Nonmajor 2024 Capital Project Fund	5th Street Redevelopment	Other Governmental Funds	Total
\$ -	\$ -	\$ 3,087,190	\$ 17,241,528
-	-	-	548,056
-	-	-	711,146
508,000	-	2,444,631	8,011,601
-	-	727,118	2,698,862
-	-	-	114,144
40,282	-	420,826	968,018
-	-	263,921	497,680
<u>548,282</u>	<u>-</u>	<u>6,943,686</u>	<u>30,791,035</u>
-	-	698,260	4,584,820
-	-	24,935	7,215,429
-	-	-	3,678,661
-	-	660,988	4,274,034
-	-	467,946	591,338
-	-	29,635	215,642
-	-	980,830	980,830
10,759,236	-	4,179,887	14,939,123
-	-	2,148,457	2,357,331
-	36,041	-	36,041
-	-	2,106,834	2,106,834
-	-	-	2,878,688
59,580	-	12,532	975,316
31,192	-	21,272	52,464
<u>10,850,008</u>	<u>36,041</u>	<u>11,331,576</u>	<u>44,886,551</u>
<u>(10,301,726)</u>	<u>(36,041)</u>	<u>(4,387,890)</u>	<u>(14,095,516)</u>
-	-	1,061,421	1,063,242
4,606,466	-	1,458,948	7,706,178
6,030,000	-	1,985,000	8,015,000
534,837	-	236,826	771,663
-	-	(3,682,429)	(3,818,942)
<u>11,171,303</u>	<u>-</u>	<u>1,059,766</u>	<u>13,737,141</u>
<u>869,577</u>	<u>(36,041)</u>	<u>(3,328,124)</u>	<u>(358,375)</u>
-	(2,161,078)	5,315,642	20,125,372
(800,718)	-	800,718	-
-	-	2,930,339	-
<u>(800,718)</u>	<u>(2,161,078)</u>	<u>9,046,699</u>	<u>20,125,372</u>
<u>\$ 68,859</u>	<u>\$ (2,197,119)</u>	<u>\$ 5,718,575</u>	<u>\$ 19,766,997</u>

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

City of Northfield, 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, 2024

	<u>Primary Government</u>
Amounts reported for governmental activities in the statement of activities are different because	
Net change in fund balances - governmental funds	\$ (358,375)
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	19,971,037
Depreciation expense	(4,617,419)
Capital contributions to business-type activities	(156,882)
The net effect of various miscellaneous transactions involving capital assets	
Gain on sale on trade in of capital assets	15,846
The City has an equity interest in joint ventures. The net allocated gain or (loss) and contributions from this investment is not a current financial resource and therefore is not reported in the governmental funds.	
	659,473
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 delayed and amortized in the statement of activities.	
Principal repayments	2,878,688
Debt issued	(8,015,000)
Premium on bonds issued, net of amortization expense	(625,702)
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.	
	(234,405)
Long-term pension activity is not reported in governmental funds.	
Pension expense	208,639
Direct aid contributions	72,522
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Property taxes	(14,921)
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.	
Special assessments	(478,818)
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.	
Other postemployment benefit costs	59,187
Compensated absences	17,946
Internal service funds are used by management to charge the costs of various services to individual funds. The net revenues of certain of the internal activities of internal service funds are reported in governmental activities	
	<u>(973,157)</u>
Change in Net Position - Governmental Activities	<u>\$ 8,408,659</u>

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

City of Northfield, Minnesota  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 10,624,317	\$ 10,624,317	\$ 10,684,710	\$ 60,393
Licenses and permits	645,200	645,200	711,146	65,946
Intergovernmental	4,729,730	4,729,730	5,058,970	329,240
Charges for services	1,532,708	1,532,708	1,971,744	439,036
Fines and forfeits	58,500	58,500	114,144	55,644
Investment earnings	300,000	300,000	334,511	34,511
Miscellaneous	150,523	12,977	152,568	139,591
Total Revenues	<u>18,040,978</u>	<u>17,903,432</u>	<u>19,027,793</u>	<u>1,124,361</u>
Expenditures				
Current				
General government	3,981,445	3,981,445	3,886,560	94,885
Public safety	7,139,511	7,139,511	7,190,494	(50,983)
Public works	3,674,028	3,674,028	3,678,661	(4,633)
Culture and recreation	3,449,329	3,449,329	3,613,046	(163,717)
Miscellaneous	147,400	147,400	186,007	(38,607)
Capital outlay				
General government	7,000	7,000	-	7,000
Public works	3,000	3,000	-	3,000
Culture and recreation	14,000	14,000	208,874	(194,874)
Debt service				
Principal	12,000	12,000	-	12,000
Interest and other	1,806	1,806	-	1,806
Total Expenditures	<u>18,429,519</u>	<u>18,429,519</u>	<u>18,763,642</u>	<u>(334,123)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(388,541)</u>	<u>(526,087)</u>	<u>264,151</u>	<u>790,238</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	1,821	1,821
Transfers in	215,000	215,000	210,000	(5,000)
Transfers out	(169,213)	(169,213)	(11,713)	157,500
Total Other Financing Sources (Uses)	<u>45,787</u>	<u>45,787</u>	<u>200,108</u>	<u>154,321</u>
Net Change in Fund Balances	(342,754)	(480,300)	464,259	944,559
Fund Balances, January 1	<u>10,798,737</u>	<u>10,798,737</u>	<u>10,798,737</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 10,455,983</u>	<u>\$ 10,318,437</u>	<u>\$ 11,262,996</u>	<u>\$ 944,559</u>

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

City of Northfield, Minnesota  
Statement of Net Position  
Proprietary Funds  
December 31, 2024

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	601	602	604	Nonmajor Proprietary Funds	Total	
	Water	Wastewater	Storm Water			
<b>Assets</b>						
<b>Current Assets</b>						
Cash and temporary investments	\$ 2,532,884	\$ 13,696,187	\$ 1,964,729	\$ 3,748,861	\$ 21,942,661	\$ 2,058,411
Receivables						
Interest	15,032	66,302	10,335	13,102	104,771	10,721
Accounts	523,305	982,491	143,702	159,547	1,809,045	-
Intergovernmental	1,893	1,925	350	1,050	5,218	-
Advance to other funds - current	26,878	-	-	-	26,878	-
Inventories	36,290	-	-	340,714	377,004	-
Prepaid items	9,053	7,644	2,132	4,604	23,433	22,465
<b>Total Current Assets</b>	<b>3,145,335</b>	<b>14,754,549</b>	<b>2,121,248</b>	<b>4,267,878</b>	<b>24,289,010</b>	<b>2,091,597</b>
<b>Noncurrent Assets</b>						
Special assessments receivable - noncurrent	-	15,305	-	-	15,305	-
Advance to other funds - noncurrent	2,228,107	-	-	-	2,228,107	-
<b>Capital assets</b>						
Land	853,454	5,250	803,014	-	1,661,718	-
Buildings	1,563,528	27,230,512	-	214,187	29,008,227	-
Infrastructure	12,261,304	12,872,956	10,979,266	56,835	36,170,361	-
Machinery, equipment and vehicles	763,848	1,716,005	425,261	243,848	3,148,962	449,966
Construction in progress	2,516,450	11,266,278	2,394,057	-	16,176,785	-
Less accumulated depreciation	(8,344,036)	(23,229,202)	(4,792,935)	(386,966)	(36,753,139)	(364,520)
<b>Total Capital Assets</b>	<b>9,614,548</b>	<b>29,861,799</b>	<b>9,808,663</b>	<b>127,904</b>	<b>49,412,914</b>	<b>85,446</b>
<b>Total Noncurrent Assets</b>	<b>11,842,655</b>	<b>29,877,104</b>	<b>9,808,663</b>	<b>127,904</b>	<b>51,656,326</b>	<b>85,446</b>
<b>Total Assets</b>	<b>14,987,990</b>	<b>44,631,653</b>	<b>11,929,911</b>	<b>4,395,782</b>	<b>75,945,336</b>	<b>2,177,043</b>
<b>Deferred Outflows of Resources</b>						
Deferred pension resources	61,446	56,802	9,098	40,947	168,293	31,789
Deferred other postemployment benefit resources	13,418	13,476	2,360	7,763	37,017	3,909
<b>Total Deferred Outflows of Resources</b>	<b>74,864</b>	<b>70,278</b>	<b>11,458</b>	<b>48,710</b>	<b>205,310</b>	<b>35,698</b>
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Accounts payable	306,399	292,866	141,633	201,130	942,028	24,615
Contracts payable	-	470,488	35,452	-	505,940	-
Due to other governments	2,027	-	-	39,589	41,616	-
Accrued interest payable	-	273,938	86,365	-	360,303	-
Accrued wages payable	22,623	21,864	4,336	15,230	64,053	10,309
Compensated absences payable - current portion	36,127	25,586	139	21,880	83,732	-
Bonds payable - current portion	-	420,000	120,000	-	540,000	-
Other postemployment benefits liability - current portion	7,835	7,869	1,378	4,533	21,615	2,282
<b>Total Current Liabilities</b>	<b>375,011</b>	<b>1,512,611</b>	<b>389,303</b>	<b>282,362</b>	<b>2,559,287</b>	<b>37,206</b>
<b>Noncurrent Liabilities</b>						
Compensated absences payable, net of current portion	65,722	31,802	-	22,394	119,918	-
Bonds payable, net of current portion	-	14,764,881	5,227,020	-	19,991,901	-
Net pension liability	251,834	232,801	37,286	167,823	689,744	130,283
Other postemployment benefits liability	96,011	96,423	16,883	55,552	264,869	27,972
<b>Total Noncurrent Liabilities</b>	<b>413,567</b>	<b>15,125,907</b>	<b>5,281,189</b>	<b>245,769</b>	<b>21,066,432</b>	<b>158,255</b>
<b>Total Liabilities</b>	<b>788,578</b>	<b>16,638,518</b>	<b>5,670,492</b>	<b>528,131</b>	<b>23,625,719</b>	<b>195,461</b>
<b>Deferred Inflows of Resources</b>						
Deferred pension resources	178,968	165,443	26,498	119,266	490,175	92,587
Deferred other postemployment benefit resources	22,881	22,980	4,023	13,240	63,124	6,666
<b>Total Deferred Inflows of Resources</b>	<b>201,849</b>	<b>188,423</b>	<b>30,521</b>	<b>132,506</b>	<b>553,299</b>	<b>99,253</b>
<b>Net Position</b>						
Net investment in capital assets	9,488,693	17,009,499	5,276,440	127,904	31,902,536	85,446
Unrestricted	4,583,734	10,865,491	963,916	3,655,951	20,069,092	1,832,581
<b>Total Net Position</b>	<b>\$ 14,072,427</b>	<b>\$ 27,874,990</b>	<b>\$ 6,240,356</b>	<b>\$ 3,783,855</b>	<b>\$ 51,971,628</b>	<b>\$ 1,918,027</b>

Adjustments to reflect the consolidation  
of internal service fund activities related  
to enterprise funds.

103,943

Net position of business-type activities

\$ 52,075,571

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

**City of Northfield, Minnesota**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2024**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	<b>601</b>	<b>602</b>	<b>604</b>	Nonmajor Proprietary Funds	Total	
	Water	Wastewater	Storm Water			
Operating Revenues						
Sales	\$ -	\$ -	\$ -	\$ 3,860,849	\$ 3,860,849	\$ -
Cost of sales	-	-	-	(2,037,436)	(2,037,436)	-
Gross Profit	-	-	-	1,823,413	1,823,413	-
Charges for services	2,839,911	5,030,943	1,465,824	-	9,336,678	1,551,463
Other income	43,369	62,892	8,043	17,112	131,416	6,084
Total Operating Revenues	<u>2,883,280</u>	<u>5,093,835</u>	<u>1,473,867</u>	<u>1,840,525</u>	<u>11,291,507</u>	<u>1,557,547</u>
Operating Expenses						
Personal services	807,948	727,455	124,213	514,674	2,174,290	765,349
Pension expense	60,159	21,107	(10,956)	10,129	80,439	-
Supplies	403,185	877,072	5,846	24,292	1,310,395	163,837
Other services and charges	460,261	637,299	225,229	1,120,522	2,443,311	1,923,568
Insurance	19,800	27,167	1,220	9,112	57,299	-
Utilities	135,235	370,095	-	13,250	518,580	-
Depreciation	496,982	1,085,638	341,817	21,184	1,945,621	47,553
Total Operating Expenses	<u>2,383,570</u>	<u>3,745,833</u>	<u>687,369</u>	<u>1,713,163</u>	<u>8,529,935</u>	<u>2,900,307</u>
Operating Income (Loss)	<u>499,710</u>	<u>1,348,002</u>	<u>786,498</u>	<u>127,362</u>	<u>2,761,572</u>	<u>(1,342,760)</u>
Nonoperating Revenues (Expenses)						
Intergovernmental	-	-	-	-	-	18,750
Investment income	163,714	758,025	146,925	147,822	1,216,486	115,904
Gain on sale of capital assets	6,860	7,614	-	-	14,474	-
Interest expense	-	(721,758)	(172,292)	-	(894,050)	-
Bond premium amortization	-	14,297	52,540	-	66,837	-
Total Nonoperating Revenues (Expenses)	<u>170,574</u>	<u>58,178</u>	<u>27,173</u>	<u>147,822</u>	<u>403,747</u>	<u>134,654</u>
Income Before Contributions and Transfers	670,284	1,406,180	813,671	275,184	3,165,319	(1,208,106)
Capital Contributions						
From Other Funds	51,810	12,575	92,497	-	156,882	-
Transfers out	(1,343,051)	(995,444)	(1,510,454)	(50,000)	(3,898,949)	-
Transfers in	-	-	-	-	-	11,713
Total Contributions and Transfers	<u>(1,291,241)</u>	<u>(982,869)</u>	<u>(1,417,957)</u>	<u>(50,000)</u>	<u>(3,742,067)</u>	<u>11,713</u>
Change in Net Position	(620,957)	423,311	(604,286)	225,184	(576,748)	(1,196,393)
Net Position, January 1	14,693,384	27,451,679	6,844,642	3,558,671	52,548,376	3,114,420
Net Position, December 31	<u>\$ 14,072,427</u>	<u>\$ 27,874,990</u>	<u>\$ 6,240,356</u>	<u>\$ 3,783,855</u>	<u>\$ 51,971,628</u>	<u>\$ 1,918,027</u>
Change in net position as shown above					\$ (576,748)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>(223,236)</u>	
Change in net position of business-type activities					<u>\$ (799,984)</u>	

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

City of Northfield, Minnesota  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	601	602	604	Nonmajor Proprietary Funds	Total	
	Water	Wastewater	Storm Water			
Cash Flows from Operating Activities						
Receipts from customers and users	\$ 2,774,408	\$ 4,995,050	\$ 1,466,817	\$ 3,867,051	\$ 13,103,326	\$ 1,557,547
Payments to suppliers and vendors	(1,013,083)	(1,968,495)	(118,342)	(3,299,706)	(6,399,626)	(2,254,462)
Payments to and on behalf of employees	(789,231)	(752,343)	(147,791)	(540,234)	(2,229,599)	(784,636)
Other receipts	43,369	62,892	8,043	17,112	131,416	-
Net Cash Provided (Used) by Operating Activities	1,015,463	2,337,104	1,208,727	44,223	4,605,517	(1,481,551)
Cash Flows from Noncapital Financing Activities						
(Increase) decrease in advances to other funds	26,377	-	-	-	26,377	-
Intergovernmental revenue	-	-	-	-	-	18,750
Transfers from other funds	-	-	-	-	-	11,713
Transfers to other funds	(1,343,051)	(995,444)	(1,510,454)	(50,000)	(3,898,949)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(1,316,674)	(995,444)	(1,510,454)	(50,000)	(3,872,572)	30,463
Cash Flows from Capital and Related Financing Activities						
Acquisition of capital assets	(1,902,523)	(8,394,971)	(1,311,746)	-	(11,609,240)	(10,753)
Proceeds from bond issue	-	-	1,465,187	-	1,465,187	-
Proceeds from sale of capital assets	6,860	7,614	-	-	14,474	-
Principal paid on revenue bonds payable	-	(170,000)	(65,000)	-	(235,000)	-
Interest paid	-	(534,847)	(109,061)	-	(643,908)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,895,663)	(9,092,204)	(20,620)	-	(11,008,487)	(10,753)
Cash Flows from Investing Activities						
Investment income received	164,317	724,651	141,876	145,270	1,176,114	111,947
Net Increase (Decrease) in Cash and Cash Equivalents	(2,032,557)	(7,025,893)	(180,471)	139,493	(9,099,428)	(1,349,894)
Cash and Cash Equivalents, January 1	4,565,441	20,722,080	2,145,200	3,609,368	31,042,089	3,408,305
Cash and Cash Equivalents, December 31	<u>\$ 2,532,884</u>	<u>\$ 13,696,187</u>	<u>\$ 1,964,729</u>	<u>\$ 3,748,861</u>	<u>\$ 21,942,661</u>	<u>\$ 2,058,411</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ 499,710	\$ 1,348,002	\$ 786,498	\$ 127,362	\$ 2,761,572	\$ (1,342,760)
Adjustments to reconcile operating income to net cash provided (used) by operating activities						
Depreciation	496,982	1,085,638	341,817	21,184	1,945,621	47,553
(Increase) decrease in assets						
Accounts receivable	(65,695)	(36,182)	940	6,044	(94,893)	-
Due from other governments	192	289	53	158	692	-
Inventories	(14,633)	-	-	2,318	(12,315)	-
Prepaid items	(1,203)	(2,394)	(1,373)	(190)	(5,160)	(522)
(Increase) decrease in deferred outflows of resources						
Deferred pension resources	47,716	54,388	12,981	40,723	155,808	31,140
Deferred other postemployment benefit resources	(1,176)	(115)	(260)	(595)	(2,146)	(235)
Increase (decrease) in liabilities						
Accounts payable	79,366	(33,361)	104,370	(86,951)	63,424	(166,535)
Due to other governments	2,027	-	-	(142)	1,885	-
Accrued wages payable	5,482	9,557	1,466	3,361	19,866	2,858
Other postemployment benefits liability	4,360	(4,285)	1,198	1,838	3,111	401
Compensated absences payable	13,607	10,815	(5,540)	1,803	20,685	-
Net pension liability	(110,774)	(136,543)	(36,054)	(103,466)	(386,837)	(78,749)
Increase (decrease) in deferred inflows of resources						
Deferred pension resources	65,940	50,314	3,637	34,702	154,593	27,430
Deferred other postemployment benefit resources	(6,438)	(9,019)	(1,006)	(3,926)	(20,389)	(2,132)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,015,463</u>	<u>\$ 2,337,104</u>	<u>\$ 1,208,727</u>	<u>\$ 44,223</u>	<u>\$ 4,605,517</u>	<u>\$ (1,481,551)</u>
Schedule of Noncash Investing Capital and Financing Activities						
Capital assets acquired on account	\$ 125,855	\$ 492,339	\$ 35,452	\$ -	\$ 653,646	\$ -
Capital assets contributed by (to) other funds	\$ 51,810	\$ 12,575	\$ 92,497	\$ -	\$ 156,882	\$ -
Amortization of bond premium, net	\$ -	\$ (14,297)	\$ (52,540)	\$ -	\$ (66,837)	\$ -
Premium on bonds issued	\$ -	\$ -	\$ 115,187	\$ -	\$ 115,187	\$ -

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



City of Northfield, Minnesota  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2024

	Private-Purpose Trust Fund	Custodial Fund
	<b>851</b>	
	Whittier Trust Fund	Deputy Registrar
Assets		
Cash and temporary investments	\$ 364,341	\$ -
Receivables		
Accrued interest	1,365	-
Total Assets	<u>\$ 365,706</u>	<u>\$ -</u>
Net Position		
Restricted		
Individuals and Other Governments	<u>\$ 365,706</u>	<u>\$ -</u>

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

City of Northfield, Minnesota  
Statement of Changes Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2024

	Private-Purpose Trust Fund	Custodial Fund
	<b>851</b>	
	Whittier Trust Fund	Deputy Registrar
Additions		
Fees collected on behalf of the state	\$ -	\$ 3,939,699
Investment earnings	15,296	-
Total Additions	<u>15,296</u>	<u>3,939,699</u>
Deductions		
Current		
Culture and recreation	3,400	-
Payments to state	-	3,939,699
Total Deductions	<u>3,400</u>	<u>3,939,699</u>
Net Increase (Decrease) in Fiduciary Net Position	11,896	-
Net Position, January 1	<u>353,810</u>	<u>-</u>
Net Position, December 31	<u><u>\$ 365,706</u></u>	<u><u>\$ -</u></u>

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

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

## Note 1: Summary of Significant Accounting Policies

### A. Reporting Entity

The City of Northfield (the City) was incorporated in 1875. The City operates under a Home Rule Charter as defined by Minnesota Statutes which provides for a Mayor Council form of government. The Council exercises legislative authority and determines all matters of policy. The Council appoints the city administrator who is responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. 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. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the City. Each discretely presented component unit has a December 31 year end.

**Discretely Presented Component Units.** The component unit's columns in the combined financial statements include the financial data of the Economic Development Authority (EDA), the Housing and Redevelopment Authority and the Northfield Municipal Hospital. These component units are presented in separate columns to emphasize that they are legally separate from the City.

The Northfield Economic Development Authority (EDA) was created pursuant to Minnesota Statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment within the City in accordance with policies established by the City Council. The seven member board consists of two Council members and five other Council approved members. The EDA may not exercise any of the powers enumerated by the authorizing statutes without prior approval of the City Council. The EDA is reported as a governmental fund type. Separate financial statements are not issued for this component unit. Condensed statement information for the EDA is presented starting on page 172 of these financial statements.

The Northfield Housing and Redevelopment Authority (HRA) were created pursuant to Chapter 487 of the Minnesota Session Laws of 1947. The HRA was created by the City to carry out certain redevelopment projects. The governing board, which is comprised of five members, one of which is a City Council member, is appointed by the Mayor and approved by the City Council. The Council reviews and approved HRA tax levies, and the City provides major community development financing for HRA activities. The HRA is reported as a governmental fund type. Separate financial statements are not issued for this component unit. Condensed statement information for the HRA is presented starting on page 174 of these financial statements.

The Northfield Municipal Hospital board of directors is appointed by the City Council. The Hospital has its own budget review and prepares its own financial statements. The City can impose its will on the Hospital, and the outstanding bonded indebtedness is the hospital's debt and is not the responsibility of the City. The Hospital is reported as a discretely presented enterprise fund. Complete financial statements may be obtained at the entity's administrative offices, Northfield Municipal Hospital, 2000 North Avenue, Northfield, MN 55057.

**Joint Venture and Joint Powers Agreement.** The cities of Northfield and Dundas, Minnesota and the townships of Bridgewater, Northfield, Webster, Forest, Waterford, Sciota and Greenvale, Minnesota (Rural Fire) formed the Northfield Area Fire and Rescue Service, Northfield, Minnesota (NAFRS), established under Minnesota statutes, section 471.59 on April 1, 2014 to provide fire protection, suppression, prevention, technical rescue and non-transport emergency medical services to these communities. The Board consists of eight voting Board members which consists of five board members appointed by the Northfield City Council, two Board members appointed by Rural Fire and one Board member appointed by the Dundas City Council. There are also 5 ex-officio (nonvoting) Board members. The Board exercises legislative authority and determines all matters of policy. The Board appoints personnel responsible for the proper administration of all affairs relating to the Organization's activities. Funding is provided by the communities at a ratio of 72.8 percent for Northfield, 6.0 percent for Dundas and 21.2 percent for Rural Fire. The percentages will be updated every two years based on their annual budget.

## Note 1: Summary of Significant Accounting Policies (Continued)

### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual 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 funds. 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 60 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, other postemployment benefits, and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

The City reports the following major governmental funds:

The *General fund* is the government'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 resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *2019 Capital Project fund* accounts for project costs and funding for the 2019 Street project.

The *2024 Capital Project fund* accounts for project costs and funding for the 2024 Street project.

The *5<sup>th</sup> Street Redevelopment fund* accounts for project cost and funding for the 5<sup>th</sup> Street project.

The City reports the following major proprietary funds:

The *Water fund* accounts for the water service charges which are used to finance the water system operating expenses.

The *Wastewater fund* accounts for the wastewater service charges which are used to finance the sanitary sewer system operating expenses.

The *Storm Water fund* accounts for revenues and expenses with storm water disposal.

Additionally, the City reports the following fund types:

*Internal Service funds* are used to provide insurance coverage and data processing to other departments of the City.

*Fiduciary Funds*

The Private-Purpose Trust fund accounts for money held by the City in the capacity of trustees for others. The fund is used for the activity of the City's Whittier Trust.

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. They use the *economic resources measurement focus*. The City's Custodial fund accounts for the activities of the Deputy Registrar.

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are charges between the City's water, sewer and sanitation collection 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. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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 of 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. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may 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.

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

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.

The broker money market accounts operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool 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.

The City has the following recurring fair value measurements as of December 31, 2024:

- Federal agency Bonds, Commercial Backed Securities and US Treasury securities of \$20,769,969 are valued using quoted market prices (Level 1 inputs)
- Commercial paper, Mortgage backed securities and Municipal securities of \$2,672,147 are valued using a matrix pricing model (Level 2 inputs)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at an amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

The City's investment policy follows Minnesota statutes, which reduce the City's exposure to credit, custodial credit and interest rate risks. Specific risk information for the City is as follows:

- *Custodial Credit Risk* - For investments, custodial credit risk is the risk that in the event of a failure of the counterparty, the government would not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of December 31, 2024 all investments were insured or registered, or securities were held by the City or its agent in the City's name.
- *Credit Risk* - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper that is rated in the highest quality category by at least two nationally recognized rating agencies. The City's investment policy does not further limit the ratings of their investments.
- *Concentration Risk* - The City's investment policy does not address concentration with a particular broker. Investment instruments are varied to prevent concentration in any one investment type. The Hospital does not place a limit on the amount of the total portfolio that may be invested in any one depository or issuer. The Finance Department is responsible for the formulation, documentation, and monitoring of investment strategy consistent with the investment policy.

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

- *Interest Rate Risk* - In accordance with its investment policy, the City diversifies its investment portfolio to eliminate the risk of loss resulting from the over-concentration of assets in a specific maturity. The maturities selected shall provide for stability of income and reasonable liquidity. The Hospital has a formal investment policy that addresses permissible investments, portfolio diversification and instrument maturities. Within these parameters, the liquidity of the investments is a concern maximizing income and the quality of the investments is paramount.

***Property Taxes***

The City 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 settlements are made to the City during January, June and November each year.

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

***Accounts Receivable***

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2024. The City has no allowance for uncollectible accounts, as the City is generally able to certify amounts not collected to the County for collection as special assessments. All trade receivables for the Municipal Hospital are shown net of an allowance for uncollectible accounts.

***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.

***Patient Receivables***

The Municipal Hospital provides an allowance for uncollectible accounts using management's judgment. Acute-care patients are not required to provide collateral for services rendered. Nursing home residents are required to make a prepayment for the estimated monthly amount when Medicaid, Medicare or private insurance is not paying for room and board. Payment for services is required within 30 days of receipt of the invoice. Past due accounts are individually analyzed for collectability, and then turned over to collection agents. Accounts for which no payments have been received are analyzed and after approval are written off. In addition, an allowance is estimated for other accounts based on historical experience of the Municipal Hospital. At December 31, 2024, the allowance for uncollectible accounts was \$13,383,000.

***Special Assessments***

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



## **Note 1: Summary of Significant Accounting Policies (Continued)**

### ***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 reserve 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***

All inventories are stated at the lower of cost or market on the first-in, first-out (FIFO) method except for the governmental funds which are recorded at cost or are recorded as expenditures when consumed rather than when purchased.

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. The cost of prepaid items is recorded as expenditures/expense when consumed rather than when purchased.

### ***Restricted Assets***

Restricted assets include assets set aside by the Hospital Board of Directors for future capital improvements, assets set aside under bond indenture agreements and assets set aside under employee health insurance arrangements.

### ***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 government as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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 had already accounted for its prior infrastructure at historical cost for the initial reporting of these assets. As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land Improvements	10 - 30
Building and Improvements	20 - 40
Infrastructure	10 - 30
Machinery and Equipment	5 - 20

**Other Asset**

The Hospital entered into a service agreement for a Meditech expense upgrade for \$300,000 during the year ended December 31, 2023. This upgrade commenced on June 28, 2022, and will continue for 24 months ending on June 28, 2024. This amount will be amortized over the life of the service period. At December 31, 2024 and 2023, accumulated amortization was \$300,000 and \$225,000, respectively.

**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 three 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. The first two items result from actuarial calculations and current year pension contributions made subsequent to the measurement dates.

**Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. However, a liability is recognized for that portion of accumulating sick leave benefits that is vested as severance pay. All vacation pay is accrued when incurred in the government-wide and proprietary fund 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. The General fund is typically used to liquidate governmental compensated absences payable.

**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 January 1, 2023. The General fund is typically used to liquidate governmental other postemployment benefits payable.

