

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 5, 2021

In the opinion of Kennedy & Graven, Chartered, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants, interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and, to the same extent, from taxable net income of individuals, estates and trusts for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. Such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. See "Tax Exemption" herein.

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

New Issue

Rating Application Made: S&P Global Ratings

CITY OF NORTHFIELD, MINNESOTA (Rice and Dakota Counties)

\$4,475,000* GENERAL OBLIGATION STREET RECONSTRUCTION, IMPROVEMENT AND EQUIPMENT BONDS, SERIES 2021A

PROPOSAL OPENING: August 17, 2021, 10:30 A.M., C.T. **CONSIDERATION:** August 17, 2021, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$4,475,000* General Obligation Street Reconstruction, Improvement and Equipment Bonds, Series 2021A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, including Sections 410.32, 412.301 and 475.58, subdivision 3b, by the City of Northfield, Minnesota (the "City") for the purposes of financing: (i) various public improvements in the City; (ii) certain street reconstruction projects described in the City's Five-Year Street Reconstruction and Overlay Plan dated February 16, 2021; and (iii) the acquisition of certain capital equipment. The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota.

DATE OF BONDS: September 9, 2021

MATURITY: February 1 as follows:

Year	Amount*	Year	Amount*	Year	Amount*
2023	\$285,000	2027	\$465,000	2031	\$410,000
2024	470,000	2028	470,000	2032	410,000
2025	465,000	2029	470,000	2033	150,000
2026	470,000	2030	410,000		

MATURITY ADJUSTMENTS: * The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: August 1, 2022 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2030 and thereafter are subject to call for prior optional redemption on February 1, 2029 and any date thereafter, at a price of par plus accrued interest.

MINIMUM PROPOSAL: \$4,421,300.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$89,500 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation

BOND COUNSEL: Kennedy & Graven, Chartered

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the “Rule”).

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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CITY OF NORTHFIELD CITY COUNCIL

		<u>Term Expires</u>
Rhonda Pownell	Mayor	January 2025
Clarice Grenier Grabau	Council Member	January 2023
Suzie Nakasian	Council Member	January 2023
Brad Ness	Council Member	January 2025
Jessica Peterson White	Council Member	January 2023
Jamie Reister	Council Member	January 2025
George Zuccolotto	Council Member	January 2025

ADMINISTRATION

Ben Martig, City Administrator
Lynette Peterson, City Clerk
Brenda Angelstad, Finance Director

PROFESSIONAL SERVICES

Kennedy & Graven, Chartered, Bond Counsel, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other offices located in Waukesha, Wisconsin and Denver, Colorado)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Northfield, Minnesota (the "City") and the issuance of its \$4,475,000* General Obligation Street Reconstruction, Improvement and Equipment Bonds, Series 2021A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the City Council on August 17, 2021.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of September 9, 2021. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2022, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2023 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2030 shall be subject to optional redemption prior to maturity on February 1, 2029 or any date thereafter, at a price of par plus accrued interest.

*Preliminary, subject to change.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued by the City pursuant to Minnesota Statutes Chapters 429 and 475, including Sections 410.32, 412.301 and 475.58, subdivision 3b, by the City for the purposes of financing: (i) the Bluff View Phase I Improvements project (the "Improvement Portion"); (ii) the City's 2021 Mill & Overlay projects described in the City's Five-Year Street Reconstruction and Overlay Plan dated February 16, 2021 (the "Street Reconstruction Portion"); and (iii) the acquisition of a new plow truck (the "Equipment Portion").

All equipment has an expected useful life at least as long as the term of the Bonds. The par amount of the Equipment Portion of the Bonds does not exceed 0.03% of the estimated market value of the City. The estimated market value of the City for taxes collectible in 2021 is \$1,658,005,700. Therefore, the maximum par amount of the Equipment Portion of the Bonds cannot exceed \$497,401.71.

ESTIMATED SOURCES AND USES*

Sources	Improvement Portion	Street Reconstruction Portion	Equipment Portion	Total Bond Issue
Par Amount of Bonds	\$1,610,000	\$2,470,000	\$395,000	\$4,475,000
Storm Fund Cash	80,289	341,711	-	422,000
Sanitary Fund Cash	17,525	66,629	-	84,154
Water Fund Cash	<u>26,257</u>	<u>52,575</u>	<u>-</u>	<u>78,832</u>
Total Sources	\$1,734,071	\$2,930,915	\$395,000	\$5,059,986
Uses				
Total Underwriter's Discount (1.200%)	\$19,320	\$29,640	\$4,740	\$53,700
Costs of Issuance	23,385	35,877	5,737	65,000
Deposit to Capitalized Interest (CIF) Fund	26,104	-	-	26,104
Deposit to Project Construction Fund	1,664,517	2,863,421	384,957	4,912,895
Rounding Amount	<u>745</u>	<u>1,977</u>	<u>(434)</u>	<u>2,287</u>
Total Uses	\$1,734,071	\$2,930,915	\$395,000	\$5,059,986

*Preliminary, subject to change.

Breakdown of Principal Payments*:

Payment Date	Improvement Portion	Street Reconstruction Portion	Equipment Portion	Total Bond Issue
2/01/2023	-	\$230,000	\$55,000	\$285,000
2/01/2024	\$175,000	240,000	55,000	470,000
2/01/2025	170,000	240,000	55,000	465,000
2/01/2026	170,000	245,000	55,000	470,000
2/01/2027	165,000	245,000	55,000	465,000
2/01/2028	160,000	250,000	60,000	470,000
2/01/2029	160,000	250,000	60,000	470,000
2/01/2030	155,000	255,000	-	410,000
2/01/2031	155,000	255,000	-	410,000
2/01/2032	150,000	260,000	-	410,000
2/01/2033	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Total	\$1,610,000	\$2,470,000	\$395,000	\$4,475,000

*Preliminary, subject to change.

SECURITY

The Bonds are general obligations of the City for which its full faith, credit and taxing powers are pledged without limitation as to rate or amount.

The City anticipates that the debt service on the Improvement Portion of the Bonds will be paid from a combination of special assessments levied against properties benefitted by improvements financed by the Improvement Portion of the Bonds and from ad valorem property taxes.

The City anticipates that the debt service on the Street Reconstruction and Equipment Portions of the Bonds will be paid from ad valorem property taxes.

Receipt of special assessments and collection of ad valorem taxes will be sufficient to provide not less than 105% of principal and interest on the Bonds as required by Minnesota law.

Should the revenues pledged for payment of the Bonds be insufficient to pay the principal and interest as the same shall become due, the City is required to pay maturing principal and interest from moneys on hand in any other fund of the City not pledged for another purpose and/or to levy additional taxes for this purpose upon all the taxable property in the City, without limitation as to rate or amount.

RATING

General obligation debt of the City is currently rated "AA" by S&P Global Ratings ("S&P").

The City has requested a rating on the Bonds from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel to the City, and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

TAX EXEMPTION

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and decisions, interest on the Bonds is excludable from gross income of the owners thereof for purposes of federal income taxation and is excludable from taxable net income of individuals, estates and trusts for purposes of State of Minnesota income taxation, but is subject to State of Minnesota franchise taxes measured by income that are imposed upon corporations, including financial institutions.

Noncompliance following the issuance of the Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income (for federal tax purposes) and taxable net income (for State of Minnesota tax purposes) of the owners thereof. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation.

The Code imposes an alternative minimum tax with respect to individuals on alternative minimum taxable income.

The Code provides that in the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as "losses incurred" under Section 832(b)(5) shall be reduced by an amount equal to the applicable percentage of the interest on the Bonds that is received or accrued during the taxable year.

Interest on the Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code. Under certain circumstances, interest on the Bonds may be subject to the tax on "excess net passive income" of Subchapter S corporations imposed by Section 1375 of the Code.

The above is not a comprehensive list of all federal tax consequences which may arise from the receipt of interest on the Bonds. The receipt of interest on the Bonds may otherwise affect the federal or State income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

Legislative proposals

Bond Counsel's opinion is given as of its date and Bond Counsel assumes no obligation to update, revise, or supplement such opinion to reflect any changes in facts or circumstances or any changes in law that may hereafter occur. Proposals are regularly introduced in both the United States House of Representatives and the United States Senate that, if enacted, could alter or affect the tax-exempt status on municipal bonds. For example, legislation has been proposed that would, among other things, limit the amount of exclusions (including tax-exempt interest) or deductions that certain higher-income taxpayers could use to reduce their tax liability. The likelihood of adoption of this or any other such legislative proposal relating to tax-exempt bonds cannot be reliably predicted. If enacted into law, current or future proposals may have a prospective or retroactive effect and could affect the value or marketability of tax-exempt bonds (including the Bonds). Prospective purchasers of the Bonds should consult their own tax advisors regarding the impact of any such change in law.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2020 have been audited by Abdo, Eick & Meyers, LLP, Mankato, Minnesota), independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service should other revenue (special assessments) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

Impact of the Spread of COVID-19: In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and the declaration of a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the City and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the City, including the duration of the outbreak and measures taken to address the outbreak.

On March 13, 2020, Minnesota Governor Tim Walz signed Emergency Executive Order 20-01 and declared a peacetime emergency. In subsequent executive orders, the Governor extended the peacetime emergency by 30 days. On May 14, 2021, the Governor signed Executive Order 21-23 to end the statewide mask requirement and align with new Centers for Disease Control and Prevention (CDC) guidance on face coverings. The Minnesota Legislature ended the peacetime emergency declaration on July 1, 2021.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2018/19	2019/20	2020/21
Residential homestead ¹	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,940,000 - 0.50% ² Over \$1,940,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,880,000 - 0.50% ² Over \$1,880,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% ² Over \$1,900,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$139,000 - .75% Over \$139,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$150,000 - .75% Over \$150,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$162,000 - .75% Over \$162,000 - .25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

¹ A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

⁵ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2020/21 Economic Market Value \$1,783,949,564¹

2020/21 Assessor's Estimated Market Value

	Rice County	Dakota County	Total
Real Estate	\$1,478,245,500	\$167,638,100	\$1,645,883,600
Personal Property	<u>11,978,900</u>	<u>143,200</u>	<u>12,122,100</u>
Total Valuation	<u><u>\$1,490,224,400</u></u>	<u><u>\$167,781,300</u></u>	<u><u>\$1,658,005,700</u></u>

2020/21 Net Tax Capacity

	Rice County	Dakota County	Total
Real Estate	\$16,349,397	\$1,687,637	\$18,037,034
Personal Property	<u>238,731</u>	<u>2,864</u>	<u>241,595</u>
Net Tax Capacity	\$16,588,128	\$1,690,501	\$18,278,629
Less: Captured Tax Increment Tax Capacity ²	<u>(511,152)</u>	<u>0</u>	<u>(511,152)</u>
Taxable Net Tax Capacity	<u><u>\$16,076,976</u></u>	<u><u>\$1,690,501</u></u>	<u><u>\$17,767,477</u></u>

¹ According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the City is about 92.82% of the actual selling prices of property most recently sold in the City in Rice County, and about 94.31% of the actual selling prices of property most recently sold in the City in Dakota County. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the City of \$1,783,949,564.

² The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the City.

2020/21 NET TAX CAPACITY BY CLASSIFICATION

	2020/21 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$10,965,037	59.99%
Agricultural	38,600	0.21%
Commercial/industrial	4,214,019	23.05%
Public utility	66,110	0.36%
Railroad operating property	117,828	0.64%
Non-homestead residential	2,627,962	14.38%
Commercial & residential seasonal/rec.	7,478	0.04%
Personal property	241,595	1.32%
Total	<u>\$18,278,629</u>	<u>100.00%</u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity¹	Taxable Net Tax Capacity²	Percent +/- in Estimated Market Value
2016/17	\$1,322,187,500	\$1,239,408,896	\$14,324,202	\$14,007,263	+7.45%
2017/18	1,387,176,300	1,307,155,923	15,084,537	14,760,814	+4.92%
2018/19	1,474,689,900	1,398,842,727	16,104,016	15,741,303	+6.31%
2019/20	1,566,037,200	1,493,781,800	17,153,344	16,693,742	+6.19%
2020/21	1,658,005,700	1,589,929,046	18,278,629	17,767,477	+5.87%

¹ Net Tax Capacity includes tax increment values.

² Taxable Net Tax Capacity does not include tax increment values.

LARGER TAXPAYERS

Taxpayer	Type of Property	2020/21 Net Tax Capacity	Percent of City's Total Net Tax Capacity
Post Consumer Products	Commercial	\$ 468,217	2.56%
Xcel Energy	Utility	316,660	1.73%
McLane Minnesota, Inc.	Industrial	213,838	1.17%
Strobel & Werner Real Estate Holding Co.	Industrial	175,254	0.96%
St. Olaf College	Agricultural	172,704	0.94%
Hidden Valley Apartments Ltd.	Apartments	137,012	0.75%
Northfield Hotel Properties, LLC	Commercial	122,700	0.67%
Target Corp.	Commercial	118,368	0.65%
Community Resource Bank	Commercial	112,684	0.62%
Cardinal CG Company	Commercial/Industrial	111,656	0.61%
Total		<u>\$ 1,949,093</u>	<u>10.66%</u>

City's Total 2020/21 Net Tax Capacity \$18,278,629

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpayers have been furnished by Rice and Dakota Counties.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total G.O. debt secured by special assessments and taxes (includes the Improvement Portion of the Bonds)*	\$10,595,000
Total G.O. debt secured by tax abatement revenues	1,265,000
Total G.O. debt secured by tax increment revenues	282,500
Total G.O. debt secured by taxes (includes the Street Reconstruction and Equipment Portions of the Bonds)*	12,235,000
Total G.O. debt secured by utility revenues	<u>1,700,000</u>
Total General Obligation Debt*	<u><u>\$26,077,500</u></u>

Revenue Debt (see schedules following)

Total revenue debt secured by hospital revenues	<u><u>\$23,576,863</u></u>
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Lease Purchase Obligations (see schedule following)

Total lease purchase obligations paid by annual appropriations ²	<u><u>\$ 555,187</u></u>
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*Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Bonds.

² Non-general obligation debt has not been included in the debt ratios.

City of Northfield, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Special Assessments and Taxes
(As of 09/09/2021)

	Improvement Bonds Series 2011A		Improvement Bonds Series 2012A		Improvement Bonds Series 2013A		Improvement Bonds 1) Series 2014A		Improvement Refunding Bonds 2) Series 2015A	
	Dated									
Amount	07/14/2011	\$1,205,000	07/12/2012	\$965,000	08/08/2013	\$830,000	09/03/2014	\$1,205,000	11/03/2015	\$1,925,000
Maturity	02/01		02/01		02/01		02/01		02/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	130,000	1,853	95,000	3,064	85,000	7,225	120,000	10,875	160,000	15,055
2023			95,000	1,021	85,000	4,463	125,000	7,813	160,000	11,855
2024					85,000	1,488	125,000	4,688	165,000	8,605
2025							125,000	1,563	165,000	5,305
2026							125,000		170,000	1,828
2027										
2028										
2029										
2030										
2031										
2032										
2033										
	130,000	1,853	190,000	4,085	255,000	13,175	495,000	24,938	820,000	42,648

1) This represents the \$1,205,000 Improvement portion of the \$3,210,000 General Obligation Bonds, Series 2014A.

2) This represents the \$1,925,000 Improvement Refunding portion of the \$2,535,000 General Obligation Bonds, Series 2015A.

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City of Northfield, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Special Assessments and Taxes
(As of 09/09/2021)

Dated Amount	Improvement Bonds 3) Series 2016C		Improvement Bonds Series 2017A		Improvement Bonds 4) Series 2018B		Improvement Bonds 5) Series 2019A		Improvement Bonds 6) Series 2020A	
	09/15/2016 \$795,000	02/01	09/07/2017 \$945,000	02/01	10/11/2018 \$1,470,000	02/01	10/10/2019 \$1,885,000	02/01	07/30/2020 \$2,990,000	02/01
Maturity										
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	80,000	8,420		12,825	140,000	34,350	175,000	45,900	240,000	68,180
2023	80,000	6,820	95,000	10,925	145,000	30,075	180,000	38,800	285,000	60,305
2024	80,000	5,220	95,000	9,025	145,000	25,725	185,000	32,425	290,000	51,680
2025	85,000	3,570	95,000	7,125	150,000	21,300	190,000	27,275	295,000	42,905
2026	85,000	2,061	95,000	5,225	155,000	16,725	195,000	21,975	300,000	33,980
2027	85,000	701	95,000	3,206	155,000	12,075	195,000	16,125	305,000	24,905
2028			95,000	1,069	160,000	7,350	200,000	10,700	315,000	15,605
2029					165,000	2,475	205,000	6,150	320,000	9,280
2030							205,000	2,050	320,000	5,840
2031									320,000	2,000
2032										
2033										
	495,000	26,793	665,000	49,400	1,215,000	150,075	1,730,000	201,400	2,990,000	314,680

3) This represents the \$795,000 Improvement portion of the \$2,610,000 General Obligation Improvement and Utility Revenue Bonds, Series 2016C.

4) This represents the \$1,470,000 Improvement portion of the \$1,710,000 General Obligation Improvement and Abatement Bonds, Series 2018B.

5) This represents the \$1,885,000 Improvement portion of the \$6,335,000 General Obligation Bonds, Series 2019A.

6) This represents the \$2,990,000 Improvement portion of the \$5,025,000 General Obligation Street Reconstruction, Improvement and Utility Bonds, Series 2020A.

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City of Northfield, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Special Assessments and Taxes
(As of 09/09/2021)

Improvement Bonds 7)
Series 2021A

Calendar Year Ending	Dated Amount	Maturity	09/09/2021 \$1,610,000*		Estimated Interest	02/01		Principal	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2022			0	16,744				0	1,320,000	224,490	1,544,490	9,275,000	12.46%	2022
2023			0	18,720				0	1,250,000	190,796	1,440,796	8,025,000	24.26%	2023
2024			175,000	18,195				175,000	1,345,000	157,050	1,502,050	6,680,000	36.95%	2024
2025			170,000	17,033				170,000	1,275,000	126,075	1,401,075	5,405,000	48.99%	2025
2026			170,000	15,673				170,000	1,170,000	97,466	1,267,466	4,235,000	60.03%	2026
2027			165,000	14,084				165,000	1,000,000	71,096	1,071,096	3,235,000	69.47%	2027
2028			160,000	12,258				160,000	930,000	46,981	976,981	2,305,000	78.24%	2028
2029			160,000	10,258				160,000	850,000	28,163	878,163	1,455,000	86.27%	2029
2030			155,000	8,133				155,000	680,000	16,023	696,023	775,000	92.69%	2030
2031			155,000	5,924				155,000	475,000	7,924	482,924	300,000	97.17%	2031
2032			150,000	3,638				150,000	150,000	3,638	153,638	150,000	98.58%	2032
2033			150,000	1,238				150,000	150,000	1,238	151,238	0	100.00%	2033
			1,610,000	141,894					10,595,000	970,939	11,565,939			

* Preliminary, subject to change.

7) This represents the \$1,610,000 Improvement portion of the \$4,475,000 General Obligation Street Reconstruction, Improvement and Equipment Bonds, Series 2021A.

**City of Northfield, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by
(As of 09/09/2021)**

Abatement Refunding Bonds 1) Series 2014A			Tax Abatement Bonds 2) Series 2018B			Tax Abatement Bonds 3) Series 2019A		
Dated Amount	09/03/2014 \$2,005,000	10/11/2018 \$240,000	10/10/2019 \$435,000					
Maturity	02/01	02/01	02/01					
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest		
2022	215,000	13,938	20,000	5,700	40,000	10,550		
2023	220,000	8,500	25,000	5,025	40,000	8,950		
2024	230,000	2,875	25,000	4,275	40,000	7,550		
2025			25,000	3,525	45,000	6,388		
2026			25,000	2,775	45,000	5,150		
2027			25,000	2,025	40,000	3,800		
2028			25,000	1,275	45,000	2,563		
2029			30,000	450	50,000	1,500		
2030					50,000	500		
	665,000	25,313	200,000	25,050	400,000	46,950		
		</						

- 1) This represents the \$2,005,000 Abatement Refunding portion of the \$3,210,000 General Obligation Bonds, Series 2014A.
- 2) This represents the \$240,000 Tax Abatement portion of the \$1,710,000 General Obligation Improvement and Abatement Bonds, Series 2018B.
- 3) This represents the \$435,000 Tax Abatement portion of the \$6,335,000 General Obligation Bonds, Series 2019A.