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**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 GERP, PEPFP and DCP is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Total
	GERP	PEPFP	DCP	
<b>City's proportionate share</b>				
Primary Government	\$ 317,733	\$ 588,904	\$ 2,046	\$ 908,683
Discretely Present Component Units				
Economic Development Authority	4,592	-	-	4,592
Housing Redevelopment Authority	4,665	-	-	4,665
Municipal Hospital	2,808,629	-	-	2,808,629
<b>Proportionate share of State's contribution</b>				
Primary Government	2,160	11,963	-	14,123
Discretely Present Component Units				
Economic Development Authority	31	-	-	31
Housing Redevelopment Authority	32	-	-	32
Municipal Hospital	641,355	-	-	641,355
Total pension expense	<u>\$ 3,779,197</u>	<u>\$ 600,867</u>	<u>\$ 2,046</u>	<u>\$ 4,382,110</u>

***Leases***

The City and Hospital determines if an arrangement is a lease at inception. Leases are included in lease receivables, assets and lease liabilities in the statement of net position.

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.

Lease assets represent the Hospital's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

## Note 1: Summary of Significant Accounting Policies (Continued)

Lease liabilities represent the Hospital's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Hospital will exercise that option. The Hospital has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position. The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Hospital has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The Hospital accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the Hospital treats the components as a single lease unit.

### ***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 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.

### ***Deferred Inflows of Resources***

In addition to liabilities, the statement of net 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 City has the following items listed below reported in the statement of net position and governmental funds balance sheet:

- *Unavailable revenues* are presented in the governmental funds from two sources: property taxes and special assessments. These arise only under a modified accrual basis of accounting that qualifies for reporting in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- *Deferred pension resources* are reported only in the statements of net position and results from actuarial calculations.
- *Deferred other postemployment benefit resources* are reported only in the statements of net position and results from actuarial calculations.
- *Deferred lease resources* are reported in the governmental funds balance sheet and are deferred to the period the amounts become available. This item is also reported in the statement of net position.
- *Intergovernmental resources* are reported in the governmental funds balance sheet and were received in advance and apply to future periods. This item is also reported in the statement of net position.

## **Note 1: Summary of Significant Accounting Policies (Continued)**

### ***Net Patient and Resident Service Revenue***

Net patient and resident service revenue is reported at the estimated net realizable amounts from patients, residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods, as final settlements are determined.

### ***Concentrations of Credit Risk***

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements.

### ***Contributions***

From time to time, the Hospital receives contributions from individuals and private organizations. Revenue contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Contributions may be restricted to either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

### ***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 Finance Director.

*Unassigned* - The residual classification for the General fund and also negative residual amounts in other funds. The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unrestricted fund balance of 40 percent of budgeted operating expenditures for cash-flow timing needs.

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Net Position***

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

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquiring capital assets.
- b. Restricted net position - Consists of net position balances restricted by 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 and special revenue funds except the Arts and Culture fund, TZD Enforcement fund, Jefferson Square TIF fund, Utility Franchise Fee, Carbon Reduction Fund, Spring Creek TIF fund, Aurora TIF fund, Washington TIF fund, Maple Brook TIF fund, Spring Creek II fund, and Kraewood TIF fund, which are not legally obligated to complete budgets. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In August of each year, all departments of the City submit requests for appropriations to the Administrator so that a budget may be prepared. Before September 30th, the proposed budget is presented to the Council for review and the proposed levy is adopted. The Council holds public hearings and a final budget, and a final tax levy is prepared and adopted in early December.

The City's legal level of budgetary control is at the fund level for funds other than the General fund. The legal level of budgetary control for the General fund is at the department level. The City's department heads may make transfers of appropriations within a department with the approval of the City Administrator. Transfers of appropriations between departments require the approval of the Administrator. Transfers of appropriations between funds require the approval of the Council. Budgeted amounts are as originally adopted, or as amended by the Council. There was a budget amendment for intergovernmental aid for public safety and the corresponding expenditures related to the use of the funds.

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 2: Stewardship, Compliance and Accountability (Continued)**

**B. Excess of Expenditures Over Appropriations**

For the year ended December 31, 2024, expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Special Revenue			
Community Resource Center	\$ 525,200	\$ 678,840	\$ 153,640
Library Gift	12,500	99,330	86,830
Community Development Block Grant	52,720	117,794	65,074
Master Development Tax Increment Financing	-	1,320	1,320

These over expenditures were funded by revenues in excess of budget and available fund balance.

**C. Deficit Fund Equity**

The following funds had fund equity deficits at December 31, 2024:

Fund	Amount
Major	
Capital Projects	
2019 Capital Project	\$ 1,479,088
5th Street Redevelopment	2,197,119
Nonmajor	
Special Revenue	
Community Resource Center	\$ 105,499
Spring Creek II TIF	1,771
Capital Projects	
2022 Capital Project	163,527
2025 Capital Project	1,247,732
2026 Capital Project	153,956
Mill Town Trail	8,517
Ice Arena Construction	215,575

The above deficits will be eliminated through future intergovernmental revenues, taxes, tax increments, assessments and future bond proceeds.

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

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

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

At year end, the City's carrying amount of deposits was \$2,522,280 and the bank balance was \$2,704,387. The bank balance was covered by federal depository insurance totaling \$500,000. The remaining balance was collateralized with securities held by the pledging financial institution's trust department in the City's name.



City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on all Funds (Continued)**

**Investments**

As of December 31, 2024, 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	Segmented	Amount	Fair Value Measurement Using	
	Quality/ Ratings (1)	Time Distribution (2)		Level 1	Level 2
Pooled Investments at Amortized Costs					
4M Fund	N/A	less than 1 year	\$ 26,819,366		
Non-pooled Investments at Fair Value					
Commercial Paper	P-1	less than 1 year	2,086,278	\$ -	\$ 2,086,278
US Treasuries	Aaa	less than 1 year	2,368,785	2,368,785	-
US Treasuries	Aaa	1 to 5 years	13,728,850	13,728,850	-
Municipal Securities	Aa1	less than 1 year	149,961	-	149,961
Municipal Securities	Aa2	less than 1 year	76,048	-	76,048
Municipal Securities	Aa3	less than 1 year	45,392	-	45,392
Federal Agency Securities					
Mortgage Backed Securities	Aaa	Greater than 5 years	203,465	-	203,465
Federal Collateralized					
Mortgage Securities	AA+	1 to 5 years	56,120	-	56,120
Mortgage Securities	AA+	Greater than 5 years	54,883	-	54,883
Commerical Backed Securities	AA+	less than 1 year	937,888	937,888	-
Commerical Backed Securities	AA+	1 to 5 years	1,273,741	1,273,741	-
Federal Agency Bonds	Aaa	less than 1 year	2,124,842	2,124,842	-
Federal Agency Bonds	Aaa	1 to 5 years	335,863	335,863	-
Total Investments			\$ 50,261,482	\$ 20,769,969	\$ 2,672,147

(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 Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on all Funds (Continued)**

***Cash on Hand***

A reconciliation of cash and investments as shown on the statement of net position for the City is as follows:

	<u>Total</u>
Deposits - City Pooled Account	\$ 2,522,280
Investments - City Pooled Account	50,261,482
Cash on Hand	<u>3,350</u>
 Total	 <u><u>\$ 52,787,112</u></u>
 Cash and Investments - Primary Government	 \$ 50,046,834
Cash and Investments - Component Unit - EDA	1,718,768
Cash and Investments - Component Unit - HRA	657,169
Cash and Investments - Fiduciary Funds	<u>364,341</u>
 Total	 <u><u>\$ 52,787,112</u></u>

***Component Unit - Municipal Hospital***

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.

The Hospital's deposits in banks at December 31, 2024 were a carrying value of \$3,010,733 and were entirely covered by federal depository insurance or by collateral held by the Hospital's custodial bank in the Hospital's name.

The Hospital had the following investments at December 31, 2024:

	Amount	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Federal Home Loan Bank	\$ 966,262	\$ -	\$ 966,262	\$ -
Federal National Mortgage Association	3,389,106	-	3,389,106	-
Federal Home Loan Mortgage Corp	1,696,883	-	1,696,883	-
Federal Farm Credit Bank	913,580	-	913,580	-
U.S. Treasury Notes	6,266,435	-	6,266,435	-
U.S. Government Obligations	6,603,064	-	6,603,064	-
Collateralized Mortgage Obligations	6,572,304	-	6,572,304	-
Certificate of Deposit	3,296,258	3,296,258	-	-
U.S. Equities	4,685,290	4,685,290	-	-
International Equities	866,291	866,291	-	-
Taxable Fixed Income	4,909,951	4,909,951	-	-
Other Assets	423,912	423,912	-	-
 Total	 <u><u>\$ 40,589,336</u></u>	 <u><u>\$ 14,181,702</u></u>	 <u><u>\$ 26,407,634</u></u>	 <u><u>\$ -</u></u>

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on all Funds (Continued)**

- Federal Home Loan Bank: Consists of discount notes and notes with interest rates of 1.00% to 1.50% maturing from 2024 to 2026 and have AA+ ratings by Standard & Poor's.
- Federal National Mortgage Association: Consists of discount notes and notes with interest rates ranging from 1.50% to 3.50% maturing from 2029 to 2039 and have AA+ ratings by Standard & Poor's.
- Federal Home Loan Mortgage Corp: Consists of discount notes with interest rates ranging from 1.50% to 2.50% maturing from 2030 to 2041 and have AA+ ratings by Standard & Poor's.
- Federal Farm Credit Bank: Consists of discount notes with interest rates ranging from 0.90% maturing in 2027 and have AA+ ratings by Standard & Poor's.
- US Treasury Notes: Consists of discount notes with interest rates ranging from 1.50% to 2.63% maturing from 2024 to 2025 and have AA+ ratings by Standard & Poor's.
- Certificates of Deposits (CD): Consists of deposits with interest rates ranging from 0% to 4.84% maturing in 2024.
- U.S. Government Obligations: Consists of discount notes with interest rates ranging from 0.75% to 3.00% maturing from 2023 to 2028 and have BBB – AA+ ratings from Standard & Poor's.
- Collateralized Mortgage Obligations: Consists of discounts notes with interest rates ranging from 3.17% to 3.77% maturing from 2024 to 2028 and have BBB – AA+ ratings by Standard & Poor's.
- Equity Investments: Consists of common stocks of U.S. companies, American Depositary Receipts, U.S. dollar denominated foreign equity securities and foreign equity securities of foreign companies that are listed on a major domestic stock exchange or traded in the over-the-counter markets.
- Alternative Investments: Alternative investments include real estate, commodities, hedging strategies, and private equities.

Cash and Investments Summary

A reconciliation of cash and investments as shown on the Statement of Net Position for the Component Unit - Municipal Hospital is as follows:

Deposits	\$ 3,010,733
Investments	<u>40,589,336</u>
Total	<u><u>\$ 43,600,069</u></u>
Cash and Investments	\$ 43,550,978
Restricted Assets	<u>49,091</u>
Total	<u><u>\$ 43,600,069</u></u>

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on all Funds (Continued)**

**B. Receivables**

The Hospital provides an allowance for uncollectible accounts based on the allowance method using management's judgment. Patients and residents are not required to provide collateral for services rendered. Payment for services is required within 30 days of receipt of the invoice. Past due accounts are individually analyzed for collectability, and then turned over to collection agents. Accounts for which no payments have been received are analyzed and after approval are written off. In addition, an allowance is estimated for other accounts based on the historical experience of the Hospital. At December 31, 2024, the allowance for uncollectible accounts was \$13,383,000.

***Patient Receivables***

Patient receivables reported as current assets by the Hospital at December 31, 2024 consist of the following:

Receivable from Patients and their Insurance Carriers	\$ 32,404,934
Receivable from Medicare	4,265,834
Receivables from Medicaid	<u>1,325,164</u>
Total Patient Receivable	<u>37,995,932</u>
Less: Allowance For Doubtful Accounts	<u>(13,383,000)</u>
Patient Receivable, Net	<u><u>\$ 24,612,932</u></u>

There are other accounts receivable in the amount of \$227,952 for 2024.

**Notes**

The EDA - component unit has several business subsidy loans to local businesses. The terms of repayment vary with each loan. The total of these notes receivable for December 31, 2024 is \$354,458.

***Lease Receivable***

The City leases various buildings and office spaces to others. These agreements contain various renewal and extension options. The latest maturity date is projected to be in 2031, however, the City anticipates new or revised leasing arrangements to occur in the future.

Long-term lease activity for the year ended December 31, 2024 was as follows:

Description	Issue Date	Discount Rate	Current Year Infow of Resources	Balance at Year End
Rice County - Office Space	11/01/21	1.41 %	\$ 12,445	<u><u>\$ 93,679</u></u>

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on all Funds (Continued)**

**C. Capital Assets**

Capital asset activity for primary government for the year ended December 31, 2024 was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 1,465,130	\$ -	\$ -	\$ 1,465,130
Construction in progress	10,846,828	18,739,949	(4,239,854)	25,346,923
 Total Capital Assets not Being Depreciated	 12,311,958	 18,739,949	 (4,239,854)	 26,812,053
Capital Assets being Depreciated				
Buildings and improvements	30,810,938	-	(315,415)	30,495,523
Infrastructure	100,994,810	4,082,972	-	105,077,782
Machinery, equipment and vehicles	9,653,080	1,265,341	(178,038)	10,740,383
 Total Capital Assets Being Depreciated	 141,458,828	 5,348,313	 (493,453)	 146,313,688
Less Accumulated Depreciation				
Buildings and improvements	(15,711,371)	(929,950)	315,414	(16,325,907)
Infrastructure	(60,066,750)	(3,120,988)	-	(63,187,738)
Machinery, equipment and vehicles	(6,909,164)	(614,034)	170,385	(7,352,813)
 Total Accumulated Depreciation	 (82,687,285)	 (4,664,972)	 485,799	 (86,866,458)
 Total Capital Assets being Depreciated, Net	 58,771,543	 683,341	 (7,654)	 59,447,230
 Governmental Activities Capital Assets, Net	 <u>\$ 71,083,501</u>	 <u>\$ 19,423,290</u>	 <u>\$ (4,247,508)</u>	 <u>\$ 86,259,283</u>

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on all Funds (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 1,661,718	\$ -	\$ -	\$ 1,661,718
Construction in progress	5,685,796	10,904,684	(413,695)	16,176,785
Total Capital Assets not Being Depreciated	7,347,514	10,904,684	(413,695)	17,838,503
Capital Assets being Depreciated				
Buildings and improvements	29,008,227	-	-	29,008,227
Infrastructure	35,599,784	570,577	-	36,170,361
Machinery, equipment, and vehicles	3,078,603	142,786	(72,427)	3,148,962
Total Capital Assets Being Depreciated	67,686,614	713,363	(72,427)	68,327,550
Less Accumulated Depreciation				
Buildings and improvements	(17,488,119)	(1,289,420)	-	(18,777,539)
Infrastructure	(15,926,182)	(496,985)	-	(16,423,167)
Machinery, equipment, and vehicles	(1,465,644)	(159,216)	72,427	(1,552,433)
Total Accumulated Depreciation	(34,879,945)	(1,945,621)	72,427	(36,753,139)
Total Capital Assets Being Depreciated, Net	32,806,669	(1,232,258)	-	31,574,411
Business-type Activities Capital Assets, Net	<u>\$ 40,154,183</u>	<u>\$ 9,672,426</u>	<u>\$ (413,695)</u>	<u>\$ 49,412,914</u>

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

<b>Governmental Activities</b>	
General government	\$ 165,413
Public safety	516,058
Streets and highways, including depreciation of general infrastructure assets	2,939,215
Culture and recreation	836,895
Housing and economic development	105,000
Miscellaneous	54,838
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	47,553
Total Depreciation Expense - Governmental Activities	<u>\$ 4,664,972</u>
<b>Business-type Activities</b>	
Water	\$ 496,982
Sewer	1,085,638
Garbage	17,164
Storm Sewer	341,817
Municipal Liquor Store	4,020
Total Depreciation Expense - Business-type Activities	<u>\$ 1,945,621</u>

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on all Funds (Continued)**

***Discretely Presented Component Units***

Capital asset activity for the Municipal Hospital for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Municipal Hospital</b>				
Capital Assets not being Depreciated				
Land	\$ 3,233,283	\$ -	\$ (301,511)	\$ 2,931,772
Construction in progress	793,305	1,375,869	(1,555,519)	613,655
	<u>4,026,588</u>	<u>1,375,869</u>	<u>(1,857,030)</u>	<u>3,545,427</u>
Total Capital Assets not Being Depreciated				
	<u>4,026,588</u>	<u>1,375,869</u>	<u>(1,857,030)</u>	<u>3,545,427</u>
Capital Assets being Depreciated and Amortized				
Land improvements	2,313,108	-	-	2,313,108
Buildings	73,516,881	296,286	(2,466,835)	71,346,332
Building equipment	3,863,276	103,745	-	3,967,021
Machinery and equipment	34,785,135	1,475,926	(4,041,400)	32,219,661
Lease facilities	483,578	-	(63,983)	419,595
Lease equipment	819,044	89,340	(16,275)	892,109
Other real estate	105,396	-	-	105,396
Total Capital Assets Being Depreciated and Amortized	<u>115,886,418</u>	<u>1,965,297</u>	<u>(6,588,493)</u>	<u>111,263,222</u>
Less Accumulated Depreciation and Amortization for				
Land improvements	(1,273,078)	(165,283)	-	(1,438,361)
Buildings	(48,960,557)	(3,276,281)	2,095,810	(50,141,028)
Machinery, equipment and vehicles	(33,682,173)	(1,646,012)	3,934,086	(31,394,099)
Lease facilities	73,763	(151,990)	63,982	(14,245)
Lease equipment	(506,698)	(294,888)	16,275	(785,311)
Other real estate	(105,396)	-	-	(105,396)
Total Accumulated Depreciation and Amortization	<u>(84,454,139)</u>	<u>(5,534,454)</u>	<u>6,110,153</u>	<u>(83,878,440)</u>
Total Capital Assets Being Depreciated and Amortized, Net	<u>31,432,279</u>	<u>(3,569,157)</u>	<u>(478,340)</u>	<u>27,384,782</u>
Municipal Hospital Capital Assets, Net	<u>\$ 35,458,867</u>	<u>\$ (2,193,288)</u>	<u>\$ (2,335,370)</u>	<u>\$ 30,930,209</u>

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on all Funds (Continued)**

Capital asset activity for the HRA for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>HRA</b>				
Capital Assets not being Depreciated				
Land	\$ 56,994	\$ -	\$ -	\$ 56,994
Capital Assets being Depreciated				
Buildings and structures	361,892	-	-	361,892
Less Accumulated Depreciation for				
Buildings and structures	(160,470)	(13,144)	-	(173,614)
Total Capital Assets being Depreciated, Net	201,422	(13,144)	-	188,278
HRA Capital Assets, Net	<u>\$ 258,416</u>	<u>\$ (13,144)</u>	<u>\$ -</u>	<u>\$ 245,272</u>

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

Discretely Presented Component Units	
Municipal Hospital	<u>\$ 5,534,454</u>
HRA	<u>\$ 13,144</u>

**Construction Commitments**

The City has active construction projects as of December 31, 2024. The projects include street construction and various public facilities. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
2023 Reclamation (PED Bikeway Analysis)	4,732,016	199,214
Babcock Shelter/Ballfield	2,544,179	10,000
Jefferson Parkway & Mill Towns Trail	2,305,702	226,617
Transit Hub	1,844,879	617,402
WWTP Improvements	8,939,278	3,944,340
Total	<u>\$ 20,366,054</u>	<u>\$ 4,997,573</u>



City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on all Funds (Continued)**

**D. Interfund Receivables, Payables and Transfers**

The composition of interfund balances at December 31, 2024 is as follows:

Receivable Fund	Payable Fund	Amount
Governmental		
General	5th Street Redevelopment	\$ 79,184
	Nonmajor Governmental Funds	<u>1,640,815</u>
Total		<u>\$ 1,719,999</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include temporary loans made to other funds caused by the timing of bond sales, temporary capital loans and special assessment collections in the subsequent year.

**Advances to/from Other Funds**

The Water fund loaned the City Facilities fund \$271,722 to cover the construction of the street department roof. The loan is to be paid back with semi-annual payments to be made on August 1 and February 1. Payments commenced on 2/1/2020, at an interest rate of 1.9 percent. The balance of these advances at December 31, 2024 was \$143,243. Additionally, the Water fund advanced \$2,111,742 to the 5<sup>th</sup> Street Redevelopment fund during 2022 for capital expenditures. There are no formal repayment terms, rather, dollars will be remitted upon future developer contributions.

**Interfund Transfers**

	Transfers In					Total
	General Fund	Debt Service Fund	2024 Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Fund	
Transfers Out						
General fund	\$ -	\$ -	\$ -	\$ -	\$ 11,713	\$ 11,713
Nonmajor governmental funds	160,000	1,305,964	800,000	1,416,465	-	3,682,429
Water fund	-	-	1,331,091	11,960	-	1,343,051
Sewer fund	-	-	986,568	8,876	-	995,444
Storm water fund	-	-	1,488,807	21,647	-	1,510,454
Nonmajor proprietary funds	50,000	-	-	-	-	50,000
Total	<u>\$ 210,000</u>	<u>\$ 1,305,964</u>	<u>\$ 4,606,466</u>	<u>\$ 1,458,948</u>	<u>\$ 11,713</u>	<u>\$ 7,593,091</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the Debt Service fund to establish mandatory reserve accounts, 3) move unrestricted General fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on all Funds (Continued)**

**Primary Government Debt**

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Bonds of 2018A	\$ 4,195,000	3.00 - 3.30 %	06/07/18	02/01/39	\$ 3,370,000
G.O. Bonds of 2018B	240,000	3.00	10/11/18	02/01/29	130,000
G.O. Bonds of 2019A	4,450,000	2.10 - 4.00	10/10/19	02/01/33	3,430,000
G.O. Bonds of 2020A	1,370,000	1.00 - 3.00	07/23/20	02/01/31	1,010,000
G.O. Bonds of 2021A	2,710,000	1.00 - 2.00	09/09/21	02/01/32	2,190,000
G.O. Bonds of 2022A	4,020,000	3.00 - 4.00	08/04/22	02/01/35	3,905,000
G.O. Bonds of 2023B	7,350,000	5.00	10/26/23	02/01/39	7,350,000
G.O. Bonds of 2024A	8,015,000	4.00 - 5.00	09/12/24	02/01/45	8,015,000
Total General Obligation Bonds					<u>\$ 29,400,000</u>

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

Year Ending December 31	General Obligation Bonds Governmental Activities		
	Principal	Interest	Total
2025	\$ 1,470,000	\$ 1,056,659	\$ 2,526,659
2026	1,875,000	1,044,980	2,919,980
2027	2,095,000	973,880	3,068,880
2028	2,165,000	898,930	3,063,930
2029	2,250,000	824,530	3,074,530
2030 - 2034	10,190,000	3,019,510	13,209,510
2035 - 2039	6,785,000	1,321,483	8,106,483
2040 - 2044	2,110,000	311,450	2,421,450
2045	460,000	9,200	469,200
Total	<u>\$ 29,400,000</u>	<u>\$ 9,460,622</u>	<u>\$ 38,860,622</u>

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on all Funds (Continued)**

General Obligation Tax Increment Bonds

The following bonds were issued for redevelopment projects. The additional tax increments resulting from increased tax capacity of redevelopment properties will be used to retire the related debt.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Taxable Tax Increment Refunding Bonds of 2017B	\$ 460,000	1.55 - 2.60	09/07/17	02/01/25	<u>\$ 60,000</u>

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

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2025	<u>\$ 60,000</u>	<u>\$ 780</u>	<u>\$ 60,780</u>

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. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 2013A	\$ 830,000	2.00 - 3.50 %	08/08/13	02/01/24	\$ -
G.O. Improvement Bonds of 2014A	1,205,000	2.00 - 2.50	09/03/14	02/01/25	125,000
G.O. Improvement Bonds of 2015A	1,595,000	2.00 - 2.15	11/03/15	02/01/26	335,000
G.O. Improvement Bonds of 2016C	795,000	1.55 - 2.00	09/15/16	02/01/27	255,000
G.O. Improvement Bonds of 2017A	945,000	2.00 - 2.25	09/07/17	02/01/28	380,000
G.O. Improvement Bonds of 2018B	1,470,000	3.00	10/11/18	02/01/29	785,000
G.O. Improvement Bonds of 2019A	1,885,000	2.10 - 4.00	10/10/19	02/01/30	1,190,000
G.O. Improvement Bonds of 2020A	2,990,000	1.00 - 3.00	07/23/20	02/01/31	2,175,000
G.O. Improvement Bonds of 2021A	1,545,000	1.00 - 2.00	09/09/21	02/01/33	1,385,000
Total G.O. Special Assessments Bonds					<u>\$ 6,630,000</u>

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on all Funds (Continued)**

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

Year Ending December 31	<b>G.O. Special Assessment Bonds</b> Governmental Activities		
	Principal	Interest	Total
2025	\$ 1,265,000	\$ 129,543	\$ 1,394,543
2026	1,155,000	99,144	1,254,144
2027	990,000	71,263	1,061,263
2028	925,000	45,874	970,874
2029	845,000	25,955	870,955
2030 - 2033	1,450,000	23,339	1,473,339
Total	<u>\$ 6,630,000</u>	<u>\$ 395,118</u>	<u>\$ 7,025,118</u>

**G.O. Revenue Bonds**

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

The EDA has issued public project lease revenue bonds for financing building projects in accordance with Minnesota statutes. The agreements are supported by activity between the EDA and the City. The bonds will be paid back with future property tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
<b>Business-type</b>					
G.O. Utility Revenue Bonds of 2010A	887,100	0.65 - 6.30 %	12/28/10	02/01/26	\$ 120,000
G.O. Utility Revenue Bonds of 2016C	1,185,000	1.55 - 2.00	09/15/16	02/01/27	350,000
G.O. Utility Revenue Bonds of 2020A	665,000	1.00 - 3.00	07/23/20	02/01/31	490,000
G.O. Utility Revenue Bonds of 2023A	17,240,000	5.00	10/11/23	02/01/44	17,240,000
G.O. Utility Revenue Bonds of 2024A	1,350,000	5.00	09/12/24	02/01/35	<u>1,350,000</u>
Total G.O. Revenue Bonds					<u>\$ 19,550,000</u>

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on all Funds (Continued)**

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

Year Ending December 31	<b>G.O. Revenue Bonds</b>		
	Business-type Activities		
	Principal	Interest	Total
2025	\$ 540,000	\$ 866,896	\$ 1,406,896
2026	885,000	844,808	1,729,808
2027	895,000	806,071	1,701,071
2028	810,000	766,856	1,576,856
2029	850,000	727,456	1,577,456
2030 - 2034	4,655,000	2,989,243	7,644,243
2035 - 2039	4,970,000	1,806,502	6,776,502
2040 - 2044	5,945,000	651,803	6,596,803
Total	<u>\$ 19,550,000</u>	<u>\$ 9,459,635</u>	<u>\$ 29,009,635</u>

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

	Wastewater	Storm Water
Revenue	\$ 5,093,835	\$ 1,473,867
Principal and Interest	704,847	174,061
Percent of Revenue	13.8 %	11.8 %

Notes Payable.

These notes were issued to fund the Community Resource Center and the Crossing Tax increment district projects.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Taxable Tax increment Note of 2006 - The Crossing	\$ 2,035,776	3.89 %	08/01/08	08/01/27	<u>\$ 460,166</u>

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

Year Ending December 31	<b>Notes Payable</b>		
	Governmental Activities		
	Principal	Interest	Total
2025	\$ 161,582	\$ 13,127	\$ 174,709
2026	167,879	6,830	174,709
2027	130,705	1,269	131,974
Total	<u>\$ 460,166</u>	<u>\$ 21,226</u>	<u>\$ 481,392</u>

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on all Funds (Continued)**

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable					
General obligation bonds	\$ 22,450,000	\$ 8,015,000	\$ (1,065,000)	\$ 29,400,000	\$ 1,470,000
General obligation special assessment bonds	7,960,000	-	(1,330,000)	6,630,000	1,265,000
General obligation tax increment bonds	146,500	-	(86,500)	60,000	60,000
General obligation revenue bonds	230,000	-	(230,000)	-	-
Plus amounts for unamortized premiums	1,280,045	771,663	(145,961)	1,905,747	-
<b>Total Bonds Payable</b>	<b>32,066,545</b>	<b>8,786,663</b>	<b>(2,857,461)</b>	<b>37,995,747</b>	<b>2,795,000</b>
Notes from Direct Borrowings and Direct Placements	627,354	-	(167,188)	460,166	161,582
Compensated Absences Payable *	1,216,872	-	(17,946)	1,198,926	496,088
<b>Governmental Activity Long-term Liabilities</b>	<b>\$ 33,910,771</b>	<b>\$ 8,786,663</b>	<b>\$ (3,042,595)</b>	<b>\$ 39,654,839</b>	<b>\$ 3,452,670</b>
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Business-type Activities</b>					
Bonds Payable					
General obligation revenue bonds	\$ 18,435,000	\$ 1,350,000	\$ (235,000)	\$ 19,550,000	\$ 540,000
Plus amounts for unamortized premiums	933,551	115,187	(66,837)	981,901	-
<b>Total Bonds Payable</b>	<b>19,368,551</b>	<b>1,465,187</b>	<b>(301,837)</b>	<b>20,531,901</b>	<b>540,000</b>
Compensated Absences Payable*	182,965	20,685	-	203,650	83,732
<b>Business-type Activity Long-term Liabilities</b>	<b>\$ 19,551,516</b>	<b>\$ 1,485,872</b>	<b>\$ (301,837)</b>	<b>\$ 20,735,551</b>	<b>\$ 623,732</b>

\* The change in compensated absences liability is presented as a net change.