City of Northfield, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Tax Incremental Revenues
(As of 09/09/2021)

Taxable Tax Increment Refunding Bonds												
Tax Increment Bonds Series 2002						Series 2017B						
Dated Amount	08/01/2002 \$140,000					09/07/2017 \$460,000						
Maturity	12/15					02/01						
Calendar Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending		
2021	7,000	1,242	0	0	7,000	1,242	8,242	275,500	2.48%	2021		
2022	7,000	2,124	55,000	5,258	62,000	7,382	69,382	213,500	24.42%	2022		
2023	7,000	1,764	60,000	3,900	67,000	5,664	72,664	146,500	48.14%	2023		
2024	7,000	1,400	60,000	2,340	67,000	3,740	70,740	79,500	71.86%	2024		
2025	7,000	1,036	60,000	780	67,000	1,816	68,816	12,500	95.58%	2025		
2026	7,000	668			7,000	668	7,668	5,500	98.05%	2026		
2027	5,500	297			5,500	297	5,797	0	100.00%	2027		
	47,500	8,530	235,000	12,278	282,500	20,807	303,307					

City of Northfield, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 09/09/2021)

Dated Amount	Equipment Certificates 1) Series 2016C				Capital Improvement Plan Bonds Series 2018A				COP Refunding Bonds 2) Series 2019A				Street Reconstruction Bonds 3) Series 2020A				Street Reconstruction and Equipment Bonds 4) Series 2021A				Principal Outstanding	Total P & I	Total Interest	% Paid	Calendar Year Ending
	09/15/2016 \$630,000	02/01	06/07/2018 \$4,195,000	02/01	10/10/2019 \$4,015,000	02/01	07/30/2020 \$1,370,000	02/01	09/09/2021 \$2,865,000*	02/01	Estimated Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest								
Maturity																									
Calendar Year Ending																									
2022		130,000		1,300	165,000	119,108			230,000	100,860			105,000	31,038		0	26,972	630,000	279,277	909,277	11,605,000	5.15%	2022		
2023					170,000	114,083			300,000	90,260			125,000	27,588		285,000	29,443	880,000	261,373	1,141,373	10,725,000	12.34%	2023		
2024					175,000	108,908			310,000	79,610			130,000	23,763		295,000	27,845	910,000	240,125	1,150,125	9,815,000	19.78%	2024		
2025					180,000	103,583			315,000	71,023			135,000	19,788		295,000	25,854	925,000	220,246	1,145,246	8,890,000	27.34%	2025		
2026					185,000	98,108			325,000	62,210			135,000	15,738		300,000	23,473	945,000	199,528	1,144,528	7,945,000	35.06%	2026		
2027					190,000	92,483			335,000	52,310			140,000	11,613		300,000	20,623	965,000	177,028	1,142,028	6,980,000	42.95%	2027		
2028					195,000	86,708			345,000	42,973			145,000	7,338		310,000	17,188	995,000	154,205	1,149,205	5,985,000	51.08%	2028		
2029					205,000	80,708			355,000	35,110			150,000	4,413		310,000	13,313	1,020,000	133,543	1,153,543	4,965,000	59.42%	2029		
2030					210,000	74,483			360,000	27,960			150,000	2,800		255,000	9,513	975,000	114,755	1,089,755	3,990,000	67.39%	2030		
2031					215,000	68,108			365,000	20,528			155,000	969		255,000	5,879	990,000	95,483	1,085,483	3,000,000	75.48%	2031		
2032					220,000	61,445			370,000	12,718						260,000	2,015	850,000	76,178	926,178	2,150,000	82.43%	2032		
2033					230,000	54,414			380,000	4,370								610,000	58,784	668,784	1,540,000	87.41%	2033		
2034					235,000	46,943												235,000	46,943	681,943	1,305,000	89.33%	2034		
2035					245,000	39,023												245,000	39,023	284,023	1,060,000	91.34%	2035		
2036					250,000	30,855												250,000	30,855	280,855	810,000	93.38%	2036		
2037					260,000	22,440												260,000	22,440	282,440	550,000	95.50%	2037		
2038					270,000	13,695												270,000	13,695	283,695	280,000	97.71%	2038		
2039					280,000	4,620												280,000	4,620	284,620	0	100.00%	2039		
		130,000		1,300	3,880,000	1,219,709			3,990,000	599,930			1,370,000	145,044		2,865,000	202,114	12,235,000	2,168,097	14,403,097					

* Preliminary, subject to change.

- 1) This represents the \$630,000 Equipment portion of the \$2,610,000 General Obligation Improvement and Utility Revenue Bonds, Series 2016C.
- 2) This represents the \$4,015,000 Certificates of Participation Refunding portion of the \$6,335,000 General Obligation Bonds, Series 2019A.
- 3) This represents the \$1,370,000 Street Reconstruction portion of the \$5,025,000 General Obligation Street Reconstruction, Improvement and Utility Bonds, Series 2020A.
- 4) This represents the \$2,865,000 Street Reconstruction and Equipment portions of the \$4,475,000 General Obligation Street Reconstruction, Improvement and Equipment Bonds, Series 2021A.

City of Northfield, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Utility Revenues
(As of 09/09/2021)

Dated Amount	Sewer Revenue Bonds 1) Series 2010A		Utilities Revenue Refunding Bonds 2) Series 2012C		Utility Revenue Bonds 3) Series 2016C		Utility Revenue Bonds 4) Series 2020A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	12/28/2010 \$755,000	02/01	12/27/2012 \$1,145,000	02/01	09/15/2016 \$1,185,000	02/01	07/30/2020 \$665,000	02/01						
Maturity														
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest						
2022	55,000	9,450	45,000	450	130,000	11,763	50,000	15,100	280,000	36,763	316,763	1,420,000	16.47%	2022
2023	55,000	7,470			110,000	9,363	60,000	13,450	225,000	30,283	255,283	1,195,000	29.71%	2023
2024	60,000	5,400			110,000	7,163	65,000	11,575	235,000	24,138	259,138	960,000	43.53%	2024
2025	60,000	3,240			115,000	4,913	65,000	9,625	240,000	17,778	257,778	720,000	57.65%	2025
2026	60,000	1,080			115,000	2,871	65,000	7,675	240,000	11,626	251,626	480,000	71.76%	2026
2027					120,000	990	70,000	5,650	190,000	6,640	196,640	290,000	82.94%	2027
2028							70,000	3,550	70,000	3,550	73,550	220,000	87.06%	2028
2029							70,000	2,150	70,000	2,150	72,150	150,000	91.18%	2029
2030							75,000	1,369	75,000	1,369	76,369	75,000	95.59%	2030
2031							75,000	469	75,000	469	75,469	0	100.00%	2031
	290,000	26,640	45,000	450	700,000	37,061	665,000	70,613	1,700,000	134,764	1,834,764			

1) This represents the \$755,000 Sewer Revenue portion of the \$2,305,000 General Obligation Bonds, Series 2010A.

2) This represents the \$1,145,000 Utilities Revenue Refunding portion of the \$1,640,000 General Obligation Bonds, Series 2012C.

3) This represents the \$1,185,000 Utility Revenue portion of the \$2,610,000 General Obligation Improvement and Utility Revenue Bonds, Series 2016C.

4) This represents the \$665,000 Utility Revenue portion of the \$5,025,000 General Obligation Street Reconstruction, Improvement and Utility Bonds, Series 2020A.

City of Northfield, Minnesota
Schedule of Bonded Indebtedness
Revenue Debt Secured by Hospital Revenues
(As of 09/09/2021)

		Hospital Revenue Bonds Series 2015B		Hospital Revenue Refunding Bonds Series 2016A		Hospital Revenue Bonds Series 2016B						
Dated	12/29/2015			08/05/2016			08/05/2016					
Amount	\$8,405,000			\$22,375,000			\$2,625,000					
Maturity	11/01			Monthly			Monthly					
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2021	525,000	89,475	349,447	99,908	41,005	11,720	915,452	201,103	1,116,555	22,661,411	3.88%	2021
2022	540,000	163,304	1,420,344	377,076	166,667	44,233	2,127,011	584,613	2,711,624	20,534,400	12.90%	2022
2023	560,000	147,212	1,457,135	340,285	170,984	39,916	2,188,118	527,414	2,715,532	18,346,282	22.19%	2023
2024	575,000	130,524	1,494,878	302,542	175,413	35,487	2,245,291	468,553	2,713,844	16,100,991	31.71%	2024
2025	3,805,000	113,389	1,533,599	263,821	179,956	30,944	5,518,556	408,153	5,926,709	10,582,436	55.12%	2025
2026			1,573,323	224,097	184,618	26,282	1,757,941	250,379	2,008,320	8,824,495	62.57%	2026
2027			1,614,076	183,344	189,400	21,500	1,803,476	204,844	2,008,320	7,021,019	70.22%	2027
2028			1,655,885	141,535	194,306	16,594	1,850,191	158,129	2,008,320	5,170,828	78.07%	2028
2029			1,698,776	98,644	199,339	11,561	1,898,115	110,205	2,008,320	3,272,713	86.12%	2029
2030			1,742,779	54,641	204,502	6,398	1,947,281	61,039	2,008,320	1,325,432	94.38%	2030
2031			1,186,718	11,420	138,714	1,331	1,325,432	12,751	1,338,183	0	100.00%	2031
	6,005,000	643,904	15,726,961	2,097,312	1,844,902	245,967	23,576,863	2,987,183	26,564,046			

City of Northfield, Minnesota
Schedule of Bonded Indebtedness
Non-General Obligation Debt Secured by Annual Appropriation
(As of 09/09/2021)

Energy Conservation Measures
Lease
Series 2008

Dated Amount	03/28/2008 \$3,276,577						
Maturity	02/01 & 08/01						
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid
2022	272,263	18,916	272,263	18,916	291,179	282,924	49.04%
2023	282,924	8,255	282,924	8,255	291,179	0	100.00%
	555,187	27,171	555,187	27,171	582,358		

DEBT LIMIT

The statutory limit on debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" (Minnesota Statutes, Section 475.51, subd. 4) is the amount remaining after deducting from gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate principal of the following: (1) obligations payable wholly or partly from special assessments levied against benefitted property (includes the Improvement Portion of the Bonds); (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued to finance any public revenue producing convenience; (6) funds held as sinking funds for payment of principal and interest on debt other than those deductible under Minnesota Statutes, Section 475.51, subd. 4; (7) obligations issued to pay judgments against the City; and (8) other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance.