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on all Funds (Continued)**

The City's outstanding notes from direct borrowings and direct placements related to governmental activities of \$460,166 contain a provision that in an event of default, the City shall find feasible and responsible parties who will assume the obligation of making or completing the minimum improvements as specified by the development plan. The City will reimburse the developer, its successors or transferee in the amount of the purchase price paid by the developer less any amounts the City is required to pay to the holder of any mortgage encumbering the parcel. Upon resale of the parcel, the proceeds should first be applied to reimburse the City for all costs and expenses incurred, second to reimburse the developer up to amounts allowed by the development plan, followed by any remaining balance being retained by the City.

Conduit Debt Obligations

From time to time, the City has issued Housing Revenue Bonds, Health Care Facilities Revenue Bonds and School Facilities Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of rental housing, educational or health care facilities deemed to be in the public interest. 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.

As of December 31, 2024, the total conduit debt issued for issues outstanding totaled \$493,710.

**Component Unit Debt**

Revenue Bonds - Municipal Hospital

The following bonds were issued to provide partial funding for the construction of the Farmington Clinic, Campus Clinic, and to extinguish the Hospital Revenue Bonds Series 2001C and Series 2006. They will be retired from net revenues of the Hospital.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Hospital Revenue Bonds of 2015	\$ 8,405,000	2.98 %	12/29/15	11/01/25	\$ 3,805,000
Hospital Revenue Bonds of 2016	25,000,000	2.56	08/05/16	08/01/31	1,292,002
Hospital Revenue Bonds of 2024	11,190,000	4.45	12/20/24	12/31/29	11,190,000
					<u>\$ 16,287,002</u>

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on all Funds (Continued)**

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

Year Ending December 31	<b>Revenue Bonds</b>		
	Component Unit - Municipal Hospital		
	Principal	Interest	Total
2025	\$ 4,324,957	\$ 144,333	\$ 4,469,290
2026	559,618	26,282	585,900
2027	579,400	21,500	600,900
2028	599,306	16,594	615,900
2029	9,879,339	11,561	9,890,900
2030 - 2031	344,382	7,729	352,111
Total	<u>\$ 16,287,002</u>	<u>\$ 227,999</u>	<u>\$ 16,515,001</u>

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

	Hospital
Revenue	\$ 131,005,813
Principal and Interest	15,860,554
Percent of Revenue	12.11 %

Leases Payable – Municipal Hospital

The Hospital leases facilities and computers for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2026 and provide for renewal options ranging from six months to two years. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Total future minimum lease payments under lease agreements are as follows:

Year Ending December 31	<b>Leases</b>		
	Component Unit - Municipal Hospital		
	Principal	Interest	Total
2025	\$ 374,128	\$ 7,290	\$ 381,418
2026	144,712	1,105	145,817
2027	2,538	3	2,541
Total	<u>\$ 521,378</u>	<u>\$ 8,398</u>	<u>\$ 529,776</u>

Right-to-use assets acquired through outstanding leases are shown in Note 3C. There were no impairment losses in 2024.



City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 3: Detailed Notes on all Funds (Continued)**

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Component Unit Activities-</b>					
<b>Municipal Hospital</b>					
Bonds Payable					
Revenue bonds	\$ 19,484,872	\$ 11,190,000	\$ (14,387,869)	\$ 16,287,003	\$ 4,324,957
Lease Assets	<u>878,157</u>	<u>89,340</u>	<u>(446,120)</u>	<u>521,377</u>	<u>374,128</u>
Component Unit					
Long-term Liabilities	<u>\$ 20,363,029</u>	<u>\$ 11,279,340</u>	<u>\$ (14,833,989)</u>	<u>\$ 16,808,380</u>	<u>\$ 4,699,085</u>

## **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). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

#### General Employees Retirement Plan (General Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

#### Public Employees Police and Fire Plan (Police and Fire Plan)

Membership in the Police and Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police and Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

### **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. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

#### General Employee Plan Benefits

General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

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

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. The 2024 annual increase was 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 prorated increase.

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50 percent vested after five years of service and 100 percent vested after ten years. After five years, vesting increase by 10 percent each full year of service until members are 100 percent vested after ten years. Police and Fire Plan members receive 3 percent of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417 percent each month members are younger than age 55.

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. 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 chapters 353, 353E, 353G and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 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, 2024, 2023 and 2022, were \$568,698, \$533,422 and \$489,886, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

The discretely presented component unit – Municipal Hospital had contributions of approximately \$4,258,962, \$4,115,180, and \$3,867,000 for the years ending December 31, 2024, 2023 and 2022, respectively.

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 2024 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, 2024, 2023 and, 2022 were \$529,324, \$500,914 and \$460,425, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

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

**D. Pension costs**

General Employees Fund Pension Costs

At December 31, 2024, the City reported a liability of \$28,009,450 for its proportionate share of the General Employees Fund's net pension liability. The City's 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 \$724,267.

	Primary Government	Component Units		
		Economic Development Authority	Housing Redevelopment Authority	Municipal Hospital
City's Proportionate Share of the Net Pension Liability	\$ 3,197,366	\$ 4,503	\$ 4,575	\$ 24,803,006
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	80,565	1,164	1,183	641,355
Total	<u>\$ 3,277,931</u>	<u>\$ 5,668</u>	<u>\$ 5,757</u>	<u>\$ 25,444,361</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0867 at the end of the measurement period and 0.0901 for the beginning of the period.

For the year ended December 31, 2024, the City recognized pension expense of \$326,990 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$2,223 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.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$147,526 for the year ended December 31, 2024 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 General Employees Fund.

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

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

At December 31, 2024, the City reported its proportionate share of the General Employees Fund's deferred outflows of resources and deferred inflows of resources, related to pension from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 294,812	\$ -
Changes in Actuarial Assumptions	14,241	1,213,169
Net Difference Between Projected and Actual Earnings on Plan Investments	-	910,046
Changes in Proportion	171,232	90,975
Contributions Paid to PERA Subsequent to the Measurement Date	279,919	-
Total	<u>\$ 760,204</u>	<u>\$ 2,214,190</u>

The \$279,919 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:

2025	\$ (836,517)
2026	(272,884)
2027	(385,707)
2028	(238,797)
2029	-

At December 31, 2024, the City's component units reported their proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Component Units					
	Economic Development Authority		Housing Redevelopment Authority		Municipal Hospital	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,435	\$ -	\$ 4,155	\$ -	\$ 2,332,133	\$ -
Changes in Actuarial Assumptions	206	17,527	209	17,298	121,097	9,387,529
Net Difference Between Projected and Actual Earnings on Plan Investments	-	13,153	-	13,362	-	7,202,589
Changes in Proportion	2,475	1,831	2,514	1,343	812,869	899,693
Contributions to GERP Subsequent To the Measurement Date	4,046	-	4,110	-	2,212,271	-
Total	<u>\$ 11,162</u>	<u>\$ 32,511</u>	<u>\$ 10,988</u>	<u>\$ 32,003</u>	<u>\$ 5,478,370</u>	<u>\$ 17,489,811</u>

City of Northfield, Minnesota  
Notes to the Financial Statements  
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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

The \$4,046, \$4,110, and \$2,212,271 reported and deferred outflows of resources related to pensions resulting from the EDA, HRA and Municipal Hospital'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:

	Component Units		
	Economic Development Authority	Housing Redevelopment Authority	Municipal Hospital
2025	\$ (12,091)	\$ (12,282)	\$ (7,359,031)
2026	(3,944)	(4,007)	(1,624,867)
2027	(5,575)	(5,663)	(3,338,811)
2028	(3,785)	(3,173)	(1,901,003)

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

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

Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$2,805,677 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.2133 percent at the end of the measurement period and 0.2128 percent for the beginning of the period.

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. 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 \$106,951.

City's Proportionate Share of the Net Pension Liability	\$ 2,805,677
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>106,951</u>
Total	<u><u>\$ 2,912,628</u></u>

For the year ended December 31, 2024, the City recognized pension expense of \$588,904 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$11,963 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 \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$60,560 for the year ended December 31, 2024 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.

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

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

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 1,067,994	\$ -
Changes in Actuarial Assumptions	2,836,714	4,121,714
Net Difference Between Projected and Actual Investment Earnings	-	874,836
Changes in Proportion	323,693	16,257
Contributions Paid to PERA Subsequent to the Measurement Date	265,267	-
	<u>\$ 4,493,668</u>	<u>\$ 5,012,807</u>
Total		

The \$265,267 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ (65,270)
2026	679,580
2027	(376,592)
2028	(1,086,777)
2029	64,653

**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 Return on Investment
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
	<u>100.0 %</u>	
Total		



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

### F. Actuarial Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7.0%. The 7.0% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.0% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan and Police and Fire Plan.

Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1.0% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 11.75% after one year of service to 3.0% 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 are 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 General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police and Fire Plan were reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025

The following changes in actuarial assumptions and plan provisions occurred in 2024:

#### General Employees Fund

##### Changes in Actuarial Assumptions

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

##### Changes in Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

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

### Police and Fire Fund

#### Changes in Actuarial Assumptions

- There were no changes in actuarial assumptions since the previous valuation.

#### Changes in Plan Provisions

- The State contribution of \$9 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90.0 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90.0 percent funded status for one year.
- The additional \$9 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

### G. Discount Rate

The discount rate used to measure the total pension liability in 2024 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 and Police and Fire Plans 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:

	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	\$ 7,003,390	\$ 3,206,444	\$ 83,110
Police and Fire Fund	6,630,362	2,805,677	(335,190)

### 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](http://www.mnpera.org).

City of Northfield, Minnesota  
Notes to the Financial Statements  
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**Note 5: Public Employees Defined Contribution Plan (Defined Contribution Plan)**

The City has City Council members that are covered by the Defined Contribution Plan (DCP), a multiple-employer deferred compensation plan administered by PERA. The DCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses, therefore, there is no future liability to the employer. *Minnesota statutes*, chapter 353d.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during the fiscal year 2024 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 2,046	\$ 2,046	5.00 %	5.00 %	5.00 %

The City and council member's contributions to the DCP plan for the years ending December 31, 2024, 2023 and 2022 were \$2,046, \$1,785, and \$1,915, respectively.

**Note 6: Postemployment Benefits Other Than Pensions**

**A. Plan Description**

The City administers a single employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the City and the union representing employees and are renegotiated each three-year bargaining period. The component unit is included in the City's plan. The Retiree Health Plan does not issue a publicly available financial report. There are no assets accumulated in a GASB-compliant trust.

At December 31, 2024, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	11
Active Plan Members	<u>115</u>
Total Plan Members	<u><u>126</u></u>

**B. Funding Policy**

Contribution requirements are also negotiated between the City and union representatives. The City does not contribute to the cost of current-year premiums for eligible retired plan members and their spouses.

For the year ended December 31, 2024, the City's average contribution rate was 18.03 percent of covered-employee payroll. For the fiscal year 2024, the City did not directly contribute to the plan. The General fund is typically used to liquidate the governmental portion of the net OPEB obligation.

**C. Actuarial Methods and Assumptions**

The City's total OPEB liability of \$1,703,790 was measured as of January 1, 2024, and the OPEB liability was determined by an actuarial valuation as of January 1, 2023. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.00%
Expected Long-Term Investment Return	4.00%
20-Year Municipal Bond Yield	2.50%
Inflation Rate	Varies by service and employee classification
Salary Increases	6.25% in 2024 grading to 5.00% over 5 years, then
Medical Trend Rate	6.25% in 2024 grading to 5.00% over the next 5 years, then 4.00% over the next 48 years

The discount rate used to measure the total OPEB liability was 4.00 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate.

The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale to the Pub-2010 Public retirement Plan Headcount- Weighted Mortality Tables (General, Safety with MP-2021 Generational Improvement Scale.

Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

**D. Changes in the Total OPEB Liability**

	Total OPEB Liability
Balances at December 31, 2023	\$ 1,652,772
Changes for the Year	
Service Costs	78,837
Interest Costs	66,912
Assumption Changes	24,056
Benefit Payment	(118,787)
Net Changes	<u>51,018</u>
Balances at December 31, 2024	<u>\$ 1,703,790</u>
Primary Government	\$ 1,655,724
Component Unit - EDA	21,302
Component Unit -HRA	<u>26,764</u>
Total OPEB Obligation	<u>\$ 1,703,790</u>

**Note 6: Postemployment Benefits Other Than Pensions (Continued)**

Since the prior measurement date, the following assumptions changed:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale to the Pub-2010 Public retirement Plan Headcount-Weighted Mortality Tables (General, Safety with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.
- The retirement, withdrawal, and salary increase rates for public safety employees were updated to reflect the latest experience study.

Since the prior measurement date, the following plan provisions changed:

- None

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

- None

**E. Sensitivity of the Net OPEB Liability**

The following presents the net OPEB liability of the City, as well as what the City's net OPEB 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:

	1 Percent Decrease 2.7%	Discount Rate Current 3.7%	1 Percent Increase 4.7%
Primary Government	\$ 1,748,780	\$ 1,655,724	\$ 1,566,846
Component Unit - EDA	22,499	21,302	20,159
Component Unit - HRA	28,268	26,764	25,327

The following presents the City's net OPEB liability, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1 Percent Decrease 5.25% Decreasing to 4.0%	Healthcare Cost Trend Rates 6.25% Decreasing to 5.0%	1 Percent Increase 6.25% Decreasing to 5.0%
Primary Government	\$ 1,521,463	\$ 1,655,724	\$ 1,807,626
Component Unit - EDA	19,575	21,302	23,256
Component Unit - HRA	24,594	26,764	29,219

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

For the year ended December 31, 2024, the City Recognized OPEB expense of \$77,427. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Units			
	Deferred of Resources	Deferred of Resources	Economic Development Authority		Housing Redevelopment Authority	
			Deferred of Resources	Deferred of Resources	Deferred of Resources	Deferred of Resources
Differences Between Expected and Actual Economic Experience	\$ 4,421	\$ 263,173	\$ 57	\$ 3,386	\$ 71	\$ 4,254
Changes in Actuarial Assumptions	72,978	101,647	939	1,308	1,180	1,643
Contributions Paid to OPEB Subsequent to the Measurement Date	136,546	-	1,757		2,207	
Total	<u>\$ 213,945</u>	<u>\$ 364,820</u>	<u>\$ 2,753</u>	<u>\$ 4,694</u>	<u>\$ 3,458</u>	<u>\$ 5,897</u>

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

	Primary Government	Component Units	
		Economic Development Authority	Housing Redevelopme Authority
2025	\$ (78,065)	\$ (1,004)	\$ (1,262)
2026	(72,373)	(931)	(1,170)
2027	(87,500)	(1,126)	(1,414)
2028	(26,410)	(340)	(427)
2029	(26,410)	(340)	(427)
Thereafter	3,337	43	54

City of Northfield, Minnesota  
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## **Note 7: Commitments and Contingent Liabilities**

### **A. Land Lease**

The Hospital leases the land on which the facility is located from a local college. The lease term is for 60 years with two 20-year options. The annual rent expense for the first twenty years of the lease is approximately \$6,000. The rent expense in subsequent years will be equal to 5 percent of the appraised market price for rural agricultural land in the Dakota/Rice County Region. The rent expense would be adjusted to current market rates if certain events were to occur, such as the sale of the Hospital.

### **B. Self-insurance Plan**

The Hospital self-insures their employee health and dental insurance program. The Hospital has entered into an agreement with an insurance company to provide stop-loss insurance, to limit the losses on individual and aggregate claims and to provide claims processing and other administrative functions. Claims are accrued as incurred. The amounts charged to expense include administration fees, stop-loss insurance premiums, claims paid, and accruals for claims incurred but not yet paid at year end. Insurance expense for the year ended December 31, 2024 was \$7,072,258.

### **C. Medical Malpractice Insurance**

The Hospital purchases medical malpractice insurance under claims made policy on a fixed-premium basis. The Hospital is responsible for any individual claims exceeding \$1,000,000, and for aggregate claims exceeding \$3,000,000 for a policy year. Should this policy lapse and not be replaced with equivalent coverage, claims based upon occurrence during its term, but reported subsequent thereto, will be uninsured.

### ***Risk Management***

The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant reduction in insurance coverage from the previous year in any of the Hospital's policies. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

The Hospital is involved in legal proceedings which resulted through the normal course of providing health care services and other matters. The litigation is in the early stages and too premature to determine the degree of liability, if any, to the Hospital. Management has assessed its coverage under medical malpractice and other insurances and believes at the point of the proceedings adequate provisions have been made for any amounts it may be responsible to pay under the responsible to pay under the respective policies deduction amounts.

### ***Healthcare Legislation and Regulation***

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violation of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Congress passed the Medicare Modernization Act in 2003, which among other things established a demonstration of The Medicare Recovery Audit Contractor (RAC) program. During fiscal year 2007, the RAC's identified and corrected a significant amount of improper overpayments to providers in the demonstration states, which did not include Minnesota. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states. While the hospital was selected for a RAC audit during 2017 and 2016, they were not materially impacted and appear to have appropriate policies and procedures to mitigate the risks related to RAC reviews.

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December 31, 2024

**Note 7: Commitments and Contingent Liabilities (Continued)**

Management believes that the Hospital is in substantial compliance with fraud and abuse as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations is subject to government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

**Note 8: Net Patient Service Revenue**

**A. Medicare**

By Minnesota statute, a nursing facility, which participates in Medicaid program, must also participate in the Medicare program. This program is administered by the United States Centers for Medicare and Medicaid Services (CMS).

The Northfield Hospital Long Term Care Center is paid under the Medicare Prospective Payment System (PPS) for residents who are Medicare Part A eligible and meet the coverage guidelines for skilled nursing facility services (SNFs). The PPS is a per diem price-based system. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement. CMS implemented the Patient Driven Payment Model (PDPM) for the Medicare reimbursement system effective October 1, 2019. Under PDPM, therapy minutes are removed as the primary basis for payment and instead use the underlying complexity and clinical needs of a patient as a basis for reimbursement. In addition, PDPM introduces variable adjustment factors that change reimbursement rates during the resident's length of stay.

Nursing facilities licensed for participation in the Medicare and Medicaid programs are subject to annual surveys. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance, which would have a negative impact on the revenues of the nursing facility.

Inpatient acute care services provided to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

Outpatient services provided to Medicare outpatient program beneficiaries are subject to the Ambulatory Payment Classification (APC) method. Medicare reimburses the Hospital a predetermined amount for most outpatient services. The following services are excluded from the APC payment methodology; services already paid on a fee schedule, services to SNF residents which are already included in the SNF's payment, and certain drugs, biological and medical devices identified as pass-through items. The APC payments are not based on the provider's annual cost report.

Physician-Based Clinic services are reimbursed using the Medicare Physician Fee Schedule.

**B. Medicaid**

The Northfield Hospital Long Term Care Center participates in the Medicaid program that is administered by the Minnesota Department of Human Services (DHS). Medicaid and private paying residents are classified into one of 48 Resource Utilization Groups (RUG) for purposes of establishing payment rates.

Nursing facilities are paid under the Value Based Nursing Facility Reimbursement System (VBR) as approved during the 2015 Minnesota State Legislative Session. Under the VBR system, care related costs are reimbursed at actual cost subject to certain limitations. Other operating costs are reimbursed using a pricing model, which results in the rates of these costs being the same for all nursing facilities in the state. Certain other costs, such as qualifying employer health insurance costs, are reimbursed at an external fixed payment rate and will be cost based with no limitations. Reimbursement for historic property related costs is a separate component of the rate that has been frozen since 2010. Additional reimbursement for new property-related costs is possible under certain conditions.

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 8: Net Patient Service Revenue (Continued)**

The change to the VBR system includes a hold harmless provision which protects nursing home facilities from being paid at rates lower than those in effect December 31, 2015. Nursing facilities are also protected from significant decreases in rates in a single year due to changes in care-related costs.

By Minnesota Statute, a nursing facility may not charge private paying residents in multiple occupancy rooms per diem rates in excess of the approved Medicaid rates for similar services.

Hospital inpatient services rendered to Medicaid program beneficiaries are reimbursed under a reimbursement methodology similar to inpatient Medicare. Hospital outpatient and Physician-Based clinic Medicaid services are reimbursed using the Medicaid fee schedule.

**Other**

The Hospital has also entered into payment agreements with Blue Cross and other commercial insurance carriers. The basis for reimbursement under these agreements includes discounts from established charges, and prospectively determined rates. As of August 1, 2014, the Hospital Blue Cross contract moved to APR-DRG for inpatient acute care services and EAPG for outpatient services.

Laws and regulations governing Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Changes in estimated settlement amounts resulted in net patient and resident service revenue increasing by approximately \$132,000 for the year ended December 31, 2023.

A summary of patient and resident revenues and contractual adjustments is as follows:

	2024	2023
Total Patient and Resident Revenues	\$ 359,240,350	\$ 339,244,179
Contractual Adjustments		
Medicare	(64,797,818)	(59,545,222)
Medicaid	(4,842,610)	(3,493,397)
Commercial / HMO's	(141,047,772)	(129,640,012)
Provision of bad debts	(4,339,032)	(3,292,835)
Other	(15,209,778)	(14,246,839)
Total Contractual Adjustments	(230,237,010)	(210,218,305)
Net Patient and Resident Revenues	<u>\$ 129,003,340</u>	<u>\$ 129,025,874</u>

**Note 9: Adjustments to and Restatement of Beginning Balances**

Change within Major and Nonmajor Fund Reporting

During fiscal year 2024, the 2023 Capital Project fund was determined to be nonmajor. The 2024 Capital Project fund was determined to be major. The effects of the changes within the financial reporting entity are shown in the financial statements above.



City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 10: 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.

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.

**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.

**C. Federal and State Funds**

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2024.

**D. Tax Increment Districts**

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.

**E. Legal Debt Margin**

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. As of December 31, 2024, the City is under the legal debt margin.

**F. 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 2024 was \$3,862,310 for LGA. This accounted for 20.3 percent of General fund revenues.

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 10: Other Information (Continued)**

**G. Joint Powers Agreement**

The cities of Northfield and Dundas, Minnesota and the townships of Bridgewater, Northfield, Webster, Forest, Waterford, Sciota and Greenvale, Minnesota (Rural Fire) formed the Northfield Area Fire and Rescue Service, Northfield, Minnesota (NAFRS), established under Minnesota statutes, section 471.59 on April 1, 2014, to provide fire protection, suppression, prevention, technical rescue and non-transport emergency medical services to these communities. The Board consists of eight voting Board members which consists of five board members appointed by the Northfield City Council, two Board members appointed by Rural Fire and one Board member appointed by the Dundas City Council. There are also 5 ex-officio (nonvoting) Board members. The Board exercises legislative authority and determines all matters of policy. The Board appoints personnel responsible for the proper administration of all affairs relating to the Organization's activities.

Funding is provided by the communities at a ratio of 72.9 percent for Northfield, 6.0 percent for Dundas and 21.1 percent for Rural Fire. The percentages will be updated every two years.

The net position of NAFRS as of December 31, 2024 was \$6,116,201. The City's portion of this is recorded as an investment in joint venture in the amount of at year end.

**H. Tax Abatements**

As of December 31, 2024, the City has three agreements entered into by the City listed below that abates City property taxes. Below is information specific to the agreement:

The City entered into a tax increment financing agreement (Jefferson Square TIF) on December 18, 2009, with a developer in which the developer incurred costs to rehab a 50-unit rental housing project. 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 housing development. The pay-as-you-go agreement has a maximum return to the developer of \$505,551 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.1799) and has a maximum duration of December 31, 2037. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (Spring Creek TIF) on November 20, 2009, with a developer in which the developer incurred costs to facilitate construction of a 28-unit affordable rental housing development. 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 housing development. The pay-as-you-go agreement has a maximum return to the developer of \$1,201,203 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.1799) and has a maximum duration of December 31, 2040. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (Aurora Pharmaceutical TIF) on September 7, 2018, with a developer in which the developer incurred costs to facilitate construction of an expansion to a facility within the "Master Development District". The pay-as-you-go TIF note was issued by the City to reimburse \$169,939 of the developer's expense to expand the facility. As the City collects future tax increment for the increased property value and tax capacity related to the development, these dollars will be used to pay the Note. The tax increment payments are only obligated through February 1, 2029. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (5<sup>th</sup> and Washington) in October 2019, with a developer in which the developer incurred costs to facilitate construction of a multifamily rental housing facility within the "Master Development District". The pay-as-you-go agreement has a maximum return to the developer of \$1,800,000 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.1799) and has a maximum duration of February 1, 2048. The calculation of taxes abated during the fiscal year is noted in the chart below.

City of Northfield, Minnesota  
Notes to the Financial Statements  
December 31, 2024

**Note 10: Other Information (Continued)**

Lost revenue as it relates to tax abatements for the year ended December 31, 2024, was as follows:

	City Tax Rate (Year of Establishment)	Captured Tax Capacity	Amount of Taxes Abated in the Fiscal Year
Tax Increment Districts (PAYGO)			
Jefferson Square TIF	38.405%	\$ 19,172	\$ 7,363
Spring Creek TIF	50.947%	28,687	14,615
5th and Washington	58.161%	136,838	79,586
Aurora Pharmaceutical TIF	58.161%	57,294	33,323
Spring Creek Project	56.610%	4,614	2,612
Kraewood Project	59.867%	26,209	15,691
			<hr/>
Total			\$ 153,190

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTHFIELD  
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

City of Northfield, Minnesota  
Required Supplementary Information  
For the Year Ended December 31, 2024

**Schedule of Employer's Share of PERA Net Pension Liability - General Employees Retirement 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
6/30/2024	0.0867 %	\$ 3,206,444	\$ 82,912	\$ 3,289,356	\$ 7,317,289	43.8 %	86.7 %
6/30/2023	0.0901	5,038,291	138,913	5,177,204	7,153,906	70.4	83.1
6/30/2022	0.0812	6,431,067	188,584	6,619,651	6,082,762	105.7	76.7
6/30/2021	0.0782	3,339,490	101,996	3,441,486	5,630,842	59.3	87.0
6/30/2020	0.0764	4,580,529	141,147	4,721,676	5,446,543	84.1	79.0
6/30/2019	0.0698	3,859,086	119,995	3,979,081	4,916,582	78.5	80.2
6/30/2018	0.0697	3,866,670	126,682	3,993,352	4,681,678	82.6	79.5
6/30/2017	0.0708	4,519,825	56,856	4,576,681	4,562,935	99.1	75.9
6/30/2016	0.0656	5,326,395	-	5,326,395	4,067,776	130.9	68.9
6/30/2015	0.0689	3,570,756	-	3,570,756	2,739,352	130.4	78.2

**Schedule of Employer's PERA Contributions - General Employees Retirement 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)
12/31/2024	\$ 568,698	\$ 568,698	\$ -	\$ 7,582,642	7.50 %
12/31/2023	533,422	533,422	-	7,112,299	7.50
12/31/2022	489,886	489,886	-	6,531,815	7.50
12/31/2021	437,897	437,897	-	5,838,628	7.50
12/31/2020	429,525	429,525	-	5,726,994	7.50
12/31/2019	391,396	391,396	-	5,218,618	7.50
12/31/2018	358,335	358,335	-	4,777,803	7.50
12/31/2017	342,282	342,282	-	4,563,762	7.50
12/31/2016	323,249	323,249	-	4,309,985	7.50
12/31/2015	304,456	304,456	-	4,059,412	7.50

City of Northfield, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

**Notes to the Required Supplementary Information - General Employee Retirement Fund**

Changes in Actuarial Assumptions

2024 - The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023): Rates of merit and seniority were adjusted, resulting in slightly higher rates. Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members. Minor increase in assumed withdrawals for males and females. Lower rates of disability. Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study. Minor changes to form of payment assumptions for male and female retirees. Minor changes to assumptions made with respect to missing participant data.

2023 - The investment return and single discount rates were changed from 6.5 percent to 7.0 percent.

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

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

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

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

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

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

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.

City of Northfield, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

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

Changes in Plan Provisions

2024 - The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

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 4.0 percent to 3.0 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.0 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 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90.0 percent funding ratio to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 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.

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 Northfield, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

**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
6/30/2024	0.2133 %	\$ 2,805,677	\$ 106,951	\$ 2,912,628	\$ 2,953,106	95.0 %	87.0 %
6/30/2023	0.2128	3,674,779	148,042	3,822,821	2,794,352	131.5	86.5
6/30/2022	0.2007	8,733,671	381,412	9,115,083	2,437,503	358.3	70.5
6/30/2021	0.1862	1,437,267	64,625	1,501,892	2,200,536	65.3	93.7
6/30/2020	0.1936	2,551,855	60,099	2,611,954	2,184,797	116.8	87.2
6/30/2019	0.1873	1,993,998	-	1,993,998	1,976,819	100.9	89.3
6/30/2018	0.1800	1,918,615	-	1,918,615	1,897,321	101.1	88.8
6/30/2017	0.1690	2,281,701	-	2,281,701	1,731,626	131.8	85.4
6/30/2016	0.1760	7,063,186	-	7,063,186	1,697,313	416.1	63.9
6/30/2015	0.1720	1,954,322	-	1,954,322	869,493	224.8	86.6

**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)
12/31/2024	\$ 529,324	\$ 529,324	\$ -	\$ 2,990,533	17.70 %
12/31/2023	500,914	500,914	-	2,830,024	17.70
12/31/2022	460,425	460,425	-	2,601,272	17.70
12/31/2021	398,926	398,926	-	2,253,819	17.70
12/31/2020	406,257	406,257	-	2,295,239	17.70
12/31/2019	350,130	350,130	-	2,065,665	16.95
12/31/2018	315,132	315,132	-	1,945,261	16.20
12/31/2017	294,689	294,689	-	1,819,069	16.20
12/31/2016	273,813	273,813	-	1,690,205	16.20
12/31/2015	265,741	265,741	-	1,640,378	16.20

City of Northfield, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

**Notes to the Required Supplementary Information - Police and Fire Fund**

Changes in Actuarial Assumptions

2024 - There were no changes in actuarial assumptions since the previous valuation.