2020/21 Assessor's Estimated Market Value	\$ 1,658,005,700
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$ 49,740,171
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Street Reconstruction and Equipment Portions of the Bonds)*	(12,235,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations	<u>(555,187)</u>
Unused Debt Limit*	<u><u>\$ 36,949,984</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2020/21 Taxable Net Tax Capacity	% In City	Total G.O. Debt ²	City's Proportionate Share
Rice County	\$73,372,641	21.9114%	\$23,082,000	\$ 5,057,589
I.S.D. No. ISD 659 (Northfield Public Schools)	27,006,277	59.5305%	51,015,000 ³	30,369,485
City's Share of Total Overlapping Debt				<u>\$35,427,074</u>

DEBT PAYMENT HISTORY

The City inadvertently failed to timely make its October 1, 2017 interest payment in the amount of \$72,580.00 as required for the Certificates of Participation, Series 2012B (the "Certificates"). The City had appropriated sufficient funds for the payment, but did not receive an expected advance notification from the Trustee to coordinate for the payment. The City promptly made the payment upon receiving notice of the missed payment from the Trustee on October 3, 2017.

The City coordinated with the Trustee to update its contact information and ensure the Trustee's internal controls provide agreed upon notifications. The City also updated its internal controls accordingly to proactively manage all future payment dates until the Certificates redemption in 2019.

¹ Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Does *not* include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

² Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

³ Currently, the State of Minnesota is paying approximately 7.4% of the principal and interest on Northfield Public School District's general obligation bonds. Assuming this percentage continues for the life of the bonds, the State's proportionate share of principal is \$3,775,110. Includes the 2019/20 Agricultural Credit values; the 2020/21 Agricultural Credit values are expected to be available in August 2021. Based upon the long term facilities maintenance revenue formula and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value (\$1,783,949,564)	Debt/ Current Population Estimate (20,347)
Direct G.O. Debt Secured By:			
Special Assessments & Taxes*	\$10,595,000		
Tax Abatement Revenues	1,265,000		
Tax Increment Revenues	282,500		
Taxes*	12,235,000		
Utility Revenues	1,700,000		
Total General Obligation Debt (includes the Bonds)*	\$26,077,500		
Less: G.O. Debt Paid Entirely from Revenues ¹	(1,700,000)		
Tax Supported General Obligation Debt*	\$24,377,500	1.37%	\$1,198.09
City's Share of Total Overlapping Debt ²	\$35,427,074	1.99%	\$1,741.14
Total*	\$59,804,574	3.35%	\$2,977.56

*Preliminary, subject to change.

FUTURE FINANCING

The City has no current plans for additional financing in the next 12 months.

¹ Debt service on the City's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

² After deducting the City's proportionate share of the agricultural land valuation applicable to the overlapping school districts of \$2,247,342, the City's net overlapping debt is \$33,179,732, which results in a net overlapping debt/market value ratio of 1.86% and net overlapping debt/current population estimate ratio of \$1,630.69.

TAX RATES, LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ¹	Total Collected Following Year	Collected to Date ²	% Collected
2016/17	\$7,785,345	\$7,751,068	\$7,784,566	99.99%
2017/18	8,408,262	8,364,180	8,405,731	99.97%
2018/19	8,833,397	8,795,142	8,827,314	99.93%
2019/20	9,697,113	9,644,909	9,670,368	99.72%
2020/21	10,056,252	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.³ Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. Certain states have announced extended deadlines for payment of property taxes, although as of this date Minnesota has not taken such measures. The City cannot predict whether and how much payment of property taxes will be impacted. Any delays or reduction in the receipt of property taxes may materially adversely impact the City's finances and payment of debt obligations, including the Bonds.

¹ This reflects the Final Levy Certification of the City after all adjustments have been made.

² Collections are through March 31, 2021 for Rice County and February 28, 2021 for Dakota County.

³ Second half tax payments on agricultural property are due on November 15th of each year.

TAX CAPACITY RATES¹

	2016/17	2017/18	2018/19	2019/20	2020/21
Rice County	41.566%	41.810%	40.979%	40.920%	41.190%
Dakota County	25.411%	24.083%	22.994%	21.833%	20.553%
City of Northfield	55.667%	57.164%	56.216%	58.161%	56.661%
I.S.D. No. ISD 659 (Northfield Public Schools)	30.937%	33.150%	31.215%	30.468%	29.959%
Dakota County CDA	1.548%	1.479%	1.479%	1.469%	1.375%
Rice County HRA	0.109%	0.124%	0.218%	0.212%	0.266%
Metro Transit/Light Rail	0.342%	0.031%	0.000%	0.000%	0.000%
City of Northfield EDA	1.638%	1.624%	1.599%	1.572%	1.536%
City of Northfield HRA	1.670%	1.655%	1.629%	1.602%	1.566%

Referendum Market Value Rates:

I.S.D. No. ISD 659 (Northfield Public Schools)	0.34276%	0.44173%	0.44188%	0.40691%	0.38600%
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Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Rice and Dakota Counties.

LEVY LIMITS

The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. For taxes levied in 2013, payable in 2014, only, the Legislature imposed a one year levy limit on all counties with a population greater than 5,000, and all cities with a population greater than 2,500. While these limitations have expired, the potential exists for future legislation to limit the ability of local governments to levy property taxes. All previous limitations have not limited the ability to levy for the payment of debt service on bonded indebtedness. For more detailed information about Minnesota levy limits, contact the Minnesota Department of Revenue or Ehlers and Associates.

¹ After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

THE ISSUER

CITY GOVERNMENT

The City was organized as a municipality in 1875. The City operates under a home rule charter form of government consisting of a seven-member City Council of which the Mayor is a voting member. The City Administrator, City Clerk and Finance Director are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS; UNIONS

The City currently has 97 full-time, 27 part-time, and 63 seasonal employees. All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employee Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing multiple-employer retirement plans. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
LELS - Patrol	December 31, 2021
LELS - Sergeants	December 31, 2021
IUOE Local 70 - General	December 31, 2021
IUOE Local 70 - Utility	December 31, 2021

POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The City's most recent Comprehensive Annual Financial Report (Audit) shows a total OPEB liability of \$2,326,587 as of January 1, 2020. The City has been funding these obligations on a pay-as-you-go basis.

Source: The City's most recent Audit.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Minnesota Statutes, 471.831, authorizes municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. A municipality is defined in United States Code, title 11, section 101, as amended through December 31, 1996, but limited to a county, statutory or home rule charter city, or town; or a housing and redevelopment authority, economic development authority, or rural development financing authority established under Chapter 469, a home rule charter or special law.

FUNDS ON HAND (As of May 31, 2021)

Fund	Total Cash and Investments
General	\$ 5,000,578
Special Revenue	1,534,594
Debt Service	2,187,449
Capital Projects	4,371,306
Enterprise Funds	13,747,165
Internal Service Funds	1,927,277
Component Units (without hospital)	1,553,746
Trust Funds	351,717
Total Funds on Hand	<u><u>\$30,673,832</u></u>

ENTERPRISE FUNDS

Revenues available for debt service on the City's enterprise funds have been as follows as of December 31 each year:

	2018	2019	2020
Water			
Total Operating Revenues	\$ 2,030,447	\$ 1,990,877	\$2,189,864
Less: Operating Expenses	<u>(1,540,528)</u>	<u>(1,646,525)</u>	<u>(1,726,507)</u>
Operating Income	\$ 489,919	\$ 344,352	\$ 463,357
Plus: Depreciation	<u>389,995</u>	<u>398,426</u>	<u>397,594</u>
Revenues Available for Debt Service	<u><u>\$ 879,914</u></u>	<u><u>\$ 742,778</u></u>	<u><u>\$ 860,951</u></u>
Wastewater			
Total Operating Revenues	\$ 4,536,766	\$ 4,640,930	\$4,885,285
Less: Operating Expenses	<u>(4,570,720)</u>	<u>(4,080,521)</u>	<u>(3,707,237)</u>
Operating Income	\$ (33,954)	\$ 560,409	\$1,178,048
Plus: Depreciation	<u>1,222,034</u>	<u>1,205,299</u>	<u>1,170,696</u>
Revenues Available for Debt Service	<u><u>\$ 1,188,080</u></u>	<u><u>\$ 1,765,708</u></u>	<u><u>\$2,348,744</u></u>
Stormwater			
Total Operating Revenues	\$ 907,739	\$ 962,967	\$1,012,179
Less: Operating Expenses	<u>(577,134)</u>	<u>(737,906)</u>	<u>(706,828)</u>
Operating Income	\$ 330,605	\$ 225,061	\$ 305,351
Plus: Depreciation	<u>164,452</u>	<u>248,366</u>	<u>248,254</u>
Revenues Available for Debt Service	<u><u>\$ 495,057</u></u>	<u><u>\$ 473,427</u></u>	<u><u>\$ 553,605</u></u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2020 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2017 Audited	2018 Audited	2019 Audited	2020 Audited	2021 Adopted Budget ¹⁾
Revenues					
Property taxes	\$5,624,778	\$6,259,229	\$6,762,905	\$7,309,491	\$7,521,097
Licenses and permits	859,249	627,896	572,386	633,539	504,875
Intergovernmental	3,659,007	3,829,758	3,853,000	5,692,341	4,070,716
Charges for services	1,219,595	1,289,250	1,420,089	1,359,411	1,496,378
Fine and forfeitures	98,171	111,751	88,415	61,562	119,000
Investment earnings (loss)	16,127	118,326	174,944	124,940	85,000
Miscellaneous	287,191	362,955	337,309	251,273	305,023
Total Revenues	\$11,764,118	\$12,599,165	\$13,209,048	\$15,432,557	\$14,102,089
Expenditures					
Current:					
General government	2,106,224	2,457,540	2,564,401	3,971,337	2,929,336
Public safety	4,159,937	4,372,987	4,972,264	4,944,064	5,238,862
Public works	2,489,659	2,565,989	2,681,829	2,684,042	2,871,243
Culture and recreation	2,180,036	2,317,151	2,570,896	2,487,080	2,904,504
Miscellaneous	130,676	120,400	190,141	162,429	240,451
Debt service	205,459	205,461	205,460	205,460	205,460
Capital outlay	24,650	20,533	39,468	116,216	0
Total Expenditures	\$11,296,641	\$12,060,061	\$13,224,459	\$14,570,628	\$14,389,856
Excess of revenues over (under) expenditures	\$467,477	\$539,104	(\$15,411)	\$861,929	(\$287,767)
Other Financing Sources (Uses)					
Sale of capital assets	\$17,464	\$0	\$0	\$4,236	\$0
Transfers in	150,000	70,000	362,493	77,600	165,767
Transfers (out)	(302,192)	(286,280)	(201,536)	(26,140)	(226,000)
Total Other Financing Sources (Uses)	(134,728)	(216,280)	160,957	55,696	(60,233)
Net changes in Fund Balances	\$332,749	\$322,824	\$145,546	\$917,625	(\$348,000) ²⁾
General Fund Balance January 1	\$7,315,431	\$7,648,180	\$7,971,004	\$8,116,550	\$9,034,175
General Fund Balance December 31	\$7,648,180	\$7,971,004	\$8,116,550	\$9,034,175	\$8,686,175
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$103,591	\$93,737	\$106,932	\$115,374	
Restricted	6,733	9,137	13,520	13,815	
Committed	71,742	71,742	71,742	74,000	
Unassigned	7,466,114	7,796,388	7,924,356	8,830,986	
Total	\$7,648,180	\$7,971,004	\$8,116,550	\$9,034,175	

1) The 2021 budget was adopted on December 1, 2020.

2) The 2021 Budget includes the use of 2020 reserves held in excess of the City's fund balance policy to fund one-time capital projects.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 20,007 and a current population estimate of 20,347, and comprising an area of 7.6 square miles, is located approximately 40 miles south of the Minneapolis-St. Paul metropolitan area.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Carleton College	Private liberal arts college	2,000 ²
I.S.D. No. 659 (Northfield Public Schools)	Elementary and secondary education	1,091
Northfield Hospital	Hospital and nursing home	779
St. Olaf College	Private liberal arts college	777
Post Consumer Products	Breakfast cereal manufacturer	650 ³
McLane Minnesota, Inc.	Food service distribution	500
Multek Flexible Circuits, Inc	Manufacturer of printed and etched circuits	450
Taylor Truck Line, Inc.	Trucking/motor freight	360
Three Links Care Center	Nursing and convalescent home	250
Lutheran Home - The Cannon Valley	Retirement community	250

Source: *Data Axle Reference Solutions, written and telephone survey (June 2021), and the Minnesota Department of Employment and Economic Development.*

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "Risk Factors - Impact of the Spread of COVID-19").

² Includes student workers.

³ Employee count is from last survey response in May 2020. Employer has not responded to current requests.

BUILDING PERMITS

	2017	2018	2019	2020	2021 ¹
<u>New Single Family Homes</u>					
No. of building permits	30	36	39	13	11
Valuation	\$7,627,488	\$9,041,067	\$6,983,944	\$4,780,509	\$2,755,400
<u>New Multiple Family Buildings</u>					
No. of building permits	0	0	0	3	1
Valuation	\$0	\$0	\$0	\$13,640,000	\$500,000
<u>New Commercial/Industrial</u>					
No. of building permits	2	8	4	6	3
Valuation	\$65,733,822	\$16,359,290	\$616,010	\$7,057,180	\$17,146,848
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	673	947	635	1,244	850
Valuation	\$102,594,565	\$67,229,656	\$30,907,830	\$64,811,938	\$80,086,700

Source: The City.

¹ As of May 31, 2021.

U.S. CENSUS DATA

Population Trend: The City

2000 U.S. Census population	17,147
2010 U.S. Census population	20,007
2019 State Demographer's Estimate	20,347
Percent of Change 2000 - 2010	+ 16.68%

Income and Age Statistics

	The City	Rice County	State of Minnesota	United States
2019 per capita income	\$30,649	\$31,221	\$37,625	\$34,103
2019 median household income	\$70,148	\$68,584	\$71,306	\$62,843
2019 median family income	\$90,696	\$84,211	\$89,842	\$77,263
2019 median gross rent	\$825	\$843	\$977	\$1,062
2019 median value owner occupied units	\$226,000	\$208,600	\$223,900	\$217,500
2019 median age	27.2 yrs.	36.5 yrs.	38.0 yrs.	38.1 yrs.

	State of Minnesota	United States
City % of 2019 per capita income	81.46%	89.87%
City % of 2019 median family income	100.95%	117.39%

Housing Statistics

	<u>The City</u>		Percent of Change
	2010	2019	
All Housing Units	5,122	6,832	33.39%

Source: 2000 and 2010 Census of Population and Housing, and 2019 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>) and 2019 Population Estimates, Metropolitan Council (<https://metro council.org/>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Rice County	Rice County	State of Minnesota
2017	35,387	3.1%	3.4%
2018	35,832	2.8%	3.0%
2019	36,362	3.2%	3.2%
2020	35,529	4.9%	6.2%
2021, June	35,465	4.1%	4.4%

Source: Minnesota Department of Employment and Economic Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.



**YEAR ENDED
DECEMBER 31, 2020**

**CITY OF NORTHFIELD
NORTHFIELD, MN**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

City of Northfield, Minnesota
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Comprehensive Annual Financial Report
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CITY OF NORTHFIELD
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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June 1, 2021

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 comprehensive annual financial report of the City of Northfield for the fiscal year ended December 31, 2020.

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, Eick, & Meyers, 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, 2020, 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, 2020 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 Comprehensive Annual 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 2010 Census, Northfield has a population of 20,007. 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 30th 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 20,494 which represents a 2.4 percent increase from 2010. The 2010 Census established the City's population at 20,007. The population has remained steady over the last several years with a slight increase. This is reflective of the upturn of the economy and the increase in residential construction since the low in 2011. Despite the global pandemic impacting this past year, home improvement projects, construction permits and new development increased.

Revenue from Licenses & Permits:		Increase (Decrease)
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
2014	396,898	(72,702)
2013	464,599	43,831
2012	420,768	80,314
2011	340,454	(272,970)

Business license activity increased in 2020. Building permit activity valuations totaled \$43,985,221 in 2019 and increased to \$64,819,022 in 2020. Residential units added to the City in 2020 were 168, with 149 units in new apartment construction. This represents the highest total number of units permitted since 2006.

Growth in senior populations and single person households will contribute to shifts in commercial and service sector business, housing and care facilities.

From the MN State Demographer's Office, Department of Administration:

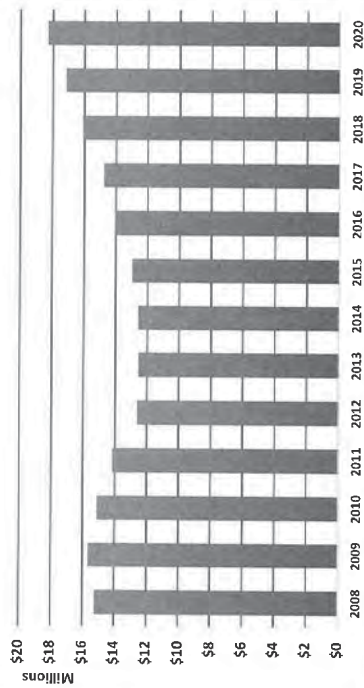
- The number of Minnesotans turning 65 in this decade (about 285,000) will be greater than the past four decades combined.
- Around 2020, Minnesota's 65+ population is expected to eclipse the 5-17 K-12 population, for the first time in history.
- The total number of older adults (65+) is anticipated to double between 2010 and 2030, according to our projections. By then, more than 1 in 5 Minnesotans will be an older adult, including all the Baby Boomers.

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

National demographic and housing trends show the largest growth in households is in single person households, with married couples without children following as the second largest growth area. These trends are reflected in regional and statewide shifts as well, and contribute to a shift in the housing market. Locally, there has been growing interest in multi-family development projects. While there has been interest in the single family market, multi-family, townhome and smaller foot print living (i.e. single person and married without children) is anticipated to dominate housing construction in future years. Several multi-family projects started construction in 2020 and are getting ready to open. They are reporting a strong market with many units leased prior to opening. A recent housing study showed a very tight housing market and need for more housing.

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

Taxable Net Tax Capacity



The residential sector continues to increase. Commercial and industrial values are gaining, and have surpassed 2009 levels. We anticipate the base capacity to be stable with a modest increase over the next year.

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.

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

Major employers in Northfield are as follows:

Employer	Products/Services	Employees
ISD 659* includes seasonal employees		
St Olaf College	Education	1,083
Carleton College	Education	860
Northfield Hospital	Education	750
Post Consumer Products	General Medical & Surgical Hospital	749
McLane Minnesota Inc.	Grain & Oilseed Milling	650
Multek Flexible Circuits	Grocery Distribution	600
Taylor Truck Line, Inc.	Technology	450
Three Links Care Center	Transportation	360
Lutheran Home - The Cannon Valley	Skilled Nursing Care Facility	250
	Retirement Community	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 47 percent, and intergovernmental revenues at 37 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 typically the single largest revenue source within the category of intergovernmental revenues.

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. The 2020 intergovernmental Revenue percent of total is higher in 2020 than historical levels due to the receipt of approximately \$1.5 million in CARES Act funding.

	Property Tax Revenue	General Fund		Percent of Total
		Total	Intergovernmental Revenue	
2020	\$ 7,214,743	46.62%	\$ 5,692,340	36.78%
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%
2014	5,259,744	46.96%	3,517,984	31.41%
2013	5,315,103	50.54%	3,066,511	29.16%
2012	5,031,208	46.60%	3,103,346	28.75%
2011	4,664,647	44.91%	2,872,163	27.65%

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

Long-Term Financial Planning

A debt study was conducted by Ehlers, Inc. during 2014. The study concentrated on the improvement bonds issued to help finance the street improvement program. A significant number of the city's streets are in need of rehabilitation. While financing the improvements includes special assessments and state street aid (in some instances), a significant portion of the costs are covered by general obligation debt. The debt study examined existing bonds and determined what amount of bonds could be issued over the next five years by allowing no more than a 3 percent annual increase in the improvement bond-related property tax levy.

The results of the debt study provided the framework for the 2015 - 2019 street improvement portion of the five-year capital improvement program. The debt study also looked at anticipated capital projects to give a holistic picture of bonding capacity with no more than a 3 percent increase over the next 10 years. We have used this framework to update debt projections we prepare the annual budget.

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. The Council authorized Water, Wastewater and Storm Water rates to increase by 1.0 percent, 1.75 percent and 5.0% respectively, in 2019, 2020 and 2021. Refuse rates remained unchanged.

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.

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

Major Initiatives

In 2020, the City continued its focused on planning for the future by acting on the strategic plan, which includes 6 priority areas highlighted below. In addition, the City received approximately \$1.5 million through the federal CARES Act related to COVID-19. The Council allocated \$300,000 in grants for businesses and \$200,000 in grants for nonprofits. 35 businesses and 20 non-profits received grants up to \$10,000 to assist with financial struggles due to the pandemic and corresponding shutdowns.