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-2021. The single discount rate changed from 6.50 percent to 5.40 percent.

2021 - The investment return and single discount rates were changed from 7.5 percent to 6.5 percent, for financial reporting purposes. The inflation assumption was changed from 2.5 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.0 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 60.0 percent to 70.0 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.

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 1.0 percent for all years to 1.0 percent per year through 2064 and 2.5 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

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

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

City of Northfield, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

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

Changes in Plan Provisions

2024 - The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90.0 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90.0 percent funded status for one year. The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 - 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 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 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.8 percent to 11.3 percent of pay, effective January 1, 2019 and 11.8 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.2 percent to 16.95 percent of pay, effective January 1, 2019 and 17.7 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.0 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.0 percent for vested and non-vested, deferred members. The CSA has been changed to 33.0 percent for vested members and 2.0 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 65.0 percent to 60.0 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 1.0 percent for all years to 1.0 percent per year through 2064 and 2.5 percent thereafter. The single discount rate was changed from 5.6 percent per annum to 7.5 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 Northfield, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2024

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

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Costs	\$ 78,837	\$ 72,946	\$ 91,274	\$ 88,616	\$ 100,849	\$ 84,014	\$ 90,105
Interest Costs	66,912	37,781	38,207	67,861	84,327	73,255	71,092
Assumption Changes	24,056	(131,864)	-	54,482	108,962	(72,876)	-
Differences between expected and actual experience	-	(82,430)	-	(494,523)	-	31,873	-
Benefit Payment	(118,787)	(118,952)	(145,802)	(151,411)	(170,090)	(98,299)	(80,972)
Net Change in Total OPEB Liability	51,018	(222,519)	(16,321)	(434,975)	124,048	17,967	80,225
Total OPEB Liability - Beginning	1,652,772	1,875,291	1,891,612	2,326,587	2,202,539	2,184,572	2,104,347
Total OPEB Liability - Ending	<u>\$ 1,703,790</u>	<u>\$ 1,652,772</u>	<u>\$ 1,875,291</u>	<u>\$ 1,891,612</u>	<u>\$ 2,326,587</u>	<u>\$ 2,184,572</u>	<u>\$ 2,184,572</u>
Primary Government	\$ 1,655,724	\$ 1,610,698	\$ 1,831,094	\$ 1,858,873	\$ 2,293,876	\$ 2,164,581	\$ 2,144,983
Component Unit - EDA	21,302	16,498	16,614	15,956	20,521	19,609	20,348
Component Unit - HRA	26,764	25,576	27,583	16,783	12,190	18,349	19,241
Total OPEB Obligation	<u>\$ 1,703,790</u>	<u>\$ 1,652,772</u>	<u>\$ 1,875,291</u>	<u>\$ 1,891,612</u>	<u>\$ 2,326,587</u>	<u>\$ 2,202,539</u>	<u>\$ 2,184,572</u>
Covered - Employee Payroll	\$ 9,450,543	\$ 9,175,284	\$ 7,222,133	\$ 6,266,456	\$ 5,733,488	\$ 5,733,488	\$ 5,733,488
City's total OPEB liability as a percentage of covered employee payroll	18.03 %	18.01 %	25.97 %	30.19 %	40.58 %	38.10 %	38.10 %

Changes in assumptions:

2023 - The discount rate, based on the Bond Buyer 20-Bond General Obligation Index, has been updated through the January 1, 2023 measurement/reporting date. The valuation's first fiscal year 2022 retiree per capita claims costs and blended premiums are based on plans and premiums as of January 1, 2022 and census data as of January 1, 2022. Second fiscal year 2023 amounts are 11.8% higher based on increased premiums effective January 1, 2023. Third fiscal year 2024 amounts are 11.5% higher based on increased premiums effective January 1, 2024. Decrement assumptions (i.e. withdrawal, retirement and mortality rates) and salary increase rates are the same assumptions used in the July 1, 2021 GERP and July 1, 2021 PEP&FP actuarial valuations. Medical trend assumption is developed based on the recent published SOA-Getzen trend rate model update for 2022-2030+. The general inflation rate was changed to the 2.25% rate used in the July 1, 2021 GERP and July 1, 2021 PEP&FP actuarial valuations (from 2.50%).

2022 - The discount rate, based on the Bond Buyer 20-Bond General Obligation Index, has been updated through the January 1, 2022 valuation date. The valuation's first fiscal year 2022 retiree per capita claims costs and blended premiums are based on plans and premiums as of January 1, 2022 and census data as of January 1, 2022. Decrement assumptions (i.e. withdrawal, retirement and mortality rates) and salary increase rates are the same assumptions used in the July 1, 2021 GERP and July 1, 2021 PEP&FP actuarial valuations. Medical trend assumption is developed based on the recent published SOA-Getzen trend rate model update for 2022-2030+. The general inflation rate was changed to the 2.25% rate used in the July 1, 2021 GERP and July 1, 2021 PEP&FP actuarial valuations (from 2.50%).

2021 - The discount rates, based on the Bond Buyer 20-Bond General Obligation Index, have been updated through the December 31, 2021 measurement/reporting date. Per capita claims costs were reset to reflect updated experience, plan(s), and premiums as of January 1, 2021 and January 2, 2022. All decrement assumptions are the same assumptions used in the July 1 2019 GERP actuarial valuation except that the mortality improvement projection scale used in the mortality assumption was updated. The general inflation rate was changed to the 2.50% rate used in the July 1, 2019 GERP actuarial valuations (from 2.75%). No future employees that elect coverage at retirement are assumed to cover a spouse (changed from 65.0% based on recent experience and changes in plans/premiums)

2020 - The discount rates, based on the Bond Buyer 20-Bond General Obligation Index, have been updated through the December 31, 2020 measurement/reporting date. Per capita claims costs were reset to reflect updated experience, plans(s), and premiums as of January 1, 2021. All decrement assumptions (i.e. withdrawal, retirement and mortality rates) are the same assumptions used in the July 1, 2019 GERP and July 1, 2019 PEP&FP actuarial valuations except that the mortality improvement projection scale used in the mortality assumption was updated. Medical trend rates were updated to reflect actual premium changes of 10.00% for fiscal year 2020 followed by current medical trend expectations in fiscal years 2021 and later. The general inflation rate was changed to the 2.50% rate used in the July 1, 2019 GERP and July 1, 2019 PEP&FP actuarial valuations (from 2.75%). No future employees that elect coverage at retirement are assumed to cover a spouse (changed from 65.0% based on recent experience and changes in plans/premiums).

2019 - The discount rate is now based on a municipal bond index that meets the requirements of Statement 75. The EDA has selected the Bond Buyer 20-Bond General Obligation Index for this purpose. This valuation update applies final discount rates based on municipal bond index rates. The actuarial cost method has been changed to the Individual Entry Age Normal cost method allocated on a level basis as a percent of pay, as required by Statement 75. Salary increase rates, which are required for this cost method, have been added. Per capita claims costs were reset to reflect updated experience, premiums, and aging factors as of January 1, 2019. Decrement assumptions (i.e. withdrawal, disability, retirement and mortality rates) have been updated to be the assumptions used in the July 1, 2018 PERA GERP and PEP&FP actuarial valuations. Healthcare trend rates were updated to reflect actual premium increases of 7% during fiscal year 2018 and current healthcare trend expectations in fiscal years 2019 and later. The general inflation rate was changed to the 2.75% rate used in the July 1, 2018 GERP and July 1, 2018 PEP&FP actuarial valuations (from 2.00%).

2018 - The discount rate is now based on a municipal bond index that meets the requirements of Statement 75. The EDA has selected the Bond Buyer 20-Bond General Obligation Index. The actuarial cost method has been changed to the individual Entry Age Normal cost method allocated on a level basis as a percent of pay, as required by Statement 75. Salary increase rates, which are required for this cost method, have been added. Per capita claims costs were reset to reflect updated experiences, premiums, and age factors as of January 1, 2019. Decrement assumptions (i.e. withdrawal, disability, retirement and mortality rates) have been updated to be the assumptions used in the July 1, 2018 PERA GERP and PEP&FP actuarial valuations. Healthcare trend rates were updated to reflect actual premium increases of 7% during fiscal year 2018 and current healthcare trend expectations in fiscal years 2019 and later. The general inflation rate was changed to the 2.75% rate used in the July 1, 2018 GERP and July 1, 2018 PEP&FP actuarial valuations (from 2.00%). The discount rate was changed from 3.44% to 4.11%.

Changes in Plan Provisions:

• None

Changes in benefits:

2023 - Medical plans and premiums have been updated effective as of January 1, 2022; January 2023; and January 1, 2024.

2022 - Medical plans and premiums have been updated effective as of January 1, 2022.

2021 - Medical plans and premiums have been updated effective as of January 1, 2020 and January 1, 2021; and January 1, 2022.

2020 - Medical plans and premiums have been updated effective as of January 1, 2020 and January 1, 2021.

2019 - Medical plans and premiums have been updated effective as of January 1, 2019. Plans and premiums as of January 1, 2020 were considered and any related change in liability is assumed to be minimal and will be valued in the December 31, 2019 valuation for fiscal year 2020.

2018 - Medical plans and premiums have been updated effective as of January 1, 2019.

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF NORTHFIELD  
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

City of Northfield, Minnesota  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2024

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
<b>Assets</b>			
Cash and temporary investments	\$ 2,749,662	\$ 5,489,551	\$ 8,239,213
Receivables			
Interest	11,090	19,842	30,932
Delinquent taxes	244	-	244
Accounts	398,249	-	398,249
Leases	93,679	-	93,679
Special assessments	-	175,122	175,122
Intergovernmental	74,094	598,832	672,926
Prepaid items	3,916	-	3,916
Land held for resale	-	49,937	49,937
<b>Total Assets</b>	<b>\$ 3,330,934</b>	<b>\$ 6,333,284</b>	<b>\$ 9,664,218</b>
<b>Liabilities</b>			
Accounts payable	\$ 449,285	\$ 1,074,532	\$ 1,523,817
Contracts payable	-	215,615	215,615
Due to other governments	71,531	-	71,531
Deposits payable	-	74,720	74,720
Accrued wages payable	12,639	-	12,639
Due to other funds	44,315	1,596,500	1,640,815
Advance from other funds	-	143,243	143,243
<b>Total Liabilities</b>	<b>577,770</b>	<b>3,104,610</b>	<b>3,682,380</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue			
Taxes	244	-	244
Special assessments	-	175,122	175,122
Deferred lease resources	87,897	-	87,897
<b>Total Deferred Inflows of Resources</b>	<b>88,141</b>	<b>175,122</b>	<b>263,263</b>
<b>Fund Balances</b>			
Nonspendable			
Prepaid items	3,916	-	3,916
Restricted			
Library	315,722	-	315,722
Public safety activities	27,681	-	27,681
Arts and culture	262,969	-	262,969
Redevelopment and housing	190,455	-	190,455
Capital projects	-	1,411,392	1,411,392
Committed			
Carbon reduction	243,628	-	243,628
Utility franchise fees	951,108	-	951,108
Motor vehicle operations	401,754	-	401,754
Communications	374,643	-	374,643
Assigned			
Capital projects	-	3,431,467	3,431,467
Unassigned	(106,853)	(1,789,307)	(1,896,160)
<b>Total Fund Balances</b>	<b>2,665,023</b>	<b>3,053,552</b>	<b>5,718,575</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 3,330,934</b>	<b>\$ 6,333,284</b>	<b>\$ 9,664,218</b>

City of Northfield, Minnesota  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2024

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
Revenues			
Taxes			
Property taxes	\$ 195,253	\$ 1,082,093	\$ 1,277,346
Tax increment	402,161	-	402,161
Franchise fees	1,407,683	-	1,407,683
Intergovernmental			
Federal	169,839	-	169,839
State	-	2,274,792	2,274,792
Charges for services			
General government	354,342	-	354,342
Culture and recreation	339,171	4,975	344,146
Communication	28,630	-	28,630
Investment earnings	144,149	276,677	420,826
Miscellaneous			
Other	213	1,222	1,435
Contributions and donations	92,486	170,000	262,486
Total Revenues	<u>3,133,927</u>	<u>3,809,759</u>	<u>6,943,686</u>
Expenditures			
Current			
General government	698,260	-	698,260
Public safety	24,935	-	24,935
Culture and recreation	657,260	3,728	660,988
Housing and economic development	467,946	-	467,946
Miscellaneous	29,635	-	29,635
Capital outlay			
Public safety	-	980,830	980,830
Public works	-	4,179,887	4,179,887
Culture and recreation	141,696	2,006,761	2,148,457
Transit	-	2,106,834	2,106,834
Debt service			
Interest and other charges	-	12,532	12,532
Issuance fees	-	21,272	21,272
Total Expenditures	<u>2,019,732</u>	<u>9,311,844</u>	<u>11,331,576</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,114,195</u>	<u>(5,502,085)</u>	<u>(4,387,890)</u>
Other Financing Sources (Uses)			
Sale of capital assets	-	1,061,421	1,061,421
Transfers in	231,926	1,227,022	1,458,948
Debt issued	-	1,985,000	1,985,000
Transfers out	(1,199,705)	(2,482,724)	(3,682,429)
Bond premiums	-	236,826	236,826
Total Other Financing Sources (Uses)	<u>(967,779)</u>	<u>2,027,545</u>	<u>1,059,766</u>
Net Change in Fund Balances	146,416	(3,474,540)	(3,328,124)
Fund Balances, January 1, as previously reported	<u>2,518,607</u>	<u>2,797,035</u>	<u>5,315,642</u>
Change to the financial reporting entity (Note 9)			
Change from nonmajor to major fund	-	800,718	800,718
Change from major to nonmajor fund	-	2,930,339	2,930,339
Fund Balances, January 1, as adjusted	<u>2,518,607</u>	<u>6,528,092</u>	<u>9,046,699</u>
Fund Balances, December 31	<u>\$ 2,665,023</u>	<u>\$ 3,053,552</u>	<u>\$ 5,718,575</u>

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## NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Community Resource Center - accounts for financial activity associated with the operations of the City's Community Resource Center.

Motor Vehicle - accounts for the issuance of licenses for motor vehicles, drivers and recreational vehicles.

Communication - accounts for the use of franchise fees.

Library Gift - accounts for donations received specifically for library purposes.

G.W. Bunday - accounts for bequests restricted for library purposes.

Scriver Memorial - accounts for the investment income to purchase library books and materials.

L.J. Gustafson - accounts for bequests restricted for library purposes.

Myrtle Houston Trust - established with a bequest from the Myrtle Houston Revocable Trust. The funds are designated for children's programs at the library.

C.C Cloherty Endowed Book - the funds are designated for programs at the library.

Arts and Culture - accounts for community grants related to the fine arts.

Community Development Block Grant - accounts for the use of CDBG funds.

TZD Enforcement - accounts for the federal grants dollars used to develop areas for improving traffic safety initiatives.

Jefferson Square TIF - accounts for the financial activity associated with the TIF District.

Master Development TIF - accounts for the financial activity of TIF District No. 4.

Utility Franchise Fee - accounts for the financial activity related to the utility franchise fee.

Carbon Reduction - accounts for the financial activity related to the Carbon reduction.

Spring Creek TIF – accounts for the activity associated with the TIF District.

Aurora TIF – accounts for the activity associated with the TIF District.

Washington TIF – accounts for the activity associated with the TIF District.

Maple Brook TIF – accounts for the activity associated with the TIF District.

Spring Creek II TIF – accounts for the activity associated with the TIF District.

Kraewood TIF – accounts for the activity associated with the TIF District.

City of Northfield, Minnesota  
Nonmajor Special Revenue Funds  
Combining Balance Sheet (Continued on the Following Pages)  
December 31, 2024

	211 Community Resource Center	215 Motor Vehicle Fund	229 Communication Fund	240 Library Gift Fund	241 G.W. Bunday Fund	242 Scriver Memorial Fund
<b>Assets</b>						
Cash and temporary investments	\$ 39,633	\$ 472,260	\$ 342,285	\$ 43,374	\$ 28,622	\$ 153,349
Receivables						
Interest	18	2,005	1,741	173	102	575
Delinquent taxes	244	-	-	-	-	-
Accounts	2,705	5,541	45,291	-	-	-
Leases	93,679	-	-	-	-	-
Intergovernmental	62	-	-	-	-	-
Prepaid items	-	1,784	2,132	-	-	-
<b>Total Assets</b>	<u>\$ 136,341</u>	<u>\$ 481,590</u>	<u>\$ 391,449</u>	<u>\$ 43,547</u>	<u>\$ 28,724</u>	<u>\$ 153,924</u>
<b>Liabilities</b>						
Accounts payable	\$ 153,699	\$ -	\$ 8,556	\$ 282	\$ -	\$ 28
Due to other governments	-	71,531	-	-	-	-
Accrued wages payable	-	6,521	6,118	-	-	-
Due to other funds	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>153,699</u>	<u>78,052</u>	<u>14,674</u>	<u>282</u>	<u>-</u>	<u>28</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue						
Taxes	244	-	-	-	-	-
Deferred lease resources	87,897	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>88,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>						
Nonspendable						
Prepaid items	-	1,784	2,132	-	-	-
Restricted						
Library	-	-	-	43,265	28,724	153,896
Public safety activities	-	-	-	-	-	-
Arts and culture	-	-	-	-	-	-
Redevelopment and housing	-	-	-	-	-	-
Committed						
Carbon reduction	-	-	-	-	-	-
Future projects	-	-	-	-	-	-
Communications	-	-	374,643	-	-	-
Motor vehicle operations	-	401,754	-	-	-	-
Unassigned	(105,499)	-	-	-	-	-
<b>Total Fund Balances</b>	<u>(105,499)</u>	<u>403,538</u>	<u>376,775</u>	<u>43,265</u>	<u>28,724</u>	<u>153,896</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 136,341</u>	<u>\$ 481,590</u>	<u>\$ 391,449</u>	<u>\$ 43,547</u>	<u>\$ 28,724</u>	<u>\$ 153,924</u>

<b>243</b> L.J. Gustafson Fund	<b>244</b> Myrtle Houston Fund	<b>245</b> C.C. Cloherty Endowed Book Fund	<b>246</b> Arts and Culture Fund	<b>250</b> Community Development Block Grant Fund	<b>252</b> TZD Enforcement Fund	<b>271</b> Jefferson Square TIF Fund	<b>270</b> Master Development TIF Fund
\$ 30,210	\$ 44,589	\$ 14,834	\$ 262,438	\$ -	\$ 27,645	\$ 28,451	\$ 44,678
114	170	51	531	-	36	78	2
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	74,032	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 30,324</u>	<u>\$ 44,759</u>	<u>\$ 14,885</u>	<u>\$ 262,969</u>	<u>\$ 74,032</u>	<u>\$ 27,681</u>	<u>\$ 28,529</u>	<u>\$ 44,680</u>
\$ 74	\$ -	\$ 57	\$ -	\$ 29,300	\$ -	\$ 8,888	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	44,315	-	-	-
<u>74</u>	<u>-</u>	<u>57</u>	<u>-</u>	<u>73,615</u>	<u>-</u>	<u>8,888</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
30,250	44,759	14,828	-	-	-	-	-
-	-	-	-	-	27,681	-	-
-	-	-	262,969	-	-	-	-
-	-	-	-	-	-	19,641	44,680
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	417	-	-	-
<u>30,250</u>	<u>44,759</u>	<u>14,828</u>	<u>262,969</u>	<u>417</u>	<u>27,681</u>	<u>19,641</u>	<u>44,680</u>
<u>\$ 30,324</u>	<u>\$ 44,759</u>	<u>\$ 14,885</u>	<u>\$ 262,969</u>	<u>\$ 74,032</u>	<u>\$ 27,681</u>	<u>\$ 28,529</u>	<u>\$ 44,680</u>

City of Northfield, Minnesota  
Nonmajor Special Revenue Funds  
Combining Balance Sheet (Continued)  
December 31, 2024

	<b>255</b> Utility Franchise Fee Fund	<b>257</b> Carbon Reduction Fund	<b>385</b> Spring Creek TIF Fund	<b>386</b> Aurora TIF Fund	<b>387</b> Washington TIF Fund	<b>388</b> Maple Brook TIF Fund
<b>Assets</b>						
Cash and temporary investments	\$ 702,353	\$ 243,111	\$ 46,280	\$ 53,027	\$ 95,393	\$ 46,077
Receivables						
Interest	4,390	676	118	103	110	61
Delinquent taxes	-	-	-	-	-	-
Accounts	344,712	-	-	-	-	-
Leases	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 1,051,455</u>	<u>\$ 243,787</u>	<u>\$ 46,398</u>	<u>\$ 53,130</u>	<u>\$ 95,503</u>	<u>\$ 46,138</u>
<b>Liabilities</b>						
Accounts payable	\$ 100,347	\$ 159	\$ 15,565	\$ 14,879	\$ 78,469	\$ 36,479
Due to other governments	-	-	-	-	-	-
Accrued wages payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>100,347</u>	<u>159</u>	<u>15,565</u>	<u>14,879</u>	<u>78,469</u>	<u>36,479</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue						
Taxes	-	-	-	-	-	-
Deferred lease resources	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>						
Nonspendable						
Prepaid items	-	-	-	-	-	-
Restricted						
Library	-	-	-	-	-	-
Public safety activities	-	-	-	-	-	-
Arts and culture	-	-	-	-	-	-
Redevelopment and housing	-	-	30,833	38,251	17,034	9,659
Committed						
Carbon reduction	-	243,628	-	-	-	-
Future projects	951,108	-	-	-	-	-
Motor vehicle operations	-	-	-	-	-	-
Motor vehicle operations	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total Fund Balances</b>	<u>951,108</u>	<u>243,628</u>	<u>30,833</u>	<u>38,251</u>	<u>17,034</u>	<u>9,659</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 1,051,455</u>	<u>\$ 243,787</u>	<u>\$ 46,398</u>	<u>\$ 53,130</u>	<u>\$ 95,503</u>	<u>\$ 46,138</u>

<b>389</b>	<b>390</b>	
Spring Creek II TIF Fund	Kraewood TIF Fund	Total
\$ 732	\$ 30,321	\$ 2,749,662
-	36	11,090
-	-	244
-	-	398,249
-	-	93,679
-	-	74,094
-	-	3,916
<u>\$ 732</u>	<u>\$ 30,357</u>	<u>\$ 3,330,934</u>
\$ 2,503	\$ -	\$ 449,285
-	-	71,531
-	-	12,639
-	-	44,315
<u>2,503</u>	<u>-</u>	<u>577,770</u>
-	-	244
-	-	87,897
<u>-</u>	<u>-</u>	<u>88,141</u>
-	-	3,916
-	-	315,722
-	-	27,681
-	-	262,969
-	30,357	190,455
-	-	243,628
-	-	951,108
-	-	374,643
-	-	401,754
(1,771)	-	(106,853)
<u>(1,771)</u>	<u>30,357</u>	<u>2,665,023</u>
<u>\$ 732</u>	<u>\$ 30,357</u>	<u>\$ 3,330,934</u>

**City of Northfield, Minnesota**  
**Nonmajor Special Revenue Funds**  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued on the Following Pages)  
For the Year Ended December 31, 2024

	<b>211</b> Community Resource Center	<b>215</b> Motor Vehicle Fund	<b>229</b> Communication Fund	<b>240</b> Library Gift Fund	<b>241</b> G.W. Bunday Fund	<b>242</b> Scriver Memorial Fund
<b>Revenues</b>						
Taxes						
Property taxes	\$ 195,253	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment	-	-	-	-	-	-
Franchise fees	-	-	161,370	-	-	-
Intergovernmental						
Federal	-	-	-	-	-	-
Charges for services						
General government	-	354,342	-	-	-	-
Communication	-	-	28,630	-	-	-
Culture and recreation	339,171	-	-	-	-	-
Investment earnings	6,123	20,175	13,641	2,392	2,841	4,611
Miscellaneous						
Contributions and donations	-	-	-	92,486	-	-
Other	-	213	-	-	-	-
Total Revenues	<u>540,547</u>	<u>374,730</u>	<u>203,641</u>	<u>94,878</u>	<u>2,841</u>	<u>4,611</u>
<b>Expenditures</b>						
Current						
General government	-	274,947	423,313	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	537,144	-	-	99,330	-	577
Housing and economic development	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay						
Culture and recreation	141,696	-	-	-	-	-
Total Expenditures	<u>678,840</u>	<u>274,947</u>	<u>423,313</u>	<u>99,330</u>	<u>-</u>	<u>577</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(138,293)</u>	<u>99,783</u>	<u>(219,672)</u>	<u>(4,452)</u>	<u>2,841</u>	<u>4,034</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(138,293)	99,783	(219,672)	(4,452)	2,841	4,034
Fund Balances, January 1	<u>32,794</u>	<u>303,755</u>	<u>596,447</u>	<u>47,717</u>	<u>25,883</u>	<u>149,862</u>
Fund Balances, December 31	<u>\$ (105,499)</u>	<u>\$ 403,538</u>	<u>\$ 376,775</u>	<u>\$ 43,265</u>	<u>\$ 28,724</u>	<u>\$ 153,896</u>

<b>243</b> L.J. Gustafson Fund	<b>244</b> Myrtle Houston Fund	<b>245</b> C.C. Cloherty Endowed Book Fund	<b>246</b> Arts and Culture Fund	<b>250</b> Community Development Block Grant Fund	<b>252</b> TZD Enforcement Fund	<b>271</b> Jefferson Square TIF Fund	<b>270</b> Master Development TIF Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	19,751	-
-	-	-	-	-	-	-	-
-	-	-	-	117,794	52,045	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,694	1,445	2,224	4,191	-	571	1,051	17,435
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,694</u>	<u>1,445</u>	<u>2,224</u>	<u>4,191</u>	<u>117,794</u>	<u>52,616</u>	<u>20,802</u>	<u>17,435</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	24,935	-	-
1,042	-	154	19,013	-	-	-	-
-	-	-	-	117,794	-	18,724	1,320
-	600	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,042</u>	<u>600</u>	<u>154</u>	<u>19,013</u>	<u>117,794</u>	<u>24,935</u>	<u>18,724</u>	<u>1,320</u>
<u>652</u>	<u>845</u>	<u>2,070</u>	<u>(14,822)</u>	<u>-</u>	<u>27,681</u>	<u>2,078</u>	<u>16,115</u>
-	-	-	132,221	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	<u>132,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
652	845	2,070	117,399	-	27,681	2,078	16,115
<u>29,598</u>	<u>43,914</u>	<u>12,758</u>	<u>145,570</u>	<u>417</u>	<u>-</u>	<u>17,563</u>	<u>28,565</u>
<u>\$ 30,250</u>	<u>\$ 44,759</u>	<u>\$ 14,828</u>	<u>\$ 262,969</u>	<u>\$ 417</u>	<u>\$ 27,681</u>	<u>\$ 19,641</u>	<u>\$ 44,680</u>

City of Northfield, Minnesota  
Nonmajor Special Revenue Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)  
For the Year Ended December 31, 2024

	<b>255</b> Utility Franchise Fee Fund	<b>257</b> Carbon Reduction Fund	<b>385</b> Spring Creek TIF Fund	<b>386</b> Aurora TIF Fund	<b>387</b> Washington TIF Fund	<b>388</b> Maple Brook TIF Fund
Revenues						
Taxes						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment	-	-	34,590	69,080	164,987	76,590
Franchise fees	1,246,313	-	-	-	-	-
Intergovernmental						
Federal	-	-	-	-	-	-
Charges for services						
General government	-	-	-	-	-	-
Communication	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Investment earnings	43,939	14,558	1,907	1,510	2,171	1,093
Miscellaneous						
Contributions and donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	<u>1,290,252</u>	<u>14,558</u>	<u>36,497</u>	<u>70,590</u>	<u>167,158</u>	<u>77,683</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Housing and economic development	-	11,171	32,082	47,685	157,799	73,879
Miscellaneous	-	29,035	-	-	-	-
Capital outlay						
Culture and recreation	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>40,206</u>	<u>32,082</u>	<u>47,685</u>	<u>157,799</u>	<u>73,879</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,290,252</u>	<u>(25,648)</u>	<u>4,415</u>	<u>22,905</u>	<u>9,359</u>	<u>3,804</u>
Other Financing Sources (Uses)						
Transfers in	-	99,705	-	-	-	-
Transfers out	(1,199,705)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(1,199,705)</u>	<u>99,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	90,547	74,057	4,415	22,905	9,359	3,804
Fund Balances, January 1	<u>860,561</u>	<u>169,571</u>	<u>26,418</u>	<u>15,346</u>	<u>7,675</u>	<u>5,855</u>
Fund Balances, December 31	<u>\$ 951,108</u>	<u>\$ 243,628</u>	<u>\$ 30,833</u>	<u>\$ 38,251</u>	<u>\$ 17,034</u>	<u>\$ 9,659</u>



<b>389</b>	<b>390</b>	
Spring Creek II TIF Fund	Kraewood TIF Fund	Total
\$ -	\$ -	\$ 195,253
5,563	31,600	402,161
-	-	1,407,683
-	-	169,839
-	-	354,342
-	-	28,630
-	-	339,171
44	533	144,149
-	-	92,486
-	-	213
<u>5,607</u>	<u>32,133</u>	<u>3,133,927</u>
-	-	698,260
-	-	24,935
-	-	657,260
6,547	945	467,946
-	-	29,635
-	-	141,696
<u>6,547</u>	<u>945</u>	<u>2,019,732</u>
<u>(940)</u>	<u>31,188</u>	<u>1,114,195</u>
-	-	231,926
-	-	(1,199,705)
-	-	(967,779)
(940)	31,188	146,416
<u>(831)</u>	<u>(831)</u>	<u>2,518,607</u>
<u>\$ (1,771)</u>	<u>\$ 30,357</u>	<u>\$ 2,665,023</u>

City of Northfield, Minnesota  
Community Resource Center  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended December 31, 2024  
With Comparative Actual Amounts for Year Ended December 31, 2023

	2024			2023
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Taxes				
Property taxes	\$ 195,156	\$ 195,253	\$ 97	\$ 196,401
Charges for services				
Culture and recreation	312,888	339,171	26,283	292,439
Investment earnings	1,000	6,123	5,123	6,391
Total Revenues	<u>509,044</u>	<u>540,547</u>	<u>31,503</u>	<u>495,231</u>
Expenditures				
Current				
Culture and recreation				
Supplies	126,000	106,313	19,687	112,981
Other services and charges	399,200	430,831	(31,631)	452,695
Capital outlay				
Culture and recreation	-	141,696	(141,696)	74,469
Debt service				
Principal	-	-	-	55,056
Interest and other charges	-	-	-	1,546
Total Expenditures	<u>525,200</u>	<u>678,840</u>	<u>(153,640)</u>	<u>696,747</u>
Net Change in Fund Balances	(16,156)	(138,293)	(122,137)	(201,516)
Fund Balances, January 1	<u>32,794</u>	<u>32,794</u>	<u>-</u>	<u>234,310</u>
Fund Balances, December 31	<u>\$ 16,638</u>	<u>\$ (105,499)</u>	<u>\$ (122,137)</u>	<u>\$ 32,794</u>

City of Northfield, Minnesota  
Motor Vehicle Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended December 31, 2024  
With Comparative Actual Amounts for Year Ended December 31, 2023

	2024			2023
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Charges for services				
General government	\$ 274,400	\$ 354,342	\$ 79,942	\$ 269,558
Investment earnings	3,000	20,175	17,175	30,772
Miscellaneous	-	213	213	32,445
Total Revenues	<u>277,400</u>	<u>374,730</u>	<u>97,330</u>	<u>332,775</u>
Expenditures				
Current				
General government				
Personal services	246,454	247,340	(886)	239,022
Supplies	2,500	1,197	1,303	1,545
Other services and charges	27,197	26,410	787	24,515
Total Expenditures	<u>276,151</u>	<u>274,947</u>	<u>1,204</u>	<u>265,082</u>
Net Change in Fund Balances	1,249	99,783	98,534	67,693
Fund Balances, January 1	<u>303,755</u>	<u>303,755</u>	<u>-</u>	<u>236,062</u>
Fund Balances, December 31	<u>\$ 305,004</u>	<u>\$ 403,538</u>	<u>\$ 98,534</u>	<u>\$ 303,755</u>

City of Northfield, Minnesota  
Communication Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended December 31, 2024  
With Comparative Actual Amounts for Year Ended December 31, 2023

	2024			2023
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Taxes				
Franchise fees	\$ 186,000	\$ 161,370	\$ (24,630)	\$ 194,617
Charges for service	46,000	28,630	(17,370)	36,880
Investment earnings	10,000	13,641	3,641	44,922
Total Revenues	<u>242,000</u>	<u>203,641</u>	<u>(38,359)</u>	<u>276,419</u>
Expenditures				
Current				
General government				
Personal services	218,575	214,337	4,238	200,250
Supplies	10,500	2,475	8,025	1,154
Other services and charges	230,248	206,501	23,747	177,845
Total Expenditures	<u>459,323</u>	<u>423,313</u>	<u>36,010</u>	<u>379,249</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(217,323)	(219,672)	(2,349)	(102,830)
Other Financing Sources (Uses)				
Transfers out	<u>(46,267)</u>	<u>-</u>	<u>46,267</u>	<u>-</u>
Net Change in Fund Balances	(263,590)	(219,672)	43,918	(102,830)
Fund Balances, January 1	<u>596,447</u>	<u>596,447</u>	<u>-</u>	<u>699,277</u>
Fund Balances, December 31	<u>\$ 332,857</u>	<u>\$ 376,775</u>	<u>\$ 43,918</u>	<u>\$ 596,447</u>

City of Northfield, Minnesota  
Library Gift Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended December 31, 2024  
With Comparative Actual Amounts for Year Ended December 31, 2023

	2024			2023
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$ 500	\$ 2,392	\$ 1,892	\$ 3,603
Contributions and donations	12,000	92,486	80,486	95,875
Total Revenues	<u>12,500</u>	<u>94,878</u>	<u>82,378</u>	<u>99,478</u>
Expenditures				
Current				
Culture and recreation				
Other services and charges	<u>12,500</u>	<u>99,330</u>	<u>(86,830)</u>	<u>98,616</u>
Net Change in Fund Balances	-	(4,452)	(4,452)	862
Fund Balances, January 1	<u>47,717</u>	<u>47,717</u>	<u>-</u>	<u>46,855</u>
Fund Balances, December 31	<u>\$ 47,717</u>	<u>\$ 43,265</u>	<u>\$ (4,452)</u>	<u>\$ 47,717</u>

City of Northfield, Minnesota  
G.W. Bunday Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended December 31, 2024  
With Comparative Actual Amounts for Year Ended December 31, 2023

	2024			2023
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$          150	\$         2,841	\$         2,691	\$         1,735
Expenditures				
Current				
Culture and recreation				
Other services and charges	4,000	-	4,000	-
Net Change in Fund Balances	(3,850)	2,841	6,691	1,735
Fund Balances, January 1	25,883	25,883	-	24,148
Fund Balances, December 31	\$      22,033	\$      28,724	\$         6,691	\$      25,883

City of Northfield, Minnesota  
 Scriver Memorial Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended December 31, 2024  
 With Comparative Actual Amounts for Year Ended December 31, 2023

	2024			2023
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$ 750	\$ 4,611	\$ 3,861	\$ 10,049
Expenditures				
Current				
Culture and recreation				
Other services and charges	750	577	173	566
Net Change in Fund Balances	-	4,034	4,034	9,483
Fund Balances, January 1	149,862	149,862	-	140,379
Fund Balances, December 31	<u>\$ 149,862</u>	<u>\$ 153,896</u>	<u>\$ 4,034</u>	<u>\$ 149,862</u>

City of Northfield, Minnesota  
L.J. Gustafson Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended December 31, 2024  
With Comparative Actual Amounts for Year Ended December 31, 2023

	2024			2023
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$ 200	\$ 1,694	\$ 1,494	\$ 1,980
Expenditures				
Current				
Culture and recreation				
Other services and charges	1,500	1,042	458	22
Net Change in Fund Balances	(1,300)	652	1,952	1,958
Fund Balances, January 1	29,598	29,598	-	27,640
Fund Balances, December 31	<u>\$ 28,298</u>	<u>\$ 30,250</u>	<u>\$ 1,952</u>	<u>\$ 29,598</u>



City of Northfield, Minnesota  
Myrtle Houston Trust Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended December 31, 2024  
With Comparative Actual Amounts for Year Ended December 31, 2023

	2024			2023
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$ 250	\$ 1,445	\$ 1,195	\$ 2,938
Expenditures				
Current				
Miscellaneous				
Other services and charges	1,000	600	400	-
Net Change in Fund Balances	(750)	845	1,595	2,938
Fund Balances, January 1	43,914	43,914	-	40,976
Fund Balances, December 31	<u>\$ 43,164</u>	<u>\$ 44,759</u>	<u>\$ 1,595</u>	<u>\$ 43,914</u>

City of Northfield, Minnesota  
C.C. Cloherty Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended December 31, 2024  
With Comparative Actual Amounts for Year Ended December 31, 2023

		2024		2023
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$ 200	\$ 2,224	\$ 2,024	\$ 866
Expenditures				
Current				
Culture and recreation				
Other services and charges	200	154	46	207
Net Change in Fund Balances	-	2,070	2,070	659
Fund Balances, January 1	12,758	12,758	-	12,099
Fund Balances, December 31	<u>\$ 12,758</u>	<u>\$ 14,828</u>	<u>\$ 2,070</u>	<u>\$ 12,758</u>

City of Northfield, Minnesota  
Community Development Block Grant (CDBG) Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended December 31, 2024  
With Comparative Actual Amounts for Year Ended December 31, 2023

		2024		2023
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Intergovernmental				
Federal	\$ 52,720	\$ 117,794	\$ 65,074	\$ 95,069
Expenditures				
Current				
Housing and economic development				
Other services and charges	52,720	117,794	(65,074)	95,069
Net Change in Fund Balances	-	-	-	-
Fund Balances, January 1	417	417	-	417
Fund Balances, December 31	\$ 417	\$ 417	\$ -	\$ 417

City of Northfield, Minnesota  
Master Development Tax Increment Financing Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended December 31, 2024  
With Comparative Actual Amounts for Year Ended December 31, 2023

	2024			2023
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$ 500	\$ 17,435	\$ 16,935	\$ 3,359
Expenditures				
Current				
Housing and economic development				
Other services and charges	-	1,320	(1,320)	831
Net Change in Fund Balances	500	16,115	15,615	2,528
Fund Balances, January 1	28,565	28,565	-	26,037
Fund Balances, December 31	<u>\$ 29,065</u>	<u>\$ 44,680</u>	<u>\$ 15,615</u>	<u>\$ 28,565</u>

## NONMAJOR CAPITAL PROJECT FUNDS

The Capital Project Funds account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

2018 Capital Project - accounts for projects financed by the 2018A bond issue.

2020 Capital Project - accounts for projects financed by the 2020A bond issue.

2021 Capital Project - accounts for projects financed by the 2021A bond issue.

2022 Capital Project - accounts for projects financed by the 2022A bond issue.

2023 Capital Project - accounts for projects financed by the 2023 bond issue.

2025 Capital Project - accounts for projects to be financed by a future 2025 bond issue.

2026 Capital Project - accounts for projects to be financed by a future 2026 bond issue.

Park - accounts for park dedication fees and other contributions for park purposes.

Fire Replacement - accounts for the accumulation of resources for fire equipment purposes.

City Facilities - accounts for the accumulation of resources for city facility purposes.

Equipment and Vehicle Replacement - accounts for the accumulation of resources to be used for City vehicle and equipment replacement purposes.

Hauberg Park - accounts for donations received for future park improvements.

Mill Town Trail - accounts for the funding and project costs for the trail project.

Ice Arena Construction – accounts for the funding and project costs for the ice arena.

Public Safety Center Project - accounts for the funding and project costs for the Public Safety Center Project.

Capital Reserve - accounts for monies set aside to help finance future City facilities and other capital improvements.

City of Northfield, Minnesota  
Nonmajor Capital Projects Funds  
Combining Balance Sheet (Continued on the Following Page)  
December 31, 2024

	423	424 <i>Formerly Major</i>	426	427	451
	2022 Capital Project Fund	2023 Capital Project Fund	2025 Capital Project Fund	2026 Capital Project Fund	Park Fund
<b>Assets</b>					
Cash and temporary investments	\$ -	\$ 410,385	\$ -	\$ -	\$ 1,287,640
Receivables					
Interest	-	6,376	-	-	3,464
Special assessments					
Noncurrent	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Land held for resale	-	-	-	-	-
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 416,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,291,104</u>
<b>Liabilities</b>					
Accounts payable	\$ 6,379	\$ 186,488	\$ 65,160	\$ 46,083	\$ 3,413
Contracts payable	11,943	106,572	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	145,205	-	1,182,572	107,873	-
Advance from other funds	-	-	-	-	-
<b>Total Liabilities</b>	<u>163,527</u>	<u>293,060</u>	<u>1,247,732</u>	<u>153,956</u>	<u>3,413</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue					
Special assessments	-	-	-	-	-
<b>Fund Balances</b>					
Restricted					
Capital projects	-	123,701	-	-	1,287,691
Assigned					
Capital projects	-	-	-	-	-
Unassigned	(163,527)	-	(1,247,732)	(153,956)	-
<b>Total Fund Balance</b>	<u>(163,527)</u>	<u>123,701</u>	<u>(1,247,732)</u>	<u>(153,956)</u>	<u>1,287,691</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ -</u>	<u>\$ 416,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,291,104</u>

454	455	456	458	459	460	475	
City Facilities Fund	Equipment and Vehicle Replacement	Hauberg Park	Mill Town Trail	Ice Arena Construction	Public Safety Center Project	Capital Reserve Fund	Total
\$ 1,212,158	\$ 1,626,604	\$ 13,242	\$ -	\$ 132,150	\$ 3,500	\$ 803,872	\$ 5,489,551
3,287	3,401	48	-	-	-	3,266	19,842
-	-	-	-	-	-	175,122	175,122
429,657	-	-	168,280	-	-	895	598,832
-	-	-	-	-	-	49,937	49,937
<u>\$ 1,645,102</u>	<u>\$ 1,630,005</u>	<u>\$ 13,290</u>	<u>\$ 168,280</u>	<u>\$ 132,150</u>	<u>\$ 3,500</u>	<u>\$ 1,033,092</u>	<u>\$ 6,333,284</u>
\$ 224,509	\$ 175,328	\$ -	\$ 15,947	\$ 347,725	\$ 3,500	\$ -	\$ 1,074,532
97,100	-	-	-	-	-	-	215,615
-	-	-	-	-	-	74,720	74,720
-	-	-	160,850	-	-	-	1,596,500
143,243	-	-	-	-	-	-	143,243
<u>464,852</u>	<u>175,328</u>	<u>-</u>	<u>176,797</u>	<u>347,725</u>	<u>3,500</u>	<u>74,720</u>	<u>3,104,610</u>
-	-	-	-	-	-	175,122	175,122
-	-	-	-	-	-	-	1,411,392
1,180,250	1,454,677	13,290	-	-	-	783,250	3,431,467
-	-	-	(8,517)	(215,575)	-	-	(1,789,307)
<u>1,180,250</u>	<u>1,454,677</u>	<u>13,290</u>	<u>(8,517)</u>	<u>(215,575)</u>	<u>-</u>	<u>783,250</u>	<u>3,053,552</u>
<u>\$ 1,645,102</u>	<u>\$ 1,630,005</u>	<u>\$ 13,290</u>	<u>\$ 168,280</u>	<u>\$ 132,150</u>	<u>\$ 3,500</u>	<u>\$ 1,033,092</u>	<u>\$ 6,333,284</u>

City of Northfield, Minnesota  
Nonmajor Capital Projects Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued on the Following Pages)  
For the Year Ended December 31, 2024

	419	421	422	423	424 <i>Formerly Major</i>
	2018 Capital Project Fund	2020 Capital Project Fund	2021 Capital Project Fund	2022 Capital Project Fund	2023 Capital Project Fund
Revenues					
Taxes					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental					
State	-	-	-	-	-
Charges for services					
Culture and recreation	-	-	-	-	-
Investment earnings	-	47,449	34,973	-	66,825
Miscellaneous					
Other	-	-	-	-	-
Contributions and donations	-	-	-	-	-
Total Revenues	<u>-</u>	<u>47,449</u>	<u>34,973</u>	<u>-</u>	<u>66,825</u>
Expenditures					
Current					
Culture and recreation	-	-	-	-	-
Capital outlay					
Public safety	-	-	-	-	-
Public works	-	-	-	405,316	2,873,463
Culture and recreation	-	-	-	-	-
Transit	-	-	-	-	-
Debt service					
Interest and other	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>405,316</u>	<u>2,873,463</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>47,449</u>	<u>34,973</u>	<u>(405,316)</u>	<u>(2,806,638)</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	457,515	-
Transfers out	(67,760)	(743,251)	(742,310)	-	-
Bond premiums	-	-	-	-	-
Bonds issued	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(67,760)</u>	<u>(743,251)</u>	<u>(742,310)</u>	<u>457,515</u>	<u>-</u>
Net Change in Fund Balances	<u>(67,760)</u>	<u>(695,802)</u>	<u>(707,337)</u>	<u>52,199</u>	<u>(2,806,638)</u>
Fund Balances, January 1, as previously presented	67,760	695,802	707,337	(215,726)	-
Change to the financial reporting entity (Note 9)					
Change from nonmajor to major fund	-	-	-	-	-
Change from major to nonmajor fund	-	-	-	-	2,930,339
Fund Balances, January 1, as restated	<u>67,760</u>	<u>695,802</u>	<u>707,337</u>	<u>(215,726)</u>	<u>2,930,339</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (163,527)</u>	<u>\$ 123,701</u>



<b>425</b> <i>Formerly Nonmajor</i> 2024 Capital Project Fund	<b>426</b> 2025 Capital Project Fund	<b>427</b> 2026 Capital Project Fund	<b>451</b> Park Fund	<b>453</b> Fire Replacement Fund	<b>454</b> City Facilities Fund	<b>455</b> Equipment and Vehicle Replacement	<b>456</b> Hauberg Park
	\$ -	\$ -	\$ 303,863	\$ -	\$ 274,867	\$ 424,624	\$ -
	-	-	-	-	1,666,119	-	-
	-	-	4,975	-	-	-	-
	-	-	41,678	3,688	7,369	19,797	537
	-	-	-	-	-	-	1,222
	-	-	170,000	-	-	-	-
	-	-	520,516	3,688	1,948,355	444,421	1,759
	-	-	-	-	-	-	-
	-	-	3,728	-	-	-	-
	-	-	-	-	-	800,586	-
	353,264	153,956	-	-	-	393,888	-
	-	-	25,344	-	-	179,118	-
	-	-	-	-	2,106,834	-	-
	-	-	-	-	3,213	9,319	-
	-	-	-	-	15,685	5,587	-
	353,264	153,956	29,072	-	2,125,732	1,388,498	-
	(353,264)	(153,956)	491,444	3,688	(177,377)	(944,077)	1,759
	-	-	-	-	-	36,421	-
	-	-	-	-	293,322	476,185	-
	(457,515)	-	-	(88,828)	-	-	-
	-	-	-	-	112,515	124,311	-
	-	-	-	-	905,000	1,080,000	-
	(457,515)	-	-	(88,828)	1,310,837	1,716,917	-
	(810,779)	(153,956)	491,444	(85,140)	1,133,460	772,840	1,759
(800,718)	(436,953)	-	796,247	85,140	46,790	681,837	11,531
800,718	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(436,953)	-	796,247	85,140	46,790	681,837	11,531
	\$ (1,247,732)	\$ (153,956)	\$ 1,287,691	\$ -	\$ 1,180,250	\$ 1,454,677	\$ 13,290

City of Northfield, Minnesota  
Nonmajor Capital Projects Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
For the Year Ended December 31, 2024

	458	459	460	475	
	Mill Town Trail	Ice Arena Construction	Public Safety Center Project	Capital Reserve Fund	Total
Revenues					
Taxes					
Property taxes	\$ -	\$ -	\$ -	\$ 78,739	\$ 1,082,093
Intergovernmental					
State	608,673	-	-	-	2,274,792
Charges for services					
Culture and recreation	-	-	-	-	4,975
Investment earnings	-	-	18,507	35,854	276,677
Miscellaneous					
Other	-	-	-	-	1,222
Contributions and donations	-	-	-	-	170,000
Total Revenues	<u>608,673</u>	<u>-</u>	<u>18,507</u>	<u>114,593</u>	<u>3,809,759</u>
Expenditures					
Current					
Culture and recreation	-	-	-	-	3,728
Capital outlay					
Public safety	-	-	152,244	28,000	980,830
Public works	-	-	-	-	4,179,887
Culture and recreation	561,724	1,240,575	-	-	2,006,761
Transit	-	0	-	-	2,106,834
Debt service					
Interest and other	-	-	-	-	12,532
Bond issuance costs	-	-	-	-	21,272
Total Expenditures	<u>561,724</u>	<u>1,240,575</u>	<u>152,244</u>	<u>28,000</u>	<u>9,311,844</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>46,949</u>	<u>(1,240,575)</u>	<u>(133,737)</u>	<u>86,593</u>	<u>(5,502,085)</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	1,025,000	-	-	1,061,421
Transfers in	-	-	-	-	1,227,022
Transfers out	-	-	(293,322)	(89,738)	(2,482,724)
Bond premiums	-	-	-	-	236,826
Bonds issued	-	-	-	-	1,985,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,025,000</u>	<u>(293,322)</u>	<u>(89,738)</u>	<u>2,027,545</u>
Net Change in Fund Balances	<u>46,949</u>	<u>(215,575)</u>	<u>(427,059)</u>	<u>(3,145)</u>	<u>(3,474,540)</u>
Fund Balances, January 1, as previously presented	(55,466)	-	427,059	786,395	2,797,035
Change to the financial reporting entity (Note 9)					
Change from nonmajor to major fund	-	-	-	-	800,718
Change from major to nonmajor fund	-	-	-	-	2,930,339
Fund Balances, January 1, as restated	<u>(55,466)</u>	<u>-</u>	<u>427,059</u>	<u>786,395</u>	<u>6,528,092</u>
Fund Balances, December 31	<u>\$ (8,517)</u>	<u>\$ (215,575)</u>	<u>\$ -</u>	<u>\$ 783,250</u>	<u>\$ 3,053,552</u>

## **THE GENERAL FUND**

The General fund is used to account for resources traditionally associated with the City which are not required legally or by sound financial management to be accounted for in another fund.

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City of Northfield, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued on Following Pages)  
For the Year Ended December 31, 2024  
With Comparative Actual Amounts for Year Ended December 31, 2023

	2024			2023	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 10,474,317	\$ 10,474,317	\$ 10,483,931	\$ 9,614	\$ 10,171,986
Hotel-motel tax	150,000	150,000	200,779	50,779	206,269
Total taxes	<u>10,624,317</u>	<u>10,624,317</u>	<u>10,684,710</u>	<u>60,393</u>	<u>10,378,255</u>
Licenses and permits					
Business	80,200	80,200	97,642	17,442	89,376
Nonbusiness	565,000	565,000	613,504	48,504	832,183
Total licenses and permits	<u>645,200</u>	<u>645,200</u>	<u>711,146</u>	<u>65,946</u>	<u>921,559</u>
Intergovernmental					
Federal					
Other	-	-	34,959	34,959	20,413
State					
Local government aid	3,862,310	3,862,310	3,862,310	-	3,346,845
Property tax credits	-	-	419	419	382
Street maintenance aid	205,000	205,000	266,024	61,024	243,888
Fire aid	193,455	193,455	247,678	54,223	219,718
Police aid	224,535	224,535	300,582	76,047	264,976
Other state aid	39,691	39,691	127,817	88,126	979,425
County					
Library aid	192,239	192,239	219,181	26,942	203,239
Highway	12,500	12,500	-	(12,500)	-
Total intergovernmental	<u>4,729,730</u>	<u>4,729,730</u>	<u>5,058,970</u>	<u>329,240</u>	<u>5,278,886</u>
Charges for services					
General government	958,258	958,258	955,216	(3,042)	889,730
Public safety	67,000	67,000	65,310	(1,690)	75,594
Streets and highways	144,850	144,850	556,840	411,990	92,216
Culture and recreation	362,600	362,600	394,378	31,778	347,650
Total charges for services	<u>1,532,708</u>	<u>1,532,708</u>	<u>1,971,744</u>	<u>439,036</u>	<u>1,405,190</u>
Fines and forfeits	<u>58,500</u>	<u>58,500</u>	<u>114,144</u>	<u>55,644</u>	<u>105,160</u>
Investment earnings	<u>300,000</u>	<u>300,000</u>	<u>334,511</u>	<u>34,511</u>	<u>540,657</u>
Miscellaneous					
Contributions and donations	139,023	1,477	4,266	2,789	4,259
Other	11,500	11,500	148,302	136,802	12,025
Total miscellaneous	<u>150,523</u>	<u>12,977</u>	<u>152,568</u>	<u>139,591</u>	<u>16,284</u>
Total Revenues	<u>18,040,978</u>	<u>17,903,432</u>	<u>19,027,793</u>	<u>1,124,361</u>	<u>18,645,991</u>

City of Northfield, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For the Year Ended December 31, 2024  
With Comparative Actual Amounts for Year Ended December 31, 2023

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and Council					
Personal services	\$ 79,502	\$ 79,502	\$ 79,473	\$ 29	\$ 77,724
Supplies	3,030	3,030	2,481	549	5,723
Other services and charges	314,312	314,312	263,375	50,937	272,277
Total Mayor and Council	396,844	396,844	345,329	51,515	355,724
City clerk					
Personal services	250,070	250,070	273,460	(23,390)	225,150
Supplies	1,400	1,400	124	1,276	224
Other services and charges	37,261	37,261	13,607	23,654	13,696
Total City Clerk	288,731	288,731	287,191	1,540	239,070
Administration					
Personal services	344,593	344,593	353,788	(9,195)	334,360
Supplies	4,000	4,000	975	3,025	921
Other services and charges	341,836	341,836	297,598	44,238	329,125
Total administration	690,429	690,429	652,361	38,068	664,406
Finance					
Personal services	507,303	507,303	510,007	(2,704)	509,115
Supplies	4,000	4,000	3,022	978	3,284
Other services and charges	169,212	169,212	101,560	67,652	112,415
Total finance	680,515	680,515	614,589	65,926	624,814
Elections					
Personal services	93,230	93,230	82,622	10,608	766
Supplies	4,000	4,000	2,720	1,280	186
Other services and charges	24,500	24,500	21,150	3,350	3,904
Total elections	121,730	121,730	106,492	15,238	4,856
Human resources					
Personal services	446,164	446,164	418,607	27,557	385,096
Supplies	2,497	2,497	2,613	(116)	2,285
Other services and charges	263,673	263,673	287,477	(23,804)	175,067
Total human resources	712,334	712,334	708,697	3,637	562,448
Community development					
Personal services	209,809	209,809	169,976	39,833	199,736
Supplies	3,000	3,000	3,833	(833)	1,221
Other services and charges	229,837	229,837	278,750	(48,913)	256,800
Total community development	442,646	442,646	452,559	(9,913)	457,757

City of Northfield, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For the Year Ended December 31, 2024  
With Comparative Actual Amounts for Year Ended December 31, 2023

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (Continued)					
General government (Continued)					
City Hall operations					
Supplies	\$ 56,300	\$ 56,300	\$ 65,955	\$ (9,655)	\$ 80,821
Other services and charges	100,217	100,217	105,062	(4,845)	68,170
Total City Hall operations	156,517	156,517	171,017	(14,500)	148,991
Planning and zoning					
Personal services	288,684	288,684	245,901	42,783	253,213
Supplies	300	300	556	(256)	-
Other services and charges	20,427	20,427	119,580	(99,153)	17,379
Total planning and zoning	309,411	309,411	366,037	(56,626)	270,592
Insurance	182,288	182,288	182,288	-	154,354
Total General Government	3,981,445	3,981,445	3,886,560	94,885	3,483,012
Public safety					
Police protection					
Personal services	4,912,973	4,912,973	5,125,430	(212,457)	4,668,087
Supplies	265,000	265,000	199,817	65,183	242,430
Other services and charges	517,177	517,177	470,378	46,799	413,149
Total police protection	5,695,150	5,695,150	5,795,625	(100,475)	5,323,666
Fire protection					
Personal services	193,455	193,455	247,678	(54,223)	219,718
Other services and charges	680,562	680,562	667,807	12,755	662,947
Total fire protection	874,017	874,017	915,485	(41,468)	882,665
Building inspection					
Personal services	522,055	522,055	440,908	81,147	406,355
Supplies	6,000	6,000	3,643	2,357	4,885
Other services and charges	42,289	42,289	34,833	7,456	28,426
Total building inspection	570,344	570,344	479,384	90,960	439,666
Total Public Safety	7,139,511	7,139,511	7,190,494	(50,983)	6,645,997
Public works					
Engineering					
Personal services	739,735	739,735	761,681	(21,946)	656,775
Supplies	15,850	15,850	14,856	994	10,524
Other services and charges	133,188	133,188	139,246	(6,058)	204,392
Total engineering	888,773	888,773	915,783	(27,010)	871,691
Streets					
Personal services	1,211,739	1,211,739	1,124,205	87,534	1,109,276
Supplies	284,500	284,500	284,918	(418)	395,044
Other services and charges	599,819	599,819	718,974	(119,155)	623,364
Total streets	2,096,058	2,096,058	2,128,097	(32,039)	2,127,684

City of Northfield, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For the Year Ended December 31, 2024  
With Comparative Actual Amounts for Year Ended December 31, 2023

	2024			2023	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (Continued)					
Public works (Continued)					
Street lighting					
Supplies	\$ 35,000	\$ 35,000	\$ 29,629	\$ 5,371	\$ 32,159
Other services and charges	275,000	275,000	231,743	43,257	241,961
Total street lighting	310,000	310,000	261,372	48,628	274,120
Facilities					
Personal services	236,775	236,775	232,161	4,614	224,016
Supplies	49,900	49,900	49,283	617	36,464
Other services and charges	92,522	92,522	91,965	557	83,231
Total facilities	379,197	379,197	373,409	5,788	343,711
Total Public Works	3,674,028	3,674,028	3,678,661	(4,633)	3,617,206
Culture and recreation					
Ice arena					
Personal services	134,488	134,488	142,043	(7,555)	133,427
Supplies	39,350	39,350	44,917	(5,567)	59,255
Other services and charges	135,986	135,986	110,340	25,646	123,873
Total ice arena	309,824	309,824	297,300	12,524	316,555
Swimming pool					
Personal services	125,829	125,829	126,082	(253)	110,118
Supplies	59,500	59,500	50,585	8,915	50,369
Other services and charges	53,968	53,968	44,794	9,174	44,600
Total swimming pool	239,297	239,297	221,461	17,836	205,087
General parks					
Personal services	221,476	221,476	229,456	(7,980)	185,741
Supplies	65,500	65,500	66,621	(1,121)	64,006
Other services and charges	362,700	362,700	476,892	(114,192)	254,335
Total general parks	649,676	649,676	772,969	(123,293)	504,082
Recreation administration					
Personal services	118,328	118,328	124,639	(6,311)	116,954
Other services and charges	149,889	149,889	153,128	(3,239)	148,804
Total recreation administration	268,217	268,217	277,767	(9,550)	265,758
Library					
Personal services	1,444,706	1,444,706	1,530,137	(85,431)	1,329,078
Supplies	73,000	73,000	60,661	12,339	36,729
Other services and charges	464,609	464,609	452,751	11,858	401,245
Total library	1,982,315	1,982,315	2,043,549	(61,234)	1,767,052
Total Culture and Recreation	3,449,329	3,449,329	3,613,046	(163,717)	3,058,534



City of Northfield, Minnesota  
General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Continued)  
For the Year Ended December 31, 2024  
With Comparative Actual Amounts for Year Ended December 31, 2023

	2024			2023
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final		
Expenditures (Continued)				
Current (Continued)				
Miscellaneous				
Unallocated				
Other services and charges	\$ 147,400	\$ 147,400	\$ 186,007	\$ (38,607)
Total Current	18,391,713	18,391,713	18,554,768	(163,055)
Capital outlay				
General government	7,000	7,000	-	7,000
Public safety	-	-	-	-
Public works	3,000	3,000	-	3,000
Culture and recreation	14,000	14,000	208,874	(194,874)
Total capital outlay	24,000	24,000	208,874	(184,874)
Debt service				
Principal	12,000	12,000	-	12,000
Interest and other charges	1,806	1,806	-	1,806
Total debt service	13,806	13,806	-	13,806
Total Expenditures	18,429,519	18,429,519	18,763,642	(334,123)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(388,541)	(526,087)	264,151	790,238
Other Financing Sources (Uses)				
Sale of capital assets	-	-	1,821	1,821
Transfers in	215,000	215,000	210,000	(5,000)
Transfers out	(169,213)	(169,213)	(11,713)	157,500
Total Other Financing Sources (Uses)	45,787	45,787	200,108	154,321
Net Change in Fund Balances	(342,754)	(480,300)	464,259	944,559
Fund Balances, January 1	10,798,737	10,798,737	10,798,737	-
Fund Balances, December 31	\$ 10,455,983	\$ 10,318,437	\$ 11,262,996	\$ 944,559

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## **DEBT SERVICE FUNDS**

Debt Service funds are used to account 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.