- Economic Development – a Community that is Economically thriving
 - The City received approximately \$1.5 million through the federal CARES Act related to COVID-19, the Council allocated \$300,000 in grants for businesses and \$200,000 in grants for nonprofits. 35 businesses and 20 non-profits received grants up to \$10,000 to assist with financial struggles due to the pandemic and corresponding shutdowns
 - The City completed and the Council approved a Riverfront Enhancement Action plan
 - Carleton continued their mechanical systems upgrade from low pressure steam to hot water using geothermal technology. The final phase of conversion will wrap up in 2021
 - Housing projects included the Timberfield Apartments (behind Target), Spring Creek Townhomes 2nd addition (southern part of City off Southbridge Drive) and construction began on the 5th Street Lofts, a 4 story 79 unit market rate apartment building on the corner of 5th St and Washington, a TIF district was approved for the project
 - St. Olaf began the process to add a residence hall and townhomes to their campus on St. Olaf Avenue
 - Commercial development of a solar garden, 305 Division St. S (Garlie Vet building), self-storage complex, Premier Bank, Hometown Credit Union, Wings Financial, expansion of Aurora Pharmaceutical and All Flex
- Affordable Housing – a Community where everyone can afford to live
 - HRA sponsored a housing study and need analysis that began in the Fall 2020 and will be completed in the first quarter of 2021
 - Responded to households experiencing economic hardship related to COVID-19 by providing grant funding to the Community Action Center (CAC) of Northfield to assist with rent and mortgage payments
 - Advancement of the Spring Creek Townhomes – 32 unit workforce housing in process
 - Infrastructure – a Community where infrastructure supports its objectives 2020 Mill and Overlay Street projects
 - Wastewater Treatment Plant repairs and upgrades completed
 - Hwy 246 & Jefferson Parkway roundabout and underpasses substantially completed
 - Studying ways to reduce manganese in drinking water
 - Stormwater Pond assessment, cleanout of sediment filled ponds
- Diversity, Equity & Inclusion – a Community that welcomes everyone
 - Adopted a Racial Equity Action Plan that is intentional about institutional culture change
 - Piloted Growing Local: Northfield Emerging Leaders Program
 - Adopted Land Acknowledgement Statement
- Operational Effectiveness – a Community with a Government that works
 - Earned our 12th consecutive GFOA Award for Excellence in Financial Reporting
 - Wastewater Facility Audit phased implementation
- Climate Change Impacts – a Community that's resilient and sustainable
 - Continued Climate Action Plan implementation
 - Launched a podcast called Sustainable Northfield
 - Achieved Step 4 status as a GreenStep City
 - Second Electric Vehicle Charging Station installed
 - Continued Home Energy Audits with Xcel Partners in Energy program

The City has a website located at 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,

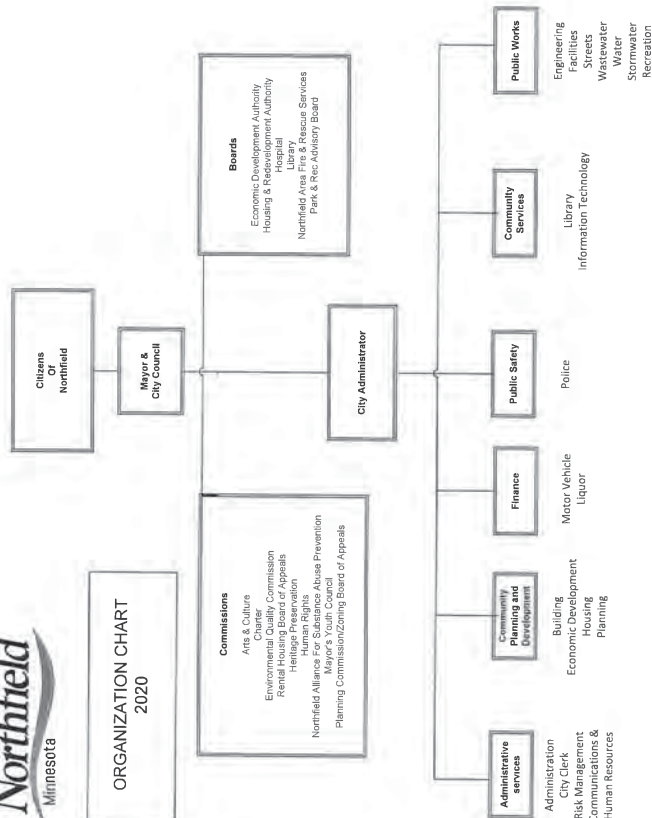

Brenda Angelstad
Finance Director

City of Northfield, Minnesota
Principal City Officials
For the Year Ended December 31, 2020

Elected		Term Expires	
Name	Title		
Rhonda Pownell	Mayor		12/31/20
Brad Ness	Council Member - At Large		12/31/20
Clarice Grenier Grabau	Council Member - At Large		12/31/22
Suzie Nakasian	Council Member - First Ward		12/31/22
David DeLong	Council Member - Second Ward		12/31/20
Erica Zweifel	Council Member - Third Ward		12/31/20
Jessica Peterson White	Council Member - Fourth Ward		12/31/22
Appointed			
Ben Martig	City Administrator		
Brenda Angelstad	Finance Director		
Lynette Peterson	City Clerk		
Chris Hood	City Attorney		
Fiaherly & Hood, P.A.	Assistant City Attorney		
Mark Elliott	Police Chief		
David Bennett	Public Works Director / City Engineer		
Mitzi Baker	Community Development/Planning Director		
Teresa Jensen	Library / IT Director		
Michelle Mahowald	Human Resources / Communications Director		



ORGANIZATION CHART
2020



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Northfield
Minnesota

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended
December 31, 2019

Christopher P. Mouill

Executive Director/CEO

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FINANCIAL SECTION
CITY OF NORTHFIELD
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Northfield, Minnesota

Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 has been furnished to us, and our opinion insofar as it relates to the amounts included for the Northfield Municipal Hospital, is based solely on the report of the other auditors. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Hospital were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2020, 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.

Change in Accounting Standards

As described in Note 10 to the financial statements, the City's discretely presented component unit adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 87, Leases, for the year ended December 31, 2020. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 27 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 112 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2021, 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.

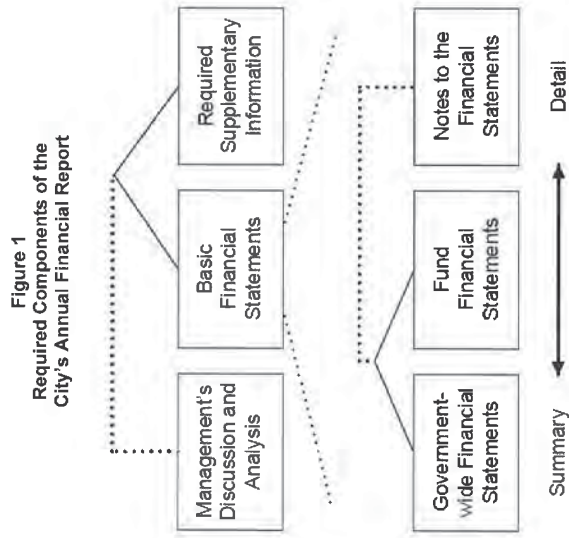
Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
June 3, 2021

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 explain 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.



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, 2020. 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 9 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 \$97,702,822 (net position). Of this amount, \$19,858,984 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$6,220,047 as compared to an increase of \$3,691,842 in the previous year. This increase is mostly due to an increase in capital grants and contributions in the amount of \$1,371,703 related to special assessments and MSA construction revenue. Public safety and streets and highways also had a decrease in expenditures of \$774,025 and \$344,952, respectively.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,231,103, an increase of \$2,128,654 in comparison with the prior year. The key factor in this decrease was an increase in public works capital outlay of \$5,467,044 related to the 2019 and 2020 capital projects offset by \$4,360,000 of debt issued. Of this total amount, \$6,566,586, is available for spending at the City's discretion (unassigned fund balance).

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

Scope	Fund Financial Statements	
	Government-wide Statements	Proprietary Funds
Required financial statements	<ul style="list-style-type: none"> Entire City government (except fiduciary funds) and the City's component units Statement of Net Position Statement of Activities 	<ul style="list-style-type: none"> Activities the City operates similar to private businesses, such as the water and sewer system fire and parks Balance Sheet Statement of Revenues, Expenses, and Changes in Fund Balances Statement of Net Position Revenues, Expenses and Changes in Net Position Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
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
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
Type of in flow/out flow 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

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 are 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 government, 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 and the 2020 Capital Project 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 predominantly 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 52 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 61 of this report.

Required Supplementary Information. The required supplementary information can be found starting on page 112 if this report.

Other Information. The combining statements referred to earlier in connection with normal 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 120 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$97,702,822 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (73.8 percent) 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			
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Assets						
Current and other assets	\$27,356,562	\$23,116,822	\$ 4,239,740	\$15,434,416	\$17,006,706	\$ (1,572,290)
Capital assets	62,204,567	57,782,044	4,422,523	35,303,790	32,331,213	2,972,577
Total Assets	89,561,129	80,898,866	8,662,263	50,738,206	49,337,919	1,400,287
Deferred outflows of resources	2,361,554	2,741,836	(380,282)	208,667	131,265	77,402
Liabilities						
Long-term liabilities						
outstanding	25,142,041	22,559,327	2,582,714	3,398,943	4,181,183	(782,240)
Other liabilities	9,447,567	8,494,740	952,827	2,075,086	2,504,571	(429,485)
Total Liabilities	34,589,608	31,054,067	3,535,541	5,474,029	6,685,754	(1,211,725)
Deferred inflows of resources	5,047,341	3,708,835	1,338,506	55,756	178,455	(122,699)
Net Position						
Net investment in capital assets	40,073,838	37,588,910	2,484,928	32,017,801	28,248,889	3,768,912
Restricted	5,752,199	4,982,397	769,802	-	-	-
Unrestricted	6,459,697	6,306,493	153,204	13,399,287	14,356,086	(956,799)
Total Net Position	\$52,285,734	\$48,877,800	\$ 3,407,934	\$45,417,088	\$42,604,975	\$ 2,812,113

An additional portion of the City's net position (5.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (20.2 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The City's net position increased by \$6,220,047 during the current fiscal year.