City of Northfield, Minnesota  
Debt Service Funds  
Combining Balance Sheet (Continued on the Following Pages)  
December 31, 2024

	315	316	317	318	319
	2014A Bonds Fund	2015A Bonds Fund	2016C Bonds Fund	2017A Bonds Fund	2018B Bonds Fund
<b>Assets</b>					
Cash and temporary investments	\$ 161,273	\$ 253,924	\$ 296,529	\$ 200,282	\$ 331,756
Receivables					
Interest	445	696	1,077	579	648
Special assessments					
Current	1,103	26,375	13,732	58,401	54,523
Delinquent	240	-	-	-	-
Intergovernmental	-	-	-	-	-
Total Assets	<u>\$ 163,061</u>	<u>\$ 280,995</u>	<u>\$ 311,338</u>	<u>\$ 259,262</u>	<u>\$ 386,927</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Deferred Inflows of Resources</b>					
Unavailable revenue					
Special assessments	1,249	25,977	13,732	58,147	54,523
<b>Fund Balances</b>					
Restricted					
Debt service	<u>161,812</u>	<u>255,018</u>	<u>297,606</u>	<u>201,115</u>	<u>332,404</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 163,061</u>	<u>\$ 280,995</u>	<u>\$ 311,338</u>	<u>\$ 259,262</u>	<u>\$ 386,927</u>

<b>320</b>	<b>321</b>	<b>322</b>	<b>323</b>	<b>324</b>	<b>352</b> 2014A (2006A) Public Project Revenue Refunding Bonds
2019A Bonds Fund	2020A Bonds Fund	2021A Bonds Fund	2022A Bonds Fund	2023B Bonds Fund	
\$ 323,363	\$ 1,627,496	\$ 815,465	\$ 399,354	\$ 371,484	\$ 8,930
609	6,839	3,324	559	344	106
205,801	181,267	904,240	-	-	-
360	1,081	43,687	-	-	-
-	-	-	-	-	-
<u>\$ 530,133</u>	<u>\$ 1,816,683</u>	<u>\$ 1,766,716</u>	<u>\$ 399,913</u>	<u>\$ 371,828</u>	<u>\$ 9,036</u>
\$ -	\$ -	\$ 550	\$ -	\$ -	\$ -
205,693	181,721	893,636	-	-	-
<u>324,440</u>	<u>1,634,962</u>	<u>872,530</u>	<u>399,913</u>	<u>371,828</u>	<u>9,036</u>
<u>\$ 530,133</u>	<u>\$ 1,816,683</u>	<u>\$ 1,766,716</u>	<u>\$ 399,913</u>	<u>\$ 371,828</u>	<u>\$ 9,036</u>

City of Northfield, Minnesota  
Debt Service Funds  
Combining Balance Sheet (Continued)  
December 31, 2024

	354	357	358	359	360
	2012 COPS Debt Fund	2018A NAFRS Debt Service	2021 Equipment Certificates	2022 Equipment Certificates	2023B Equipment Certificates
Assets					
Cash and temporary investments	\$ 367,905	\$ 443,348	\$ 79,569	\$ 66,212	\$ 65,095
Receivables					
Interest	520	1,202	160	104	166
Special assessments					
Current	-	-	-	-	54
Delinquent	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Total Assets	<u>\$ 368,425</u>	<u>\$ 444,550</u>	<u>\$ 79,729</u>	<u>\$ 66,316</u>	<u>\$ 65,315</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Inflows of Resources					
Unavailable revenue					
Special assessments	-	-	-	-	-
Fund Balances					
Restricted					
Debt service	<u>368,425</u>	<u>444,550</u>	<u>79,729</u>	<u>66,316</u>	<u>65,315</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 368,425</u>	<u>\$ 444,550</u>	<u>\$ 79,729</u>	<u>\$ 66,316</u>	<u>\$ 65,315</u>

379	381	382	
2017B Refunding TIF Bonds	Hiley Neff TIF Bonds	Riverfront TIF Bonds	Total
\$ 256,137	\$ -	\$ 303,831	\$ 6,371,953
900	-	654	18,932
-	-	-	1,445,496
-	-	-	45,368
-	-	2,286	2,286
<u>\$ 257,037</u>	<u>\$ -</u>	<u>\$ 306,771</u>	<u>\$ 7,884,035</u>
\$ 265	\$ -	\$ 55,768	\$ 56,583
-	-	-	1,434,678
<u>256,772</u>	<u>-</u>	<u>251,003</u>	<u>6,392,774</u>
<u>\$ 257,037</u>	<u>\$ -</u>	<u>\$ 306,771</u>	<u>\$ 7,884,035</u>

**City of Northfield, Minnesota**

**Debt Service Funds**

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued on the Following Pages)  
For the Year Ended December 31, 2024

	<b>312</b>	<b>313</b>	<b>314</b>	<b>315</b>	<b>316</b>	<b>317</b>
	<b>2011A</b>	<b>2012A</b>	<b>2013A</b>	<b>2014A</b>	<b>2015A</b>	<b>2016C</b>
	<b>Bonds</b>	<b>Bonds</b>	<b>Bonds</b>	<b>Bonds</b>	<b>Bonds</b>	<b>Bonds</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>
<b>Revenues</b>						
Taxes						
Property taxes	\$ -	\$ -	\$ -	\$ 40,000	\$ 95,000	\$ 10,000
Tax increment	-	-	-	-	-	-
Special assessments	-	-	393	38,948	27,927	11,773
Investment earnings	-	-	2,674	4,878	7,908	11,365
Miscellaneous	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>3,067</u>	<u>83,826</u>	<u>130,835</u>	<u>33,138</u>
<b>Expenditures</b>						
Current						
Housing and economic development	-	-	-	-	-	-
Debt service						
Principal	-	-	85,000	125,000	165,000	80,000
Interest and other charges	-	-	2,488	6,225	9,345	5,951
Total Expenditures	<u>-</u>	<u>-</u>	<u>87,488</u>	<u>131,225</u>	<u>174,345</u>	<u>85,951</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(84,421)</u>	<u>(47,399)</u>	<u>(43,510)</u>	<u>(52,813)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	<u>(19,431)</u>	<u>(18,354)</u>	<u>(24,873)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(19,431)</u>	<u>(18,354)</u>	<u>(24,873)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(19,431)	(18,354)	(109,294)	(47,399)	(43,510)	(52,813)
Fund Balances, January 1	<u>19,431</u>	<u>18,354</u>	<u>109,294</u>	<u>209,211</u>	<u>298,528</u>	<u>350,419</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,812</u>	<u>\$ 255,018</u>	<u>\$ 297,606</u>



<b>318</b>	<b>319</b>	<b>320</b>	<b>321</b>	<b>322</b>	<b>323</b>	<b>324</b>	<b>352</b> 2014A (2006A) Public Project Revenue Refunding Bonds
2017A Bonds Fund	2018B Bonds Fund	2019A Bonds Fund	2020A Bonds Fund	2021A Bonds Fund	2022A Bonds Fund	2023B Bonds Fund	
\$ 55,000	\$ 180,000	\$ 215,000	\$ 390,000	\$ 129,000	\$ 393,300	\$ 634,500	\$ -
-	-	-	-	-	-	-	-
24,714	16,878	66,491	48,093	312,026	813	-	-
7,265	9,978	7,934	27,129	8,306	10,922	6,934	1,610
-	-	-	-	-	-	-	-
<u>86,979</u>	<u>206,856</u>	<u>289,425</u>	<u>465,222</u>	<u>449,332</u>	<u>405,035</u>	<u>641,434</u>	<u>1,610</u>
-	-	-	-	-	-	-	-
95,000	170,000	225,000	420,000	380,000	75,000	-	230,000
9,893	30,764	43,284	76,322	58,739	108,842	269,606	4,412
<u>104,893</u>	<u>200,764</u>	<u>268,284</u>	<u>496,322</u>	<u>438,739</u>	<u>183,842</u>	<u>269,606</u>	<u>234,412</u>
<u>(17,914)</u>	<u>6,092</u>	<u>21,141</u>	<u>(31,100)</u>	<u>10,593</u>	<u>221,193</u>	<u>371,828</u>	<u>(232,802)</u>
-	67,760	-	743,251	494,953	37,785	-	-
-	-	-	-	-	-	-	-
-	67,760	-	743,251	494,953	37,785	-	-
(17,914)	73,852	21,141	712,151	505,546	258,978	371,828	(232,802)
<u>219,029</u>	<u>258,552</u>	<u>303,299</u>	<u>922,811</u>	<u>366,984</u>	<u>140,935</u>	<u>-</u>	<u>241,838</u>
<u>\$ 201,115</u>	<u>\$ 332,404</u>	<u>\$ 324,440</u>	<u>\$ 1,634,962</u>	<u>\$ 872,530</u>	<u>\$ 399,913</u>	<u>\$ 371,828</u>	<u>\$ 9,036</u>

City of Northfield, Minnesota  
Debt Service Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)  
For the Year Ended December 31, 2024

	354	356	357	358	359
	2012 COPS Debt Fund	2016 Equipment Certificates	2018A NAFRS Debt Service	2021 Equipment Certificates	2022 Equipment Certificates
Revenues					
Taxes					
Property taxes	\$ 410,000	\$ -	\$ 185,000	\$ 60,500	\$ 38,320
Tax increment	-	-	-	-	28,380
Special assessments	-	-	-	-	-
Investment earnings	6,546	360	12,963	3,818	1,636
Miscellaneous	-	-	81,191	-	-
Total Revenues	<u>416,546</u>	<u>360</u>	<u>279,154</u>	<u>64,318</u>	<u>68,336</u>
Expenditures					
Current					
Housing and economic development	-	-	-	-	-
Debt service					
Principal	310,000	-	175,000	50,000	40,000
Interest and other	82,352	242	109,625	6,192	14,242
Total Expenditures	<u>392,352</u>	<u>242</u>	<u>284,625</u>	<u>56,192</u>	<u>54,242</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>24,194</u>	<u>118</u>	<u>(5,471)</u>	<u>8,126</u>	<u>14,094</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	(10,476)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(10,476)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	24,194	(10,358)	(5,471)	8,126	14,094
Fund Balances, January 1	<u>344,231</u>	<u>10,358</u>	<u>450,021</u>	<u>71,603</u>	<u>52,222</u>
Fund Balances, December 31	<u>\$ 368,425</u>	<u>\$ -</u>	<u>\$ 444,550</u>	<u>\$ 79,729</u>	<u>\$ 66,316</u>

360	379	381	382	
2023B Equipment Certificates	2017B Refunding TIF Bonds	Hiley Neff TIF Bonds	Riverfront TIF Bonds	Total
\$ 23,555	\$ -	\$ -	\$ -	\$ 2,859,175
17,445	189,127	14,169	361,332	610,453
-	-	-	-	548,056
1,048	9,722	-	8,849	151,845
-	-	-	-	81,191
<u>42,048</u>	<u>198,849</u>	<u>14,169</u>	<u>370,181</u>	<u>4,250,720</u>
-	-	-	123,392	123,392
-	60,000	26,500	167,188	2,878,688
12,082	19,796	3,188	29,614	903,204
<u>12,082</u>	<u>79,796</u>	<u>29,688</u>	<u>320,194</u>	<u>3,905,284</u>
<u>29,966</u>	<u>119,053</u>	<u>(15,519)</u>	<u>49,987</u>	<u>345,436</u>
35,349	-	51,666	-	1,430,764
-	(51,666)	-	-	(124,800)
<u>35,349</u>	<u>(51,666)</u>	<u>51,666</u>	<u>-</u>	<u>1,305,964</u>
65,315	67,387	36,147	49,987	1,651,400
-	189,385	(36,147)	201,016	4,741,374
<u>\$ 65,315</u>	<u>\$ 256,772</u>	<u>\$ -</u>	<u>\$ 251,003</u>	<u>\$ 6,392,774</u>

City of Northfield, Minnesota  
Combining Statements of Net Position  
Nonmajor Proprietary Funds  
December 31, 2024

	<b>603</b> Garbage	<b>609</b> Liquor Store	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and temporary investments	\$ 1,764,237	\$ 1,984,624	\$ 3,748,861
Receivables			
Interest	6,512	6,590	13,102
Accounts	140,281	19,266	159,547
Intergovernmental	1,050	-	1,050
Inventories	-	340,714	340,714
Prepaid items	-	4,604	4,604
<b>Total Current Assets</b>	<b>1,912,080</b>	<b>2,355,798</b>	<b>4,267,878</b>
<b>Noncurrent Assets</b>			
Capital assets			
Buildings	20,383	193,804	214,187
Infrastructure	-	56,835	56,835
Machinery, equipment and vehicles	132,001	111,847	243,848
Less accumulated depreciation	(58,601)	(328,365)	(386,966)
<b>Total Capital Assets</b>	<b>93,783</b>	<b>34,121</b>	<b>127,904</b>
<b>Total Assets</b>	<b>2,005,863</b>	<b>2,389,919</b>	<b>4,395,782</b>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	2,983	37,964	40,947
Deferred other postemployment benefit resources	714	7,049	7,763
<b>Total Deferred Outflows of Resources</b>	<b>3,697</b>	<b>45,013</b>	<b>48,710</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	86,459	114,671	201,130
Due to other governments	7,394	32,195	39,589
Accrued wages payable	1,079	14,151	15,230
Compensated absences payable - current portion	-	21,880	21,880
Other postemployment benefits liability - current portion	417	4,116	4,533
<b>Total Current Liabilities</b>	<b>95,349</b>	<b>187,013</b>	<b>282,362</b>
<b>Noncurrent Liabilities</b>			
Compensated absences payable, net of current portion	-	22,394	22,394
Net pension liability	12,228	155,595	167,823
Other postemployment benefits liability	5,113	50,439	55,552
<b>Total Noncurrent Liabilities</b>	<b>17,341</b>	<b>228,428</b>	<b>245,769</b>
<b>Total Liabilities</b>	<b>112,690</b>	<b>415,441</b>	<b>528,131</b>
<b>Deferred Inflows of Resources</b>			
Deferred pension resources	8,690	110,576	119,266
Deferred other postemployment benefit resources	1,219	12,021	13,240
<b>Total Deferred Inflows of Resources</b>	<b>9,909</b>	<b>122,597</b>	<b>132,506</b>
<b>Net Position</b>			
Net investment in capital assets	93,783	34,121	127,904
Unrestricted	1,793,178	1,862,773	3,655,951
<b>Total Net Position</b>	<b>\$ 1,886,961</b>	<b>\$ 1,896,894</b>	<b>\$ 3,783,855</b>

City of Northfield, Minnesota  
Combining Statements of Revenues, Expenses and Changes in Net Position  
Nonmajor Proprietary Funds  
For the Year Ended December 31, 2024

	<b>603</b> <u>Garbage</u>	<b>609</b> <u>Liquor</u>	<u>Total</u>
Operating Revenues			
Sales	\$ 1,021,072	\$ 2,839,777	\$ 3,860,849
Cost of sales	-	(2,037,436)	(2,037,436)
Gross Profit	<u>1,021,072</u>	<u>802,341</u>	<u>1,823,413</u>
Other income	<u>7,517</u>	<u>9,595</u>	<u>17,112</u>
Total Operating Revenues	<u>1,028,589</u>	<u>811,936</u>	<u>1,840,525</u>
Operating Expenses			
Personal services	54,803	459,871	514,674
Pension expense	1,531	8,598	10,129
Supplies	3,406	20,886	24,292
Other services and charges	971,902	148,620	1,120,522
Insurance	4,239	4,873	9,112
Utilities	259	12,991	13,250
Depreciation	<u>17,164</u>	<u>4,020</u>	<u>21,184</u>
Total Operating Expenses	<u>1,053,304</u>	<u>659,859</u>	<u>1,713,163</u>
Operating Income (Loss)	(24,715)	152,077	127,362
Nonoperating Revenues (Expenses)			
Investment income	<u>73,274</u>	<u>74,548</u>	<u>147,822</u>
Income Before Contributions and Transfers	48,559	226,625	275,184
Transfers out	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Change in Net Position	48,559	176,625	225,184
Net Position, January 1	<u>1,838,402</u>	<u>1,720,269</u>	<u>3,558,671</u>
Net Position, December 31	<u><u>\$ 1,886,961</u></u>	<u><u>\$ 1,896,894</u></u>	<u><u>\$ 3,783,855</u></u>

City of Northfield, Minnesota  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2024

	<b>603</b> Garbage	<b>609</b> Liquor	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 1,010,498	\$ 2,856,553	\$ 3,867,051
Payments to suppliers and vendors	(1,076,575)	(2,223,131)	(3,299,706)
Payments to and on behalf of employees	(56,028)	(484,206)	(540,234)
Other receipts	7,517	9,595	17,112
Net Cash Provided (Used) by Operating Activities	<u>(114,588)</u>	<u>158,811</u>	<u>44,223</u>
Cash Flows from Noncapital Financing Activities			
Transfers to other funds	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>
Cash Flows from Investing Activities			
Investment income received	<u>72,181</u>	<u>73,089</u>	<u>145,270</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(42,407)	181,900	139,493
Cash and Cash Equivalents, January 1	<u>1,806,644</u>	<u>1,802,724</u>	<u>3,609,368</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 1,764,237</u></u>	<u><u>\$ 1,984,624</u></u>	<u><u>\$ 3,748,861</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (24,715)	\$ 152,077	\$ 127,362
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	17,164	4,020	21,184
(Increase) decrease in assets			
Accounts receivable	(10,732)	16,776	6,044
Due from other governments	158	-	158
Inventories	-	2,318	2,318
Prepaid items	-	(190)	(190)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	2,731	37,992	40,723
Deferred other postemployment benefit resources	(44)	(551)	(595)
Increase (decrease) in liabilities			
Accounts payable	(95,315)	8,364	(86,951)
Due to other governments	77	(219)	(142)
Accrued wages payable	367	2,994	3,361
Other postemployment benefits liability	87	1,751	1,838
Compensated absences payable	-	1,803	1,803
Net pension liability	(6,754)	(96,712)	(103,466)
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	2,773	31,929	34,702
Deferred other postemployment benefit resources	(385)	(3,541)	(3,926)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (114,588)</u></u>	<u><u>\$ 158,811</u></u>	<u><u>\$ 44,223</u></u>

## **INTERNAL SERVICE FUNDS**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Information Technology Fund - accounts for the accumulation and allocations of costs associated with technology.

Insurance Fund - accounts for the accumulation and allocation of costs associated with property and liability insurance.

City of Northfield, Minnesota  
Internal Service Funds  
Combining Statement of Net Position  
December 31, 2024

	<b>701</b> Technology	<b>705</b> Insurance	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and temporary investments	\$ 782,489	\$ 1,275,922	\$ 2,058,411
Receivables			
Interest	3,460	7,261	10,721
Prepaid items	1,597	20,868	22,465
Total Current Assets	<u>787,546</u>	<u>1,304,051</u>	<u>2,091,597</u>
<b>Noncurrent Assets</b>			
Capital assets			
Machinery and equipment	449,966	-	449,966
Less accumulated depreciation	(364,520)	-	(364,520)
Total Capital Assets	<u>85,446</u>	<u>-</u>	<u>85,446</u>
Total Assets	<u>872,992</u>	<u>1,304,051</u>	<u>2,177,043</u>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	28,721	3,068	31,789
Deferred other postemployment benefit resources	3,141	768	3,909
Total Deferred Outflows of Resources	<u>31,862</u>	<u>3,836</u>	<u>35,698</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	19,473	5,142	24,615
Accrued wages payable	9,835	474	10,309
Other postemployment benefits liability - current portion	1,834	448	2,282
Total Current Liabilities	<u>31,142</u>	<u>6,064</u>	<u>37,206</u>
<b>Noncurrent Liabilities</b>			
Net pension liability	117,712	12,571	130,283
Other postemployment benefits liability	22,475	5,497	27,972
Total Noncurrent Liabilities	<u>140,187</u>	<u>18,068</u>	<u>158,255</u>
Total Liabilities	<u>171,329</u>	<u>24,132</u>	<u>195,461</u>
<b>Deferred Inflows of Resources</b>			
Deferred pension resources	83,653	8,934	92,587
Deferred other postemployment benefit resources	5,356	1,310	6,666
Total Deferred Inflows of Resources	<u>89,009</u>	<u>10,244</u>	<u>99,253</u>
<b>Net Position</b>			
Net investment in capital assets	85,446	-	85,446
Unrestricted	559,070	1,273,511	1,832,581
Total Net Position	<u>\$ 644,516</u>	<u>\$ 1,273,511</u>	<u>\$ 1,918,027</u>



City of Northfield, Minnesota  
Internal Service Funds  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2024

	<b>701</b> Technology	<b>705</b> Insurance	Total
Operating Revenues			
Charges for services	\$ 794,648	\$ 756,815	\$ 1,551,463
Other income	5,497	587	6,084
Total Operating Revenues	<u>800,145</u>	<u>757,402</u>	<u>1,557,547</u>
Operating Expenses			
Personal services	340,247	425,102	765,349
Supplies	163,837	-	163,837
Other services and charges	305,289	1,618,279	1,923,568
Depreciation	47,553	-	47,553
Total Operating Expenses	<u>856,926</u>	<u>2,043,381</u>	<u>2,900,307</u>
Operating Income (Loss)	<u>(56,781)</u>	<u>(1,285,979)</u>	<u>(1,342,760)</u>
Nonoperating Revenues			
Intergovernmental	-	18,750	18,750
Investment income	37,511	78,393	115,904
Total Nonoperating Revenues	<u>37,511</u>	<u>97,143</u>	<u>134,654</u>
Income (Loss) Before Transfers	(19,270)	(1,188,836)	(1,208,106)
Transfers in	<u>11,713</u>	<u>-</u>	<u>11,713</u>
Change in Net Position	(7,557)	(1,188,836)	(1,196,393)
Net Position, January 1	<u>652,073</u>	<u>2,462,347</u>	<u>3,114,420</u>
Net Position, December 31	<u><u>\$ 644,516</u></u>	<u><u>\$ 1,273,511</u></u>	<u><u>\$ 1,918,027</u></u>

City of Northfield, Minnesota  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Year Ended December 31, 2024

	<b>701</b> Technology	<b>705</b> Insurance	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 800,145	\$ 757,402	\$ 1,557,547
Payments to suppliers and vendors	(640,882)	(1,613,580)	(2,254,462)
Payments to and on behalf of employees	(356,848)	(427,788)	(784,636)
Net Cash Provided (Used) by Operating Activities	<u>(197,585)</u>	<u>(1,283,966)</u>	<u>(1,481,551)</u>
Cash Flows from Noncapital Financing Activities			
Intergovernmental revenue	-	18,750	18,750
Transfers from other funds	11,713	-	11,713
Net Cash Provided (Used) by Noncapital Financing Activities	11,713	18,750	30,463
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(10,753)	-	(10,753)
Cash Flows from Investing Activities			
Investment income received	<u>36,893</u>	<u>75,054</u>	<u>111,947</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(159,732)	(1,190,162)	(1,349,894)
Cash and Cash Equivalents, January 1	<u>942,221</u>	<u>2,466,084</u>	<u>3,408,305</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 782,489</u></u>	<u><u>\$ 1,275,922</u></u>	<u><u>\$ 2,058,411</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (56,781)	\$ (1,285,979)	\$ (1,342,760)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	47,553	-	47,553
(Increase) decrease in assets			
Prepaid items	(79)	(443)	(522)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	28,118	3,022	31,140
Deferred other postemployment benefit resources	(248)	13	(235)
Increase (decrease) in liabilities			
Accounts payable	(171,677)	5,142	(166,535)
Accrued wages payable	2,592	266	2,858
Net pension liability	(71,092)	(7,657)	(78,749)
Other postemployment benefits liability	800	(399)	401
(Increase) decrease in deferred inflows of resources			
Deferred pension resources	24,801	2,629	27,430
Deferred other postemployment benefit resources	<u>(1,572)</u>	<u>(560)</u>	<u>(2,132)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (197,585)</u></u>	<u><u>\$ (1,283,966)</u></u>	<u><u>\$ (1,481,551)</u></u>

## COMPONENT UNITS

Economic Development Authority – This component unit was established to account for the financial activities of the EDA.

Housing and Redevelopment Authority – This component unit was established to account for the financial activities of the HRA.

Municipal Hospital – This component unit was established to account for the financial activities of the Municipal Hospital.

City of Northfield, Minnesota  
Discretely Presented Component Unit - Economic Development Authority  
Combining Balance Sheet - Governmental Funds  
December 31, 2024

<b>Assets</b>		
Cash and temporary investments		\$ 1,718,768
Receivables		
Interest		1,323
Delinquent taxes		2,284
Notes, net of allowances		354,458
Intergovernmental		31,571
Prepaid items		2,132
Land held for resale		<u>213,234</u>
Total Assets		<u><u>\$ 2,323,770</u></u>
<b>Liabilities</b>		
Accounts payable		\$ 77,176
Accrued wages payable		<u>4,224</u>
Total Liabilities		<u><u>81,400</u></u>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue		
Taxes		<u>2,284</u>
<b>Fund Balances</b>		
Nonspendable		
Prepaid items		2,132
Land held for resale		213,234
Unassigned		<u>2,024,720</u>
Total Fund Balances		<u><u>2,240,086</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances		<u><u>\$ 2,323,770</u></u>
Total Fund Balances - Governmental Funds		\$ 2,240,086
Amounts reported for governmental activities in the statement of net position are different because		
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Net pension liability		(45,746)
Other postemployment benefit liability		(21,302)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.		
Delinquent property taxes receivable		2,284
Governmental funds do not report long-term amounts related to pensions.		
Deferred outflows of resources		11,162
Deferred inflows of resources		(32,511)
Governmental funds do not report long-term amounts related to other postemployment benefits.		
Deferred inflows of other postemployment benefit resources		(4,694)
Deferred outflows of other postemployment benefit resources		<u>2,753</u>
Total Net Position - Governmental Activities		<u><u>\$ 2,152,032</u></u>

City of Northfield, Minnesota  
Discretely Presented Component Unit - Economic Development Authority  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Continued on the Following Pages  
Governmental Funds  
For the Year Ended December 31, 2024

Revenues	
Taxes	\$ 363,406
Intergovernmental - State	29,795
Investment earnings	66,629
Miscellaneous	15,653
Total Revenues	<u>475,483</u>
Expenditures	
Current	
Economic development	
Personal services	147,383
Supplies	218
Other services and charges	318,634
Total Expenditures	<u>466,235</u>
Net Change in Fund Balances	9,248
Fund Balances, January 1	<u>2,230,838</u>
Fund Balances, December 31	<u><u>\$ 2,240,086</u></u>
Amounts reported for governmental activities in the statement of activities are different because	
Net change in fund balances - governmental funds	\$ 9,248
Long-term pension activity is not reported in governmental funds.	
Pension expense	5,291
Direct aid contributions	2,136
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Tax increments	(293)
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.	
Other postemployment benefit costs	<u>(3,913)</u>
Change in Net Position - Governmental Activities	<u><u>\$ 12,469</u></u>

City of Northfield, Minnesota  
Discretely Presented Component Unit - Housing Redevelopment Authority  
Combining Balance Sheet - Governmental Funds  
December 31, 2024

Assets	
Cash and temporary investments	\$ 657,169
Receivables	
Interest	2,565
Accounts	12,711
Delinquent taxes	2,325
Intergovernmental	1,802
Prepaid items	2,132
Land held for resale	907,109
	<hr/>
Total Assets	<u>\$ 1,585,813</u>
Liabilities	
Accounts payable	\$ 12,977
Deposits payable	700
Accrued wages payable	4,351
Total Liabilities	<hr/> <u>18,028</u>
Deferred Inflows of Resources	
Unavailable revenue	
Taxes	<hr/> 2,325
Fund Balances	
Nonspendable	
Land held for resale	907,109
Prepaid items	2,132
Restricted	
Affordable housing	75,056
Unassigned	581,163
Total Fund Balances	<hr/> <u>1,565,460</u>
	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,585,813</u>
Total Fund Balances - Governmental Funds	\$ 1,565,460
Amounts reported for governmental activities in the statement of net position are different because	
Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	245,272
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liability	(45,032)
Other postemployment benefit liability	(26,764)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	2,325
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of resources	10,988
Deferred inflows of resources	(32,003)
Governmental funds do not report long-term amounts related to other postemployment benefits.	
Deferred inflows of other postemployment benefit resources	(5,897)
Deferred outflows of other postemployment benefit resources	<hr/> 3,458
Total Net Position - Governmental Activities	<u>\$ 1,717,807</u>

City of Northfield, Minnesota  
Discretely Presented Component Unit - Housing Redevelopment Authority  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds  
For the Year Ended December 31, 2024

Revenues	
Taxes	\$ 370,820
Intergovernmental - State	75,056
Charges for services	25,200
Investment earnings (loss)	28,729
Payment from primary government	86,227
Miscellaneous	5,910
Total Revenues	<u>591,942</u>
Expenditures	
Current	
Housing and economic development	
Personal services	172,871
Supplies	383
Other services and charges	234,513
Payment to primary government	75,056
Total Expenditures	<u>482,823</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	109,119
Other Financing Sources (Uses)	
Proceeds on sale of land trust property	<u>114,316</u>
Net Change in Fund Balances	223,435
Fund Balances, January 1	<u>1,342,025</u>
Fund Balances, December 31	<u>\$ 1,565,460</u>
Amounts reported for governmental activities in the statement of activities are different because	
Net change in fund balances - governmental funds	\$ 223,435
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.	
Depreciation expense	(13,144)
Long-term pension activity is not reported in governmental funds.	
Pension expense	2,905
Direct aid contributions	2,103
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Property taxes	(299)
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.	
Other postemployment benefit costs	<u>763</u>
Change in Net Position - Governmental Activities	<u>\$ 215,763</u>

City of Northfield, Minnesota  
Discretely Presented Component Unit - Municipal Hospital  
Statement of Net Position  
For the Year Ended December 31, 2024

Assets

Current Assets

Cash and cash equivalents	\$ 274,205
Current portion of noncurrent cash and cash equivalents	1,298,328
Patient receivable, less allowance for uncollectible accounts \$13,383,000	24,612,932
Accounts receivable - other	227,952
Inventories	2,596,454
Prepaid items	1,728,586
Total Current Assets	<u>30,738,457</u>

Noncurrent Cash and Investments

Internally Designated for Health Benefits	1,298,328
Internally Designated for Capital Improvements	41,978,445
Restricted by Bond Agreement	49,091
Less current portion of noncurrent cash and investments	<u>(1,298,328)</u>
Total Noncurrent Cash and Investments	<u>42,027,536</u>

Other Assets

335,412

Capital Assets, Net

30,930,209

Total Assets

104,031,614

Deferred Outflows of Resources

Deferred pension resources	<u>5,478,370</u>
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Total Assets and Deferred Outflows of Resources

\$ 109,509,984

Liabilities

Current Liabilities

Current maturities of long-term debt	\$ 4,699,084
Accounts payable, trade	4,707,380
Accrued payroll and benefits	8,901,319
Accrued interest payable	21,465
Unearned revenue	286,199
Third party payor settlements payable	308,871
Total Current Liabilities	<u>18,924,318</u>

Noncurrent Liabilities

Long-term debt, less current maturities	12,109,296
Net pension liability	<u>24,803,006</u>
Total Noncurrent Liabilities	<u>36,912,302</u>

Total Liabilities

55,836,620

Deferred Inflows of Resources

Deferred pension resources	<u>17,489,811</u>
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Net Position

Net investment in capital assets	14,121,829
Restricted by bond agreement	49,091
Unrestricted	<u>22,012,633</u>

Total Net Position

36,183,553

Total Liabilities, Deferred Inflows of Resources and Net Position

\$ 109,509,984



City of Northfield, Minnesota  
Discretely Presented Component Unit - Municipal Hospital  
Statement of Revenues, Expenses and Changes Fund Net Position  
For the Year Ended December 31, 2024

Operating Revenues	
Net patient and resident service revenue	\$ 129,003,340
Other revenues	2,002,473
Total Operating Revenues	<u>131,005,813</u>
Operating Expenses	
Salaries and wages	63,149,251
Employee benefits	14,602,976
Supplies and drugs	22,005,018
Purchased services	17,844,154
Utilities	1,160,324
Other	6,403,535
Depreciation and amortization	5,534,454
Interest	969,827
Taxes and surcharges	2,802,481
Total Operating Expenses	<u>134,472,020</u>
Operating Income (Loss)	<u>(3,466,207)</u>
Nonoperating Revenues (Expenses)	
Investment income	2,856,800
Noncapital Grants and Contributions	75,588
Gain (loss) on the sale/disposal of capital assets	1,197,891
Miscellaneous	(75,000)
Total Nonoperating Revenues (Expenses)	<u>4,055,279</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	589,072
Capital Grants and Contributions	<u>12,136</u>
Change in Net Position	601,208
Net Position, January 1	<u>35,582,345</u>
Net Position, December 31	<u><u>\$ 36,183,553</u></u>

City of Northfield, Minnesota  
Discretely Presented Component Unit - Municipal Hospital  
Statement of Cash Flows  
For the Year Ended December 31, 2024

Cash Flows from Operating Activities	
Cash received from patients and third party payors	\$ 122,744,755
Cash paid to employees	(77,148,152)
Cash paid to suppliers	(52,421,237)
Other receipts and payments, net	1,876,329
Net Cash Provided (Used) by Operating Activities	<u>(4,948,305)</u>
Cash Flows from Noncapital Financing Activities	
Noncapital grants and contributions	75,588
Miscellaneous expenses	(75,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>588</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from sale of capital assets	1,987,066
Purchase of capital assets	(1,705,631)
Proceeds from issuance of long-term debt	11,190,000
Principal payments on long-term debt	(14,833,989)
Capital grants and contributions	12,136
Interest payments on long-term debt	(1,026,565)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,376,983)</u>
Cash Flows from Investing Activities	
(Increase) decrease in noncurrent cash and investments	6,392,579
Investment income	2,856,800
Net Cash Provided (Used) by Investing Activities	<u>9,249,379</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(75,321)
Cash and Cash Equivalents, January 1	<u>349,526</u>
Cash and Cash Equivalents, December 31	<u>\$ 274,205</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating income (loss)	\$ (3,466,207)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	5,534,454
Interest	969,827
Provision for bad debt expense	4,339,032
Amortization of deferred loss on refinancing	306,074
(Increase) decrease in assets	
Patient receivables	(10,139,415)
Inventories, prepaids and other receivables	(738,864)
(Increase) decrease in deferred outflows of resources	
Deferred pension resources	6,039,570
Increase (decrease) in liabilities	
Accounts payable	872,232
Third-party payor settlements payable	(458,202)
Accrued expenses	604,075
Net pension liability	(13,781,023)
(Increase) decrease in deferred inflows of resources	
Deferred pension resources	4,970,142
Net Cash Provided (Used) by Operating Activities	<u>\$ (4,948,305)</u>
Schedule of Noncash Investing Capital and Financing Activities	
Capital assets acquired by lease obligation	<u>\$ 89,340</u>

City of Northfield, Minnesota  
Summary Financial Report  
Revenues and Expenditures For General Operations  
Governmental Funds  
For the Years Ended December 31, 2024 and 2023

	Total 2024	Total 2023	Percent Increase (Decrease)	
Revenues				
Taxes	\$ 17,241,528	\$ 15,924,034	8.27	%
Special assessments	548,056	430,236	27.38	
Licenses and permits	711,146	921,559	(22.83)	
Intergovernmental	8,011,601	5,906,660	35.64	
Charges for services	2,698,862	2,107,318	28.07	
Fines and forfeits	114,144	105,160	8.54	
Investment earnings	968,018	1,314,039	(26.33)	
Miscellaneous	497,680	587,071	(15.23)	
	<u>\$ 30,791,035</u>	<u>\$ 27,296,077</u>	12.80	%
Total Revenues				
Per Capita	\$ 1,443	\$ 1,375	4.98	%
Expenditures				
Current				
General government	\$ 4,584,820	\$ 4,127,343	11.08	%
Public safety	7,215,429	6,645,997	8.57	
Public works	3,678,661	3,617,206	1.70	
Culture and recreation	4,274,034	3,760,893	13.64	
Housing and economic development	591,338	549,469	7.62	
Miscellaneous	215,642	262,645	(17.90)	
Capital outlay				
General government	-	35,011	(100.00)	
Public safety	980,830	80,155	1,123.67	
Public works	14,939,123	8,165,250	82.96	
Culture and recreation	2,357,331	217,556	983.55	
Housing and economic development	36,041	61,041	(40.96)	
Transit	2,106,834	125,980	1,572.36	
Debt service				
Principal	2,878,688	2,848,979	1.04	
Interest and other charges	975,316	705,708	38.20	
Issuance costs	52,464	47,138	11.30	
	<u>\$ 44,886,551</u>	<u>\$ 31,250,371</u>	43.64	%
Total Expenditures				
Per Capita	\$ 2,104	\$ 1,574	33.68	%
Total Long-term Indebtedness	<u>\$ 36,550,166</u>	<u>\$ 31,413,854</u>	16.35	%
Per Capita	\$ 1,713	\$ 1,582	8.28	
General Fund Balance - December 31	<u>\$ 11,262,996</u>	<u>\$ 10,798,737</u>	4.30	%
Per Capita	\$ 528	\$ 544	(2.93)	

The purpose of this report is to provide a summary of financial information concerning the City of Northfield to interested citizens. The complete financial statements may be examined at City Hall, Northfield, Minnesota. Questions about this report should be directed to the Finance Director at 507-645-3016.

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STATISTICAL SECTION (UNAUDITED)

CITY OF NORTHFIELD  
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

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## **STATISTICAL SECTION (UNAUDITED)**

This part of the City of Northfield's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

City of Northfield, Minnesota  
Net Position by Component  
2015 - 2024  
(Accrual Basis of Accounting)

	Fiscal Year				
	2024	2023	2022	2021	2020
Governmental Activities					
Net investment in capital assets	\$ 48,120,220	\$ 42,801,132	\$ 41,300,947	\$ 39,434,081	\$ 40,073,838
Restricted	9,043,580	7,869,991	6,982,652	7,419,113	5,752,199
Unrestricted	8,455,311	6,539,329	5,144,473	9,296,850	6,459,697
Total Governmental Activities Net Position	<u>65,619,111</u>	<u>57,210,452</u>	<u>53,428,072</u>	<u>56,150,044</u>	<u>52,285,734</u>
Business-type Activities					
Net investment in capital assets	31,902,536	33,767,743	32,677,989	32,891,088	32,017,801
Unrestricted	20,173,035	19,107,812	16,508,267	14,727,714	13,399,287
Total Business-type Activities Net Position	<u>52,075,571</u>	<u>52,875,555</u>	<u>49,186,256</u>	<u>47,618,802</u>	<u>45,417,088</u>
Primary Government					
Net investment in capital assets	80,022,756	76,568,875	73,978,936	72,325,169	72,091,639
Restricted	9,043,580	7,869,991	6,982,652	7,419,113	5,752,199
Unrestricted	<u>28,628,346</u>	<u>25,647,141</u>	<u>21,652,740</u>	<u>24,024,564</u>	<u>19,858,984</u>
Total Primary Government Net Position	<u>\$117,694,682</u>	<u>\$110,086,007</u>	<u>\$102,614,328</u>	<u>\$103,768,846</u>	<u>\$ 97,702,822</u>



**Table 1**

Fiscal Year				
2019	2018	2017	2016	2015
\$ 37,588,910	\$ 36,036,469	\$ 35,086,458	\$ 35,941,654	\$ 31,622,817
4,982,397	5,454,996	5,615,513	4,603,145	5,167,449
6,306,493	7,225,012	8,200,388	5,780,200	7,439,855
<u>48,877,800</u>	<u>48,716,477</u>	<u>48,902,359</u>	<u>46,324,999</u>	<u>44,230,121</u>
28,248,889	25,470,459	24,721,543	23,301,761	21,436,632
14,356,086	13,947,708	12,362,466	11,431,459	10,789,829
<u>42,604,975</u>	<u>39,418,167</u>	<u>37,084,009</u>	<u>34,733,220</u>	<u>32,226,461</u>
65,837,799	61,506,928	59,808,001	59,243,415	53,059,449
4,982,397	5,454,996	5,615,513	4,603,145	5,167,449
<u>20,662,579</u>	<u>21,172,720</u>	<u>20,562,854</u>	<u>17,211,659</u>	<u>18,229,684</u>
<u>\$ 91,482,775</u>	<u>\$ 88,134,644</u>	<u>\$ 85,986,368</u>	<u>\$ 81,058,219</u>	<u>\$ 76,456,582</u>

City of Northfield, Minnesota  
Changes in Net Position (Continued on the Following Pages)  
2015 - 2024  
(Accrual Basis of Accounting)

	Fiscal Year				
	2024	2023	2022	2021	2020
Expenses					
Governmental activities					
General government	\$ 4,951,881	\$ 4,140,291	\$ 4,569,897	\$ 3,654,574	\$ 4,491,926
Public safety	7,752,181	7,346,035	7,336,398	4,454,656	5,110,574
Public works/streets	6,659,029	6,441,116	6,287,000	5,154,868	4,928,177
Culture and recreation	5,173,993	4,755,072	4,434,800	3,773,614	3,646,866
Housing and economic development	732,379	715,510	594,722	399,931	375,633
Transit	108,463	54,838	54,837	25,938	25,938
Miscellaneous	215,642	262,645	240,115	142,725	89,529
Interest on long-term debt	1,116,224	632,685	672,008	681,847	695,457
Total governmental activities expenses	<u>26,709,792</u>	<u>24,348,192</u>	<u>24,189,777</u>	<u>18,288,153</u>	<u>19,364,100</u>
Business-type activities					
Water	2,455,327	2,234,724	2,184,043	1,923,931	1,726,354
Wastewater	4,548,062	3,860,711	3,807,882	3,429,783	3,783,972
Garbage	1,065,066	984,523	929,018	950,778	835,774
Storm water drainage	814,983	933,397	920,017	678,361	727,063
Municipal Liquor Store	2,734,247	2,750,941	2,703,643	2,692,996	2,553,893
Total Business-type Activities Expenses	<u>11,617,685</u>	<u>10,764,296</u>	<u>10,544,603</u>	<u>9,675,849</u>	<u>9,627,056</u>
Total Primary Government Expenses	<u>\$ 38,327,477</u>	<u>\$ 35,112,488</u>	<u>\$ 34,734,380</u>	<u>\$ 27,964,002</u>	<u>\$ 28,991,156</u>
Program Revenues					
Governmental Activities					
Charges for services					
Licenses and permits	\$ -	\$ -	\$ -	\$ 797,166	\$ 633,539
Other public works	568,275	109,611	171,151	100,291	202,482
Parks and recreation	573,933	594,825	391,475	459,705	287,100
Other activities	2,621,463	2,551,580	2,508,362	1,279,903	1,210,107
Operating grants and contributions	1,407,437	2,109,834	1,702,417	1,412,390	2,866,949
Capital grants and contributions	2,867,355	1,898,965	215,549	812,001	3,308,340
Total Governmental Activities					
Program Revenues	<u>8,038,463</u>	<u>7,264,815</u>	<u>4,988,954</u>	<u>4,861,456</u>	<u>8,508,517</u>
Business-type Activities					
Charges for services					
Water	2,883,280	2,621,302	2,130,582	2,120,107	2,214,235
Wastewater	5,093,835	5,106,902	5,307,855	4,969,964	4,886,287
Municipal Liquor Store	2,848,907	2,863,583	2,797,955	2,871,877	2,806,155
Other activities	2,502,786	2,320,822	2,107,186	2,039,351	1,974,963
Capital grants and contributions	-	-	-	-	334,321
Operating grants and contributions	-	157,209	29,341	64,286	-
Total Business-type Activities					
Program Revenues	<u>13,328,808</u>	<u>13,069,818</u>	<u>12,372,919</u>	<u>12,065,585</u>	<u>12,215,961</u>
Total Primary Government Program Revenues	<u>\$ 21,367,271</u>	<u>\$ 20,334,633</u>	<u>\$ 17,361,873</u>	<u>\$ 16,927,041</u>	<u>\$ 20,724,478</u>

**Table 2**

Fiscal Year				
2019	2018	2017	2016	2015
\$ 2,930,109	\$ 2,778,597	\$ 2,583,745	\$ 2,542,003	\$ 2,452,348
5,884,599	4,336,925	3,850,606	5,195,075	4,064,654
5,272,769	5,017,361	5,183,024	4,642,307	4,488,113
3,691,317	3,307,807	3,050,928	2,934,423	2,842,634
126,751	226,477	188,361	282,094	151,088
25,938	25,938	25,938	53,658	25,938
190,537	121,480	132,307	112,509	150,623
736,814	669,303	521,233	582,762	709,534
<u>18,858,834</u>	<u>16,483,888</u>	<u>15,536,142</u>	<u>16,344,831</u>	<u>14,884,932</u>
1,631,940	1,539,698	1,655,023	1,544,092	1,457,422
4,175,037	4,710,701	3,244,493	3,120,760	3,091,885
840,429	954,165	742,024	715,898	692,840
743,286	581,240	458,757	404,546	442,311
2,799,519	2,764,049	2,939,174	2,935,516	2,944,079
<u>10,190,211</u>	<u>10,549,853</u>	<u>9,039,471</u>	<u>8,720,812</u>	<u>8,628,537</u>
<u>\$ 29,049,045</u>	<u>\$ 27,033,741</u>	<u>\$ 24,575,613</u>	<u>\$ 25,065,643</u>	<u>\$ 23,513,469</u>
\$ 572,386	\$ 627,896	\$ 859,249	\$ 679,474	\$ 428,765
133,824	145,827	110,099	199,106	338,914
366,083	432,403	441,206	466,522	555,673
1,304,158	1,044,846	991,258	990,659	1,033,774
1,641,596	919,115	872,076	1,085,300	908,187
1,936,637	1,548,732	1,617,174	2,790,632	1,854,869
<u>5,954,684</u>	<u>4,718,819</u>	<u>4,891,062</u>	<u>6,211,693</u>	<u>5,120,182</u>
2,010,971	2,049,922	2,103,303	2,069,419	2,109,788
4,641,574	4,538,992	4,378,493	4,276,262	4,260,147
2,914,301	2,907,451	3,064,270	3,148,215	3,076,452
1,905,471	1,826,453	1,780,512	1,747,036	1,673,271
-	1,649,099	-	527,156	-
<u>221,425</u>	<u>15,405</u>	<u>18,079</u>	<u>7,500</u>	<u>16,011</u>
<u>11,693,742</u>	<u>12,987,322</u>	<u>11,344,657</u>	<u>11,775,588</u>	<u>11,135,669</u>
<u>\$ 17,648,426</u>	<u>\$ 17,706,141</u>	<u>\$ 16,235,719</u>	<u>\$ 17,987,281</u>	<u>\$ 16,255,851</u>

City of Northfield, Minnesota  
Changes in Net Position (Continued)  
2015 - 2024  
(accrual basis of accounting)

	Fiscal Year				
	2024	2023	2022	2021	2020
Program Revenues - Continued					
Net (expense)/revenue					
Governmental activities	\$(18,671,329)	\$(17,083,377)	\$(19,200,823)	\$(13,426,697)	\$(10,855,583)
Business-type activities	1,711,123	2,305,522	1,828,316	2,389,736	2,588,905
<b>Total Primary Government Net Expense</b>	<b><u>\$(16,960,206)</u></b>	<b><u>\$(14,777,855)</u></b>	<b><u>\$(17,372,507)</u></b>	<b><u>\$(11,036,961)</u></b>	<b><u>\$ (8,266,678)</u></b>
General Revenues and Other					
Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 15,646,775	\$ 14,411,913	\$ 12,027,538	\$ 10,729,467	\$ 10,314,775
Franchise taxes	1,407,683	1,375,359	1,337,548	1,097,698	191,478
Hotel/motel taxes	200,779	206,269	181,046	147,947	94,748
Unrestricted grants and contributions	3,984,260	3,406,604	3,450,210	5,536,476	3,254,785
Investment earnings	968,018	1,314,039	(526,828)	(274,855)	251,495
Miscellaneous	1,130,406	73,812	79,794	57,582	103,704
Contributions of capital assets	-	-	(125,164)	(56,917)	-
Transfers	3,742,067	77,761	54,707	53,609	1,549,994
<b>Total Governmental Activities</b>	<b><u>27,079,988</u></b>	<b><u>20,865,757</u></b>	<b><u>16,478,851</u></b>	<b><u>17,291,007</u></b>	<b><u>15,760,979</u></b>
Business-type Activities					
Investment earnings (loss)	1,216,486	1,348,450	(331,319)	(191,330)	257,669
Gain on sale of capital assets	14,474	41,629	-	-	18,071
Transfers of capital assets	-	-	125,164	56,917	-
Transfers	(3,742,067)	(6,302)	(54,707)	(53,609)	(1,549,994)
Extraordinary item - impairment gain on fire and flood damage net of insurance recovery	-	-	-	-	-
<b>Total Business-type Activities</b>	<b><u>(2,511,107)</u></b>	<b><u>1,383,777</u></b>	<b><u>(260,862)</u></b>	<b><u>(188,022)</u></b>	<b><u>(1,274,254)</u></b>
<b>Total Primary Government</b>	<b><u>\$ 24,568,881</u></b>	<b><u>\$ 22,249,534</u></b>	<b><u>\$ 16,217,989</u></b>	<b><u>\$ 17,102,985</u></b>	<b><u>\$ 14,486,725</u></b>
Changes in Net Position					
Governmental activities	\$ 8,408,659	\$ 3,782,380	\$ (2,721,972)	\$ 3,864,310	\$ 4,905,396
Business-type activities	(799,984)	3,689,299	1,567,454	2,201,714	1,314,651
<b>Total Primary Government</b>	<b><u>\$ 7,608,675</u></b>	<b><u>\$ 7,471,679</u></b>	<b><u>\$ (1,154,518)</u></b>	<b><u>\$ 6,066,024</u></b>	<b><u>\$ 6,220,047</u></b>

Table 2 (Continued)

Fiscal Year				
2019	2018	2017	2016	2015
\$(12,904,150)	\$(11,765,069)	\$(10,645,080)	\$(10,133,138)	\$ (9,764,750)
1,503,531	2,437,469	2,305,186	3,054,776	2,507,132
<u>\$(11,400,619)</u>	<u>\$ (9,327,600)</u>	<u>\$ (8,339,894)</u>	<u>\$ (7,078,362)</u>	<u>\$ (7,257,618)</u>
\$ 9,343,724	\$ 8,861,136	\$ 8,211,742	\$ 8,080,765	\$ 7,748,248
197,626	201,452	200,007	206,945	194,015
179,686	125,994	116,745	116,895	95,264
3,079,906	3,344,284	3,649,679	3,539,565	3,161,620
378,618	258,412	78,011	100,699	87,347
76,432	136,840	77,029	58,147	49,407
-	(111,265)	-	-	-
153,192	45,000	35,000	125,000	125,000
<u>13,409,184</u>	<u>12,861,853</u>	<u>12,368,213</u>	<u>12,228,016</u>	<u>11,460,901</u>
391,992	203,058	80,603	104,139	50,587
-	16,666	-	-	-
-	111,265	-	(527,156)	-
(153,192)	(45,000)	(35,000)	(125,000)	(125,000)
1,444,477	-	-	-	-
<u>1,683,277</u>	<u>285,989</u>	<u>45,603</u>	<u>(548,017)</u>	<u>(74,413)</u>
<u>\$ 15,092,461</u>	<u>\$ 13,147,842</u>	<u>\$ 12,413,816</u>	<u>\$ 11,679,999</u>	<u>\$ 11,386,488</u>
\$ 505,034	\$ 1,096,784	\$ 1,723,133	\$ 2,094,878	\$ 1,696,151
3,186,808	2,723,458	2,350,789	2,506,759	2,432,719
<u>\$ 3,691,842</u>	<u>\$ 3,820,242</u>	<u>\$ 4,073,922</u>	<u>\$ 4,601,637</u>	<u>\$ 4,128,870</u>

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City of Northfield, Minnesota  
Governmental Activities Tax Revenues by Source  
2015 - 2024  
(Accrual Basis of Accounting)

**Table 3**

Fiscal Year	General Property Taxes	Tax Increment Taxes	Hotel- Motel Tax	Franchise Tax	Total
2024	\$ 14,634,161	\$ 1,012,614	\$ 200,779	\$ 1,407,683	\$ 17,255,237
2023	13,544,649	867,264	206,269	1,375,359	15,993,541
2022	11,359,699	667,839	181,046	1,337,548	13,546,132
2021	10,184,843	544,624	147,947	1,097,698	11,975,112
2020	9,836,441	478,334	94,748	191,478	10,601,001
2019	8,961,746	381,978	179,686	197,626	9,721,036
2018	8,519,918	341,218	125,994	201,452	9,188,582
2017	7,878,710	333,032	116,745	200,007	8,528,494
2016	7,758,176	322,589	116,895	206,945	8,404,605
2015	7,488,485	259,763	95,264	194,015	8,037,527

City of Northfield, Minnesota  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2024	2023	2022	2021	2020
General Fund					
Nonspendable	\$ 155,456	\$ 144,289	\$ 236,076	\$ 122,799	\$ 115,374
Restricted	22,038	31,037	32,315	37,129	13,815
Committed	-	-	335,694	785,044	74,000
Unassigned	11,085,502	10,623,411	9,213,672	8,859,509	8,830,986
Total General Fund	<u>\$ 11,262,996</u>	<u>\$10,798,737</u>	<u>\$ 9,817,757</u>	<u>\$ 9,804,481</u>	<u>\$ 9,034,175</u>
All Other Governmental Funds					
Nonspendable	\$ 3,916	\$ 2,463	\$ 3,368	\$ 2,669	\$ 2,363
Restricted	8,600,993	9,744,485	8,045,898	9,387,932	6,407,991
Committed	2,039,992	1,960,665	1,166,281	1,205,558	1,209,220
Assigned	3,431,467	2,782,592	1,141,052	1,001,729	1,841,754
Unassigned	(5,572,367)	(5,163,570)	(3,820,800)	(1,784,220)	(2,264,400)
Total All Other Governmental Funds	<u>\$ 8,504,001</u>	<u>\$ 9,326,635</u>	<u>\$ 6,535,799</u>	<u>\$ 9,813,668</u>	<u>\$ 7,196,928</u>



**Table 4**

Fiscal Year				
2019	2018	2017	2016	2015
\$ 106,932	\$ 93,737	\$ 103,591	\$ 115,936	\$ 99,115
13,520	9,137	6,733	6,491	6,491
71,742	71,742	71,742	71,742	-
7,924,356	7,796,388	7,466,114	7,121,262	6,790,550
<u>\$ 8,116,550</u>	<u>\$ 7,971,004</u>	<u>\$ 7,648,180</u>	<u>\$ 7,315,431</u>	<u>\$ 6,896,156</u>
\$ 1,679	\$ 609	\$ 2,316	\$ 2,881	\$ 2,731
5,028,837	6,811,822	6,055,095	6,266,885	6,803,989
1,164,691	1,079,664	1,165,600	888,424	46,056
1,603,298	1,468,808	1,508,874	1,745,125	4,533,124
(1,812,606)	(503,057)	(272,495)	(228,172)	(314,233)
<u>\$ 5,985,899</u>	<u>\$ 8,857,846</u>	<u>\$ 8,459,390</u>	<u>\$ 8,675,143</u>	<u>\$ 11,071,667</u>