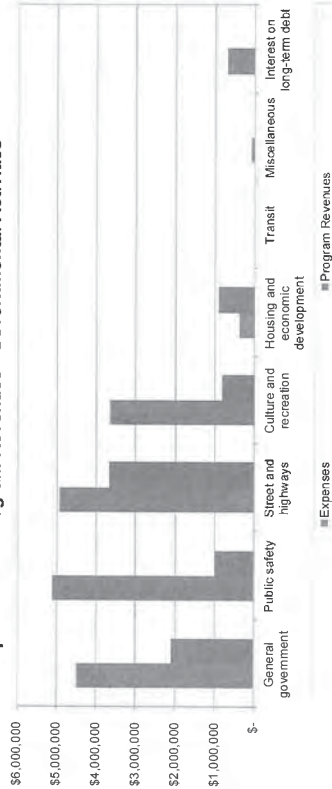
Governmental Activities. Governmental activities increased the City's net position by \$4,905,396, accounting for 54.8 percent of the total change in net position. Key elements of these changes are as follows:

- Property taxes/tax increment revenues increased \$879,965. Due to a tax levy increase that occurred in 2020.
- Operating grants, capital grants, and grants not restricted to specific programs increased \$2,771,935. This increase is mainly due to MSA dollars.
- Public safety expenditures decreased by \$774,025 due to the prior year having expenditures related to the NAFRS building that were not present in the current year.

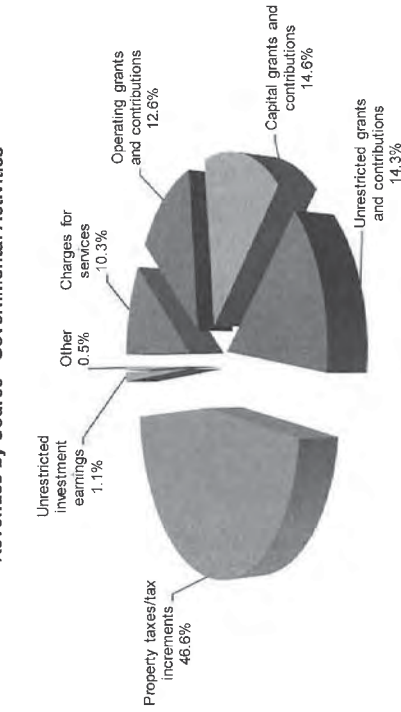
City of Northfield's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 2,333,228	\$ 2,376,451	\$ (43,223)	\$ 11,881,640	\$ 11,472,317	\$ 409,323
Operating grants and contributions	2,866,949	1,641,596	1,225,353	-	221,425	(221,425)
Capital grants and contributions	3,308,340	1,936,637	1,371,703	334,321	-	334,321
General Revenues						
Property taxes/						
tax increments	10,601,001	9,721,036	879,965	-	-	-
Grants and contributions not restricted to specific programs	3,254,785	3,079,906	174,879	-	-	-
Unrestricted investment earnings	251,495	378,618	(127,123)	257,669	391,992	(134,323)
Other	103,704	76,432	27,272	19,071	-	19,071
Total Revenues	22,719,502	19,210,676	3,508,826	12,491,701	12,085,734	405,967
Expenses						
General government	4,491,926	2,930,109	1,561,817	-	-	-
Public safety	5,110,574	5,894,599	(774,025)	-	-	-
Streets and highways	4,928,177	5,272,769	(344,592)	-	-	-
Culture and recreation	3,646,866	3,691,317	(44,451)	-	-	-
Housing and economic development	375,633	126,751	248,882	-	-	-
Transit	25,938	25,938	-	-	-	-
Miscellaneous	89,529	190,537	(101,008)	-	-	-
Interest on long-term debt	695,457	736,814	(41,357)	-	-	-
Water	-	-	-	1,726,354	1,631,940	94,414
Wastewater	-	-	-	3,783,972	4,175,037	(391,065)
Garbage	-	-	-	835,774	840,429	(4,655)
Storm water	-	-	-	727,063	743,286	(16,223)
Liquor store	-	-	-	2,553,893	2,799,519	(245,626)
Total Expenses	19,364,100	18,858,834	505,266	9,827,056	10,190,211	(363,155)
Increase in Net Position Before Transfers	3,355,402	351,842	3,003,560	2,864,645	1,895,523	969,122
Transfers of Capital Assets						
Transfers	1,549,994	153,192	1,396,802	(1,549,994)	(153,192)	(1,396,802)
Extraordinary item - impairment gain on fire and flood damage net of insurance recovery	-	-	-	-	1,444,477	(1,444,477)
Change in Net Position	4,905,396	505,034	4,400,362	1,314,651	3,186,808	(1,872,157)
Net Position - January 1	48,877,800	48,372,766	505,034	42,804,975	39,418,167	3,186,808
Prior Period Adjustment	(1,497,462)	-	(1,497,462)	1,497,462	-	1,497,462
Net position - January 1, as restated (Note 10)	47,380,338	48,372,766	(992,428)	44,102,437	39,418,167	4,684,270
Net Position - December 31	\$ 52,285,734	\$ 48,877,800	\$ 3,407,934	\$ 45,417,088	\$ 42,804,975	\$ 2,812,113

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

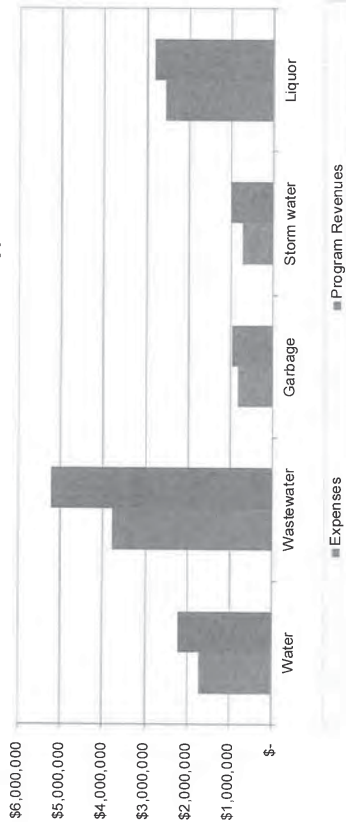


The following graphs depict various governmental activities and show the revenue and expenses directly related to those activities.

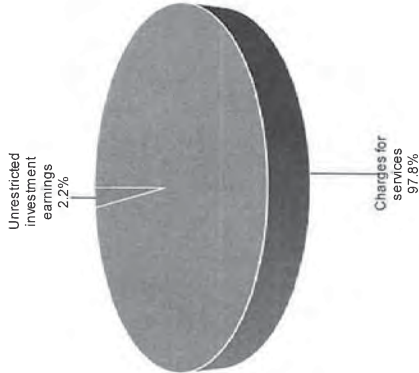
Business-type Activities. Business-type activities increased the City's net position by \$2,812,113, accounting for 45.2 percent of the total increase. Key elements of this increase are as follows:

- Charges for services increased by \$409,323 due to an increase in utility rates.
- Grants and contributions increased by \$334,321 due to an insurance reimbursement.
- Storm water and liquor store expenditures decreased by \$16,223 and \$245,626, respectively.
- A prior period adjustment totaling \$1,497,462 was needed to correct capital activity.

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.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,231,103, an increase of \$2,128,654 in comparison with the prior year. A key factor in this decrease was the increase in tax levy and the spend down of prior year unspent bond proceeds. Of this total amount, \$6,627,463 is available for spending at the City's discretion (*unassigned fund balance*). The remainder of fund balance is not available for new spending because it is nonspendable (\$117,737), restricted (\$6,421,806), committed (\$1,283,220), or assigned (\$1,780,877).

The *General fund* is the chief operating fund of the City. At the end of the current year total fund balance of the General fund was \$9,034,175, most of which was unassigned. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 60.6 percent of total General fund expenditures.

The fund balance of the City's General fund increased \$849,684 more than the budgeted increase due to revenues coming in over budget and expenditures coming in under budget. Major variances that occurred in the General fund from its budget are noted below in the General Fund Budgetary Highlights.

The *Debt Service fund* has a total fund balance of \$4,744,524, all of which is restricted for the payment of debt service. The increase in fund balance during the current year in the Debt Service fund was \$955,247 due to revenues and bonds issued exceeding debt payments for the year.

The *2019 Capital Project fund* has a total fund balance deficit of \$2,115,833. The decrease in fund balance during the current year in was \$2,136,610. This decrease is related to project expenses for the year exceeding revenues.

The *2020 Capital Project fund* has a total fund balance of \$763,892. This increase relates to bond issuances exceeding project expenses for the year.

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

Unrestricted net position of the Water, Wastewater, Garbage, Storm Water and Municipal Liquor Store funds at the end of the year totaled \$13,344,326. The total growth in net position for these funds was \$1,313,136. This increase is due in part to insurance proceeds from a flood and fire at the Wastewater Treatment Plant and a decrease of expenditures in the liquor store.

General Fund Budgetary Highlights

Revenues were over budget by \$57,487, expenditures were under budget by \$731,868, and the other financing sources (uses) were over budget by \$60,329 causing fund balance to increase in 2020.

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

- Licenses and permits were over budget by \$133,089.
- Intergovernmental revenues were over budget by \$130,755.
- Taxes were under budget by \$72,088.
- Total general government expenditures were under budget by \$191,257.
- Total public safety expenditures were under budget by \$138,231.
- Total public works expenditures were under budget by \$180,418.

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, 2020 amounts to \$97,508,357 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 8.2 percent.

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

- John Deere mower/blower costing \$52,479
- 2020 Ford F350 costing \$48,671
- 2020 Ford F150 costing \$32,397
- Three 2020 Ford Explorers totaling \$132,004
- The 2018 Street Improvement project was completed for approximately \$4.8 million
- The Spring Creek Road project was completed for approximately \$1.5 million
- The 2019 Street Reclamation project was completed for approximately \$4.1 million
- The street roof replacement was completed at a total cost of \$229,235
- The Fire Station addition was completed totaling \$3,900,849
- The Water Tower/Tank Storage was completed costing \$827,926
- The Wastewater Treatment Plant (fire) project was completed for approximately \$5.3 million
- Stop Log replacement project was completed for \$235,814

Additional information on the City's capital assets can be found in Note 3C starting on page 78 of this report.