City of Northfield, Minnesota  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2024	2023	2022	2021	2020
Revenues					
Taxes	\$ 17,241,528	\$ 15,924,034	\$ 13,504,532	\$ 11,952,739	\$ 10,538,215
Licenses, fees and permits	711,146	921,559	850,749	797,166	633,539
Fines and forfeits	114,144	105,160	99,912	71,543	61,562
Charges for services	2,698,862	2,107,318	2,152,142	1,782,808	1,681,087
Special assessments	548,056	430,236	447,465	436,211	1,393,145
Intergovernmental	8,011,601	5,906,660	5,734,775	6,080,037	8,526,994
Investment earnings	968,018	1,314,039	(526,828)	(274,855)	251,495
Miscellaneous	497,680	587,071	629,334	531,760	478,249
Total Revenues	<u>30,791,035</u>	<u>27,296,077</u>	<u>22,892,081</u>	<u>21,377,409</u>	<u>23,564,286</u>
Expenditures					
Current:					
General government	4,584,820	4,127,343	4,114,981	3,531,019	4,397,954
Public safety	7,215,429	6,645,997	5,940,834	5,138,674	4,944,085
Public works	3,678,661	3,617,206	3,321,806	2,758,210	2,684,042
Culture and recreation	4,274,034	3,760,893	3,597,825	3,023,449	2,747,671
Housing and economic development	591,338	549,469	537,742	399,931	375,633
Nondepartmental	215,642	262,645	240,115	142,725	89,529
Capital Outlay:					
General government	-	35,011	471,392	438,857	-
Public safety	980,830	80,155	396,377	156,451	278,938
Public works	14,939,123	8,165,250	6,126,884	3,818,325	9,088,261
Culture and recreation	2,357,331	217,556	30,095	207,980	120,282
Transit	2,106,834	125,980	12,557	-	-
Housing and economic development	36,041	61,041	2,156,980	43,205	172,856
Debt Service:					
Principal	2,878,688	2,848,979	2,660,681	2,110,172	2,131,280
Interest and other	975,316	705,708	654,367	745,952	672,680
Issuance fees	52,464	47,138	78,688	-	-
Total Expenditures	<u>44,886,551</u>	<u>31,250,371</u>	<u>30,341,324</u>	<u>22,514,950</u>	<u>27,703,211</u>
Revenues over (under) expenditures	<u>(14,095,516)</u>	<u>(3,954,294)</u>	<u>(7,449,243)</u>	<u>(1,137,541)</u>	<u>(4,138,925)</u>
Other Financing Sources (Uses):					
Bonds issued	8,015,000	7,350,000	4,020,000	4,255,000	4,360,000
Bond premium/(discount)	771,663	478,892	87,840	198,446	316,937
Transfers in	7,706,178	1,608,197	1,387,803	265,407	1,759,625
Transfers out	(3,818,942)	(1,710,979)	(1,333,096)	(236,798)	(209,631)
Payment to refunded bond escrow agent	-	-	-	-	-
Sale of capital assets	1,063,242	-	22,103	42,532	40,648
Total Other Financing Sources (Uses)	<u>13,737,141</u>	<u>7,726,110</u>	<u>4,184,650</u>	<u>4,524,587</u>	<u>6,267,579</u>
Net Change in Fund Balances	<u>\$ (358,375)</u>	<u>\$ 3,771,816</u>	<u>\$ (3,264,593)</u>	<u>\$ 3,387,046</u>	<u>\$ 2,128,654</u>
Debt service as a percentage of noncapital expenditures	15.5%	15.7%	15.4%	16.0%	15.5%

Table 5

Fiscal Year				
2019	2018	2017	2016	2015
\$ 9,699,385	\$ 9,146,642	\$ 8,501,718	\$ 8,405,183	\$ 7,978,678
572,386	627,896	859,249	679,474	428,765
88,415	111,751	98,171	82,032	113,521
1,672,511	1,521,326	1,454,847	1,561,121	1,767,392
672,538	593,867	580,762	668,700	725,693
4,494,474	5,485,051	4,544,279	6,458,670	3,733,577
378,618	258,412	78,011	100,699	87,347
821,265	502,536	499,889	549,765	1,254,913
<u>18,399,592</u>	<u>18,247,481</u>	<u>16,616,926</u>	<u>18,505,644</u>	<u>16,089,886</u>
2,925,655	2,745,528	2,433,481	2,408,862	2,341,517
4,972,264	4,372,987	4,291,893	4,070,750	4,017,614
2,681,829	2,566,496	2,489,659	2,381,026	2,231,624
2,802,266	2,509,446	2,400,275	2,281,839	2,238,545
126,751	226,944	185,895	282,094	125,427
190,537	121,480	131,058	112,509	150,623
42,625	112,841	88,705	22,006	32,139
753,082	3,572,030	193,330	765,063	107,144
4,953,492	4,024,319	1,655,893	4,257,931	2,182,288
155,829	408,464	767,291	2,853,881	1,347,464
-	-	-	27,720	-
271,726	-	21,506	-	79,010
1,906,622	2,314,653	2,744,125	2,043,881	2,285,015
770,521	532,805	562,336	572,068	749,072
-	97,032	4,725	28,594	33,736
<u>22,553,199</u>	<u>23,605,025</u>	<u>17,970,172</u>	<u>22,108,224</u>	<u>17,921,218</u>
<u>(4,153,607)</u>	<u>(5,357,544)</u>	<u>(1,353,246)</u>	<u>(3,602,580)</u>	<u>(1,831,332)</u>
6,335,000	5,905,000	1,405,000	1,425,000	1,925,000
266,698	66,784	12,778	45,554	35,574
1,200,378	484,780	880,683	1,499,964	1,422,634
(1,047,186)	(439,780)	(845,683)	(1,374,964)	(1,297,634)
(5,020,000)	-	-	-	(2,560,000)
36,027	62,040	17,464	25,337	-
<u>1,770,917</u>	<u>6,078,824</u>	<u>1,470,242</u>	<u>1,620,891</u>	<u>(474,426)</u>
<u>\$ (2,382,690)</u>	<u>\$ 721,280</u>	<u>\$ 116,996</u>	<u>\$ (1,981,689)</u>	<u>\$ (2,305,758)</u>
17.9%	21.3%	17.6%	21.3%	20.7%

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City of Northfield, Minnesota  
Tax Capacity and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

**Table 6**

Fiscal Year Ended December 31,	Residential Property	Commercial Property	Other	Total Tax Capacity	Total Direct Tax Rate	Taxable Market Value	Tax Capacity Value as a Percentage of TMV	
2024	\$ 18,917,308	\$ 5,237,151	\$ 164,139	\$24,318,598	62.230 %	\$ 2,183,386,600	1.11	%
2023	17,189,376	4,828,275	156,805	22,174,456	62.643	2,002,958,800	1.11	
2022	14,739,879	4,496,967	149,837	19,386,683	59.867	1,759,012,900	1.10	
2021	13,631,599	4,405,435	241,595	18,278,629	56.661	1,658,005,700	1.10	
2020	12,778,158	4,150,117	225,069	17,153,344	58.161	1,566,037,200	1.10	
2019	11,921,696	3,960,955	221,365	16,104,016	53.220	1,474,689,900	1.09	
2018	11,104,755	3,751,027	228,755	15,084,537	57.160	1,387,176,300	1.09	
2017	10,533,222	3,580,397	210,583	14,324,202	55.670	1,322,187,500	1.08	
2016	9,673,963	3,485,445	200,569	13,359,977	57.550	1,230,567,100	1.09	
2015	9,364,921	3,461,187	192,895	13,019,003	56.750	1,202,202,700	1.08	

Source: Rice and Dakota County Auditor/Treasurer's Offices.

City of Northfield, Minnesota  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Fiscal Year	City of Northfield			Overlapping Rates County		
	Operating	Debt Service	Total City	Operating	Debt Service	Total County
2024	49.70 %	12.53 %	62.23 %	32.69 %	2.44 %	35.13 %
2023	51.51	11.13	62.64	31.74	4.96	36.70
2022	48.53	11.33	59.86	35.40	3.94	39.34
2021	45.90	10.76	56.66	35.69	4.17	39.86
2020	47.26	10.90	58.16	35.17	4.37	39.54
2019	45.74	10.48	56.22	35.29	4.23	39.52
2018	46.04	11.12	57.16	35.70	4.56	40.26
2017	43.93	11.74	55.67	35.15	4.80	39.95
2016	45.97	11.67	57.64	35.80	5.08	40.88
2015	45.37	11.38	56.75	33.27	5.59	38.86

Source: Rice County Auditor/Treasurer

\*Overlapping rates are those of local and county governments that apply to property owners within the City. While a small portion of the City lies within Dakota County, only the Rice County tax rate is shown in this table as it is the predominant county.

**Table 7**

Overlapping Rates									
School Districts		Other Districts		Total Direct Rates		Total Overlapping Rates		Total Direct and Overlapping Rates	
Total School		Special Districts							
20.38	%	3.36	%	62.23	%	58.87	%	121.10	%
23.82		3.26		62.64		63.78		126.42	
27.02		3.49		59.86		69.85		129.71	
29.96		3.37		56.66		73.19		129.85	
30.47		3.39		58.16		73.40		131.56	
31.22		3.45		56.22		74.19		130.41	
33.15		3.40		57.16		76.81		133.97	
30.94		3.42		55.67		74.31		129.98	
32.90		3.66		57.64		77.44		135.08	
34.06		3.65		56.75		76.57		133.32	

City of Northfield, Minnesota  
Principal Property Taxpayers  
Current Year and Nine Years Ago

**Table 8**

Taxpayer	2024			2015		
	Taxable Tax Capacity	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Malt-O-Meal / Post	\$555,052	1	2.28 %	\$736,930	1	5.66 %
Hidden Valley/Northfield Hegenes Apartments	336,149	2	1.38	185,074	7	1.42
McLane Minnesota, Inc	265,984	3	1.09	368,608	3	2.83
St Olaf College	263,314	4	1.08			
Xcel Energy	245,844	5	1.01	516,472	2	3.97
Strobel & Werner Real Estate	217,870	6	0.90			
Timberfield Properties of Northfield, LLC	185,696	7	0.76			
Cardinal CG Company	148,628	8	0.61	157,586	10	1.21
5th Street Lofts LLC	144,153	9	0.59			
Target/Dayton Hudson Corp	127,346	10	0.52	225,732	5	1.73
Community Resource Bank				243,132	4	1.87
Hayzin LLC				198,636	6	1.53
Allina Health Systems				174,668	8	1.34
Carleton College				171,724	9	1.32
Total	<u>\$ 2,490,036</u>		<u>10.24 %</u>	<u>\$ 2,978,562</u>		<u>22.88 %</u>

Source: City of Northfield Financial Records



City of Northfield, Minnesota  
Property Tax Levies and Collections  
Last Ten Fiscal Years

**Table 9**

Fiscal Year Ended December 31,	Taxes Levied For The Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2024	\$ 14,577,827	\$ 14,514,748	99.60 %	\$ -	\$ 14,514,748	99.60 %
2023	13,403,796	13,316,769	99.40	72,549	13,389,318	99.90
2022	11,244,996	11,208,422	99.70	34,217	11,242,639	100.00
2021	10,067,146	10,035,663	99.70	30,286	10,065,949	100.00
2020	9,709,177	9,655,352	99.40	52,928	9,708,280	100.00
2019	8,849,117	8,807,734	99.50	40,597	8,848,331	100.00
2018	8,437,869	8,341,974	98.90	95,338	8,437,312	100.00
2017	7,797,481	7,727,970	99.10	68,975	7,796,945	100.00
2016	7,655,738	7,608,047	99.40	46,323	7,654,370	100.00
2015	7,411,661	7,356,097	99.30	54,244	7,410,341	100.00

City of Northfield, Minnesota  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities							Total Governmental Activities
	General Obligation Bonds	Improvement Bonds	Tax Increment Bonds	General Obligation Revenue Bonds	Certificates of Participation	Financed Purchase Arrangement	Notes Payable	
2024	\$ 30,894,202	\$ 6,937,970	\$ 60,000	\$ -	\$ -	\$ 103,575	\$ 460,166	\$ 38,455,913
2023	23,245,554	8,322,697	146,500	236,711	-	115,083	627,354	32,693,899
2022	16,360,705	9,620,985	213,500	463,423	-	379,404	776,520	27,814,537
2021	12,962,436	10,989,273	275,500	685,134	-	635,950	905,164	26,453,457
2020	10,498,070	10,616,444	337,500	896,845	-	883,262	932,448	24,164,569
2019	9,336,704	8,657,985	399,500	1,108,557	-	961,057	1,038,813	21,502,616
2018	5,099,232	7,783,696	461,000	1,315,268	5,020,000	1,152,418	1,149,587	21,981,201
2017	861,313	7,534,079	527,500	1,516,979	5,295,000	1,361,046	1,256,212	18,352,129
2016	1,161,208	7,731,644	584,000	1,713,691	5,565,000	1,561,305	1,380,677	19,697,525
2015	829,477	7,782,977	665,000	1,912,113	5,835,000	1,752,398	1,487,176	20,264,141

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

\* Information not available at the time of the audit

**Table 10**

Percentage of Tax Capacity	Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Sewer/Storm and Water Bonds	Lease Payable	Total Business-Type Activities			
158 %	\$ 20,531,901	\$ -	\$ 20,531,901	\$ 58,987,814	- %	2,806
147	19,368,551	-	19,368,551	52,062,450	7.27	2,488
143	1,479,569	27,883	1,507,452	29,321,989	12.36	1,427
145	1,768,393	55,167	1,823,560	28,277,017	12.26	1,360
141	3,204,565	81,424	3,285,989	27,450,558	11.69	1,339
134	3,975,633	106,691	4,082,324	25,584,940	11.80	1,253
146	5,673,965	131,006	5,804,971	27,786,172	10.56	1,362
128	7,628,978	154,405	7,783,383	26,135,512	10.55	1,281
147	9,434,988	176,922	9,611,910	29,309,435	8.99	1,442
156	10,619,687	198,592	10,818,279	31,082,420	8.32	1,531

City of Northfield, Minnesota  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

**Table 11**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2024	\$ 30,894,202	\$ 4,321,196	\$ 26,573,006	1.22 %	\$ 1,264
2023	23,245,554	2,675,921	20,569,633	1.03	983
2022	16,360,705	1,962,965	14,397,740	0.82	701
2021	12,962,436	2,169,774	10,792,662	0.65	519
2020	10,498,070	1,909,368	8,588,702	0.55	419
2019	9,336,704	821,425	8,515,279	0.58	417
2018	5,099,232	105,043	4,994,189	0.36	245
2017	861,313	116,197	745,116	0.06	37
2016	1,161,208	454,243	706,965	0.06	35
2015	829,477	475,708	353,769	0.03	17

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

City of Northfield, Minnesota  
Computation of Direct and Overlapping Debt  
December 31, 2024

**Table 12**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid With Property Taxes			
School District			
ISD No. 659	\$ 42,400,000	54.92 %	\$ 23,286,080
Rice County	58,110,000	19.60	<u>11,389,560</u>
Subtotal - Overlapping Debt			34,675,640
City Direct Debt			<u>38,455,913</u>
Total Direct and Overlapping Debt			<u><u>\$ 73,131,553</u></u>

Sources : Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the County.

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

City of Northfield, Minnesota  
Legal Debt Margin Information  
Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Debt Limit	\$ 65,501,598	\$ 60,088,764	\$ 52,770,387	\$ 49,740,171	\$ 46,981,116
Total Net Debt Applicable to Limit	<u>25,445,000</u>	<u>14,625,000</u>	<u>15,752,924</u>	<u>12,790,187</u>	<u>10,629,468</u>
Legal Debt Margin	<u><u>\$ 40,056,598</u></u>	<u><u>\$ 45,463,764</u></u>	<u><u>\$ 37,017,463</u></u>	<u><u>\$ 36,949,984</u></u>	<u><u>\$ 36,351,648</u></u>

Note: Minnesota Statute Section 475.53, subdivision 1 Limit on Net Debt except as otherwise provided in sections 475.51 to 475.74, no municipality except a school district or a city of the first class, shall incur or be subject to a net debt in excess of 3 percent of the market value of taxable property therein.

**Table 13**

2019	2018	2017	2016	2015
\$ 44,240,697	\$ 41,615,289	\$ 39,665,625	\$ 36,917,013	\$ 36,066,081
9,664,323	9,825,000	6,125,000	12,176,500	11,771,000
<u>\$ 34,576,374</u>	<u>\$ 31,790,289</u>	<u>\$ 33,540,625</u>	<u>\$ 24,740,513</u>	<u>\$ 24,295,081</u>

**Legal Debt Margin Calculation for Fiscal Year 2024**

Total Estimated Market Value	<u>\$ 2,183,386,600</u>
Debt Limit (3% of Total Assessed Value)	<u>65,501,598</u>
Debt Applicable to Limit:	
General Obligation Bonds	<u>25,445,000</u>
Legal Debt Margin	<u>\$ 40,056,598</u>

City of Northfield, Minnesota  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Year	Utility Revenue Bonds					
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2024	\$ 12,639,409	\$ 7,244,173	\$ 5,395,236	\$ 235,000	\$ 116,222	15.36
2023	12,306,404	5,703,781	6,602,623	225,000	117,103	19.30
2022	10,111,358	5,410,258	4,701,100	307,285	16,602	14.51
2021	9,793,015	4,479,599	5,313,416	1,456,171	60,317	3.50
2020	10,059,369	4,821,526	5,237,843	1,474,488	82,853	3.36
2019	9,890,968	5,250,437	4,640,531	1,679,488	102,543	2.60
2018	8,447,387	5,515,177	2,932,210	1,939,062	150,864	1.40
2017	8,217,766	4,066,046	4,151,720	1,794,062	200,148	2.08
2016	8,132,625	3,787,027	4,345,598	2,408,636	212,826	1.66
2015	7,958,662	3,665,992	4,292,670	2,018,636	258,250	1.89

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.



**Table 14**

Improvement Bonds								
Special Assessment Collections	Debt Service		Coverage	Tax Increment Collections	Debt Service		Coverage	
	Principal	Interest			Principal	Interest		
\$ 548,056	\$ 1,330,000	\$ 133,412	0.37	\$ 867,024	\$ 234,188	\$ 43,460	3.12	
429,167	1,250,000	194,225	0.30	867,024	216,216	52,564	3.23	
314,699	1,320,000	229,871	0.20	671,489	196,404	54,744	2.67	
431,342	1,210,085	235,939	0.30	543,172	186,606	54,907	2.25	
1,044,160	1,385,512	173,064	0.67	472,334	181,460	54,536	2.00	
366,219	1,090,512	175,847	0.29	373,911	172,274	61,432	1.60	
432,991	1,240,938	137,382	0.31	339,982	567,625	55,927	0.55	
575,626	1,145,938	164,316	0.44	334,418	640,965	86,963	0.46	
579,120	896,364	164,586	0.55	334,785	187,499	96,734	1.18	
479,986	1,201,364	148,689	0.36	281,750	175,981	105,206	1.00	

City of Northfield, Minnesota  
Demographic and Economic Statistics  
Last Ten Fiscal Years

**Table 15**

Fiscal Year	Population	Households	Personal Income	Per Capita Personal Income	Unemployment Rate
2024	21,020	6,886	*	*	2.40 %
2023	20,924	6,817	3,784,858	55,702	2.10
2022	20,547	6,723	3,624,851	53,548	2.60
2021	20,790	6,723	3,466,996	51,545	2.70
2020	20,494	6,564	3,209,215	47,839	4.20
2019	20,426	6,522	3,019,915	45,092	3.20
2018	20,398	6,492	2,933,428	44,096	2.20
2017	20,405	6,461	2,756,600	41,787	3.50
2016	20,320	6,361	2,635,830	40,167	3.30
2015	20,303	6,414	2,585,391	39,532	4.70

\*Information not available

Sources: Population and households from the Minnesota Demographer's Office; personal income and per capita income is for the Faribault-Northfield Metropolitan SA from the Bureau Economic Analysis. U.S. Department of Commerce; unemployment rate is from the Minnesota Department of Employment and Economic Development.

City of Northfield, Minnesota  
Principal Employers  
Current Year and Nine Years Ago

**Table 16**

Employer	2024			2015		
	Employees	Rank	Percentage of Total City Employment (a)	Employees	Rank	Percentage of Total City Employment
ISD 659	1,100	1	2.94 %	675	5	1.31 %
Carleton College	860	2	2.30	700	3	1.36
St Olaf College	860	3	2.30	860	1	1.67
Northfield Hospital	850	4	2.27	700	4	1.36
Post Consumer Products	750	5	2.01	750	2	1.46
McLane Minnesota Inc.	550	6	1.47	480	7	0.93
Taylor Truck Line, Inc.	360	7	0.96	360	8	0.70
Multek Flexible Circuits			0.00	450	6	0.88
Lutheran Home - The Cannon Valley	330	8	0.88			
Three Links Care Center	250	9	0.67	250	9	0.49
Lutheran Retirement Community	250	10	0.67			0.00
City of Northfield				170	10	0.33
Total	<u>6,160</u>		<u>16.47 %</u>	<u>5,395</u>		<u>10.49 %</u>

Source: Minnesota Department of Employment and Economic Development

Note a: Total employment is for Rice County.

City of Northfield, Minnesota  
Full-Time Equivalent City Government Employees by Function  
Last Ten Fiscal Years

Function	Full-time Equivalent Employees (a) as of December 31				
	2024	2023	2022	2021	2020
General Government					
Management services	4.2	4.1	4.0	5.3	4.1
Finance	4.0	4.0	4.0	3.9	4.0
Human resources	3.0	5.2	5.0	4.2	3.7
Community development	2.0	3.0	3.0	2.2	1.1
Planning	2.0	2.0	2.0	1.1	1.9
Building inspections	3.8	3.1	3.0	2.8	3.6
Information technology	3.0	3.0	3.0	3.0	3.0
Police					
Officers	24.0	23.0	24.0	23.0	23.0
Civilians	7.0	8.0	8.0	7.0	7.2
Public Works					
Engineering	6.0	6.0	5.0	5.2	5.0
Streets and park maintenance	14.0	13.5	13.0	12.7	13.2
Economic Development	1.0	1.0	1.0	1.0	1.2
Housing	2.0	1.0	1.0	1.0	1.1
Buildings and Recreation Facilities	4.0	4.0	4.0	4.0	4.0
Library	19.9	14.8	14.6	13.9	13.6
Motor Vehicle	4.0	3.3	3.2	3.0	3.0
Water	8.0	7.6	7.0	7.2	6.1
Wastewater	6.0	5.8	6.0	5.6	7.1
Refuse	1.0	1.0	0.5	0.5	1.0
Storm Water	1.0	1.0	1.0	1.0	1.4
Liquor Operations	6.1	6.2	6.5	6.4	6.4
Total	<u>126.0</u>	<u>120.6</u>	<u>118.8</u>	<u>114.0</u>	<u>114.7</u>

Source: City Budget Office

((a) Excludes seasonal employees

**Table 17**

Full-time Equivalent Employees (a) as of December 31				
2019	2018	2017	2016	2015
3.0	3.0	3.0	3.0	3.0
4.0	4.0	4.0	4.0	4.0
3.6	2.6	2.6	2.6	3.0
1.1	0.7	0.7	1.1	1.1
1.9	1.4	1.4	1.6	1.3
3.6	4.2	4.2	2.6	2.5
3.0	3.2	3.2	3.2	3.2
23.0	22.0	22.0	22.0	22.0
5.0	6.0	6.0	5.0	5.0
4.6	4.8	4.8	4.3	4.5
13.3	10.5	10.5	8.6	9.0
1.2	1.2	1.2	1.7	0.8
1.1	1.1	1.1	0.5	0.7
3.4	3.1	3.1	3.4	3.0
13.1	11.8	11.8	11.5	12.2
3.2	3.2	3.2	2.6	2.6
5.4	6.8	6.8	4.9	4.5
8.8	6.9	6.9	7.5	7.5
1.0	1.0	1.0	0.0	0.0
1.4	0.4	0.4	1.4	0.5
7.0	7.0	7.0	7.0	7.0
111.8	104.9	104.9	98.5	97.4

City of Northfield, Minnesota  
Operating Indicators by Function  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2024	2023	2022	2021	2020
Police					
Traffic violations	1,155	1,829	1,250	708	904
Group A Crimes	633	622	606	596	416
Group B Crimes	263	263	331	296	489
Building Inspection					
Permits issued	1,037	1,360	3,020	2,011	1,244
Total value	\$ 67,567,197	\$ 62,558,926	\$ 72,611,379	\$ 103,058,714	\$ 64,811,938
Single-family home permits issued	10	16	16	33	13
Single-family home value	4,122,010	6,371,610	6,499,955	11,623,852	4,780,509
Library					
Population served	27,337	27,181	26,332	27,510	27,273
Circulation	316,785	298,811	285,060	298,396	258,217
Hours open	4,176	3,155	3,163	3,225	2,588
Cardholders	15,536	14,409	13,672	15,133	15,490
Visits	186,348	154,764	140,471	116,044	96,841
Water					
Connections	5,845	6,180	6,092	6,041	5,996
Total water pumped (millions of gallons)	685.0	738.8	725.6	739.1	666.5
Average daily consumption (millions of gallons)	1.9	2.0	1.9	2.0	1.9
Peak daily consumption (millions of gallons)	2.8	3.7	3.8	3.8	3.4
Wastewater					
Treatment capacity (millions of gallons)	5.2	5.2	5.2	5.2	5.2
Average daily volume treated (millions of gallon)	2.3	2.0	1.9	2.0	2.5

Sources: Various city departments.

Note: Indicators are not available for the general government public works and recreation functions.

Note: Traffic Violations in 2015 included traffic warnings.

**Table 18**

Fiscal Year				
2019	2018	2017	2016	2015
714	904	601	569	3,367
166	221	229	234	243
384	376	328	415	494
1,102	948	673	690	975
\$ 43,985,221	\$ 51,849,365	\$ 102,549,565	\$ 68,569,787	\$ 27,934,305
39	35	30	30	31
6,983,944	9,324,358	7,627,499	5,988,500	7,673,730
27,110	27,002	26,930	26,851	26,563
340,018	330,734	320,190	285,737	244,264
3,143	3,170	3,204	2,976	2,763
18,149	19,185	17,869	17,153	16,480
175,610	183,086	177,980	143,093	116,066
5,968	5,896	5,869	5,823	5,767
673.5	685.9	733.1	725	744.7
1.9	1.8	2.0	2.0	2.0
3.1	3.6	3.3	3.3	4.9
5.2	5.2	5.2	5.2	3.2
2.5	2.2	2.4	2.2	2.0

City of Northfield, Minnesota  
Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2024	2023	2022	2021	2020
Police					
Stations	1	1	1	1	1
Fire Stations	1	1	1	1	1
Public Works					
Miles of street, local, county and state highways	106.93	106.93	106.10	106.10	105.90
Parks and Recreation					
Number of parks	46	46	46	45	45
Acreage	442	442	442	441	441
Playgrounds	21	21	21	21	21
Baseball/softball diamonds	10	10	10	10	10
Soccer/football fields	9	9	9	9	9
Community centers	1	1	1	1	1
Indoor ice arena	1	1	1	1	1
Outdoor pool	1	1	1	1	1
Water					
Storage capacity (thousands of gallons)	3,000	3,000	3,000	3,000	3,000
Wastewater					
Treatment capacity (millions of gallons)	5.2	5.2	5.2	5.2	5.2

Sources Various City departments

Note: (a) No capital asset indicators are available for the general government of library function.



**Table 19**

Fiscal Year				
2019	2018	2017	2016	2015
1	1	1	1	1
1	1	1	1	1
105.80	105.70	104.08	104.08	93.00
45	45	45	45	45
441	441	441	441	425
21	21	20	20	19
10	10	12	12	8
9	9	10	10	10
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
3,000	3,000	3,000	3,000	3,000
3.5	3.5	3.5	3.5	3.5

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OTHER REQUIRED REPORTS

CITY OF NORTHFIELD  
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2024

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## INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council  
City of Northfield, 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 aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Northfield, Minnesota (the City) as of and for the year ended December 31, 2024, 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 2, 2025.

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.

This report is intended solely for the information and use of those charged with governance and management of the City and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.



**Abdo**  
Mankato, Minnesota  
June 2, 2025

**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 Northfield, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Northfield, Minnesota (the City), as of and for the year ended December 31, 2024, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 2, 2025. We did not audit the financial statements of the Northfield Municipal Hospital discretely presented component unit. Those financial statements were audited by other auditors, whose report dated April 25, 2025, expressed an unmodified opinion on those statements.

**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.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2024-001 to be a significant deficiency.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

## 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 statements. 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*.

## The City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## 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 2, 2025



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City of Northfield, Minnesota  
Schedule of Findings and Responses  
For the Year Ended December 31, 2024

<b><u>Finding</u></b>	<b><u>Description</u></b>
<b>2024-001</b>	<b>Preparation of Financial Statements</b>
<i>Condition:</i>	As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Recent auditing standards require auditors to communicate this situation to the Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. However, based on recent auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement of the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
<i>Criteria:</i>	Internal controls should be in place to ensure adequate internal control over safeguarding of assets and the reliability of financial records and reporting.
<i>Cause:</i>	From a practical standpoint, we prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for accuracy; we have answered any questions that management might have and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosures in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.
<i>Recommendation:</i>	Under these circumstances, the most effective controls lie in management's knowledge of the City's financial operations. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations. Regarding the specific situation listed above, we would offer the following specific recommendation: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your accounting software financial information to the amount reported in the financial statements.
<i>Management Response:</i>	
	For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.