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

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Land	\$ 1,465,130	\$ 1,465,130	\$ -	\$ 918,554	\$ 918,554	\$ -
Buildings and Improvements	13,678,542	10,166,886	3,511,776	13,623,632	9,063,071	4,560,561
Infrastructure	37,020,996	30,900,328	6,120,668	18,716,894	16,599,755	2,017,139
Machinery and Equipment	2,383,661	2,411,745	(28,084)	993,402	862,882	130,520
Construction in Progress	7,856,238	11,340,513	(3,684,275)	1,051,308	6,284,413	(5,233,105)
Total	\$ 62,204,597	\$ 56,284,582	\$ 5,919,985	\$ 35,303,790	\$ 33,828,675	\$ 1,475,115

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$24,872,499. Of this amount, \$10,340,000 comprises debt backed by the full faith and credit of the City, \$10,195,084 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment, and \$337,500 represents tax increment bonds. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds) in the amount of \$3,999,915.

City of Northfield's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
General Obligation Bonds	\$ 10,340,000	\$ 9,270,000	\$ 1,070,000	\$ -	\$ -	\$ -
General Obligation						
Improvement Bonds	10,195,084	8,435,596	1,759,488	-	-	-
General Obligation						
Tax Increment Bonds	337,500	399,500	(62,000)	-	-	-
General Obligation						
Revenue Bonds	870,000	1,075,000	(205,000)	3,129,915	3,939,403	(809,488)
Capital Leases	733,654	961,057	(227,403)	81,424	106,691	(25,267)
Notes	932,448	1,038,813	(106,365)	-	-	-
Total	\$ 23,408,686	\$ 21,179,966	\$ 2,228,720	\$ 3,211,339	\$ 4,046,094	\$ (834,755)

The City's total debt increased by \$1,393,965 (5.5 percent) during the current fiscal year. The key factors in this increase was the issuance of debt totaling \$4,360,000 and the retirement of debt totaling \$2,966,035. The City's bond rating was 'AA' from Standard & Poor's for their 2020 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 limitation for the City is \$46,981,116, 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 82 of this report.

Economic Factors and Next Year's Budgets and Rates

- The 2020 unemployment rate for Rice County, where the City is located, was 4.2 percent, which was an increase from a year ago of 3.2 percent. This is favorable to the State's average unemployment rate of 4.7 percent and also the national average rate of 6.7 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 2020 fiscal year.

During the current fiscal year, unassigned fund balance in the General fund increased to \$8,830,986. This unassigned fund balance is designated for cash flow purposes and revenue stabilization.

The City's tax levy was increased by 9.4 percent for 2020.

For 2020, water rates are set to increase 1.00 percent. Wastewater rates are set to increase approximately 1.75 percent. Storm water rates are set to increase 5.00 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 55057-2596.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF NORTHFIELD
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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City of Northfield, Minnesota
Statement of Net Position
December 31, 2020

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	Housing Redevelopment Authority	Municipal Hospital
Assets						
Cash and temporary investments	\$ 22,227,563	\$ 13,261,209	\$ 35,488,772	\$ 1,344,727	\$ 1,420,772	\$ 77,067,664
Restricted cash and investments	-	-	-	-	-	288,685
Receivables						
Interest	32,159	28,117	60,276	461	2,752	-
Delinquent taxes	89,953	-	89,953	2,379	2,417	-
Accounts, net of allowances	246,069	1,415,847	1,661,916	-	-	11,487,108
Notes, net of allowances	-	-	-	845,341	-	-
Special assessments	1,787,268	15,305	1,802,573	-	-	-
Intergovernmental	121,768	42,856	164,624	961	969	-
Internal balances	(301,754)	301,754	-	-	-	-
Inventories	533	350,544	351,077	-	-	2,122,997
Prepaid items	138,532	18,784	157,316	819	833	1,179,765
Other assets	-	-	-	-	-	300,000
Land held for resale	49,937	-	49,937	213,234	287,679	-
Capital assets						
Nondepreciable	9,121,368	1,969,862	11,091,230	-	56,994	4,440,131
Depreciable	53,083,199	33,333,928	86,417,127	-	240,854	39,647,130
Investment in joint venture	2,964,534	-	2,964,534	-	-	-
Real estate held for investment	-	-	-	-	-	726,777
Total Assets	89,561,129	50,738,206	140,299,335	2,407,922	2,013,270	137,260,257
Deferred Outflows of Resources						
Loss on refunding	-	-	-	-	-	427,158
Deferred pension resources	2,149,543	156,868	2,306,411	11,376	8,171	2,908,676
Deferred other postemployment benefit resources	212,011	51,799	263,810	2,360	1,402	-
Total Deferred Outflows of Resources	2,361,554	208,667	2,570,221	13,736	9,573	3,335,834
Liabilities						
Accounts payable	858,393	448,381	1,306,774	495	1,497	3,797,190
Contracts payable	90,282	-	90,282	-	-	387,515
Deposits payable	195,875	-	195,875	-	700	-
Due to other governments	57,036	53,945	110,981	1,506	-	-
Accrued interest payable	263,854	33,094	296,948	-	-	69,779
Accrued wages payable	199,920	27,870	227,790	1,591	1,541	6,374,727
Unearned revenue	-	-	-	-	-	9,407,312
Noncurrent liabilities						
Due within one year						
Long-term liabilities	2,522,434	1,495,988	4,018,422	-	-	2,334,119
Due in more than one year						
Long-term liabilities	22,619,607	1,902,955	24,522,562	-	-	22,981,511
Net pension liability	5,938,745	1,061,382	7,000,127	76,972	55,285	38,904,521
Other postemployment benefit obligation	1,843,462	450,414	2,293,876	20,521	12,190	-
Total Liabilities	34,589,608	5,474,029	40,063,637	101,085	71,213	84,256,674
Deferred Inflows of Resources						
Intergovernmental	3,076,961	-	3,076,961	-	-	-
Deferred pension resources	1,929,135	45,679	1,974,814	3,314	2,379	2,650,630
Deferred other postemployment benefit resources	41,245	10,077	51,322	459	273	-
Total Deferred Inflows of Resources	5,047,341	55,756	5,103,097	3,773	2,652	2,650,630
Net Position						
Net investment in capital assets	40,073,838	32,017,801	72,091,639	-	297,848	18,384,116
Restricted for						
Police forfeitures	13,815	-	13,815	-	-	-
Debt service	4,837,782	-	4,837,782	-	-	288,685
Library	328,029	-	328,029	-	-	-
Arts and Culture	62,234	-	62,234	-	-	-
Redevelopment and housing	97,529	-	97,529	-	-	-
Capital projects	412,810	-	412,810	-	-	-
Unrestricted	6,459,697	13,399,287	19,858,984	2,316,800	1,651,130	35,015,986
Total Net Position	\$ 52,285,734	\$ 45,417,088	\$ 97,702,822	\$ 2,316,800	\$ 1,948,978	\$ 53,688,787

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

City of Northfield
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 4,491,926	\$ 1,770,299	\$ 1,136,260	\$ -
Public safety	5,110,574	73,347	910,000	-
Public works	4,928,177	202,482	239,832	3,246,359
Culture and recreation	3,646,866	287,100	471,809	61,981
Housing and economic development	375,633	-	109,048	-
Transit	25,938	-	-	-
Miscellaneous	89,529	-	-	-
Interest on long-term debt	695,457	-	-	-
Total Governmental Activities	<u>19,364,100</u>	<u>2,333,228</u>	<u>2,866,949</u>	<u>3,308,340</u>
Business-type Activities				
Water	1,726,354	2,214,235	-	-
Wastewater	3,783,972	4,886,287	-	334,321
Garbage	835,774	962,523	-	-
Storm water	727,063	1,012,440	-	-
Liquor stores	2,553,893	2,806,155	-	-
Total Business-type Activities	<u>9,627,056</u>	<u>11,881,640</u>	<u>-</u>	<u>334,321</u>
Total Primary Government	<u>\$ 28,991,156</u>	<u>\$ 14,214,868</u>	<u>\$ 2,866,949</u>	<u>\$ 3,642,661</u>
Component Units				
Economic Development Authority	<u>\$ 243,077</u>	<u>\$ -</u>	<u>\$ 372,900</u>	<u>\$ -</u>
Housing Redevelopment Authority	<u>\$ 384,078</u>	<u>\$ 48,440</u>	<u>\$ -</u>	<u>\$ -</u>
Municipal Hospital	<u>\$ 103,103,998</u>	<u>\$ 99,434,390</u>	<u>\$ 8,200,813</u>	<u>\$ -</u>
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				
Prior period adjustment (Note 10)				
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
\$ (1,585,367)	\$ -	\$ (1,585,367)	\$ -	\$ -	\$ -
(4,127,227)	-	(4,127,227)	-	-	-
(1,239,504)	-	(1,239,504)	-	-	-
(2,825,976)	-	(2,825,976)	-	-	-
(266,585)	-	(266,585)	-	-	-
(25,938)	-	(25,938)	-	-	-
(89,529)	-	(89,529)	-	-	-
(695,457)	-	(695,457)	-	-	-
<u>(10,855,583)</u>	<u>-</u>	<u>(10,855,583)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	487,881	487,881	-	-	-
-	1,436,636	1,436,636	-	-	-
-	126,749	126,749	-	-	-
-	285,377	285,377	-	-	-
-	252,262	252,262	-	-	-
-	<u>2,588,905</u>	<u>2,588,905</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(10,855,583)</u>	<u>2,588,905</u>	<u>(8,266,678)</u>			
			129,823	-	-
			-	(335,638)	-
			<u>-</u>	<u>-</u>	<u>4,531,205</u>
8,047,542	-	8,047,542	-	-	-
1,788,899	-	1,788,899	-	-	-
478,334	-	478,334	-	-	-
191,478	-	191,478	-	-	-
94,748	-	94,748	-	-	-
-	-	-	262,548	-	-
-	-	-	-	267,567	-
3,254,785	-	3,254,785	-	-	-
251,495	257,669	509,164	9,296	25,795	4,097,355
63,056	-	63,056	20,530	149	-
40,648	18,071	58,719	-	-	290
1,549,994	(1,549,994)	-	-	-	-
<u>15,760,979</u>	<u>(1,274,254)</u>	<u>14,486,725</u>	<u>292,374</u>	<u>293,511</u>	<u>4,097,645</u>
4,905,396	1,314,651	6,220,047	422,197	(42,127)	8,628,850
48,877,800	42,604,975	91,482,775	1,894,603	1,991,105	45,059,937
<u>(1,497,462)</u>	<u>1,497,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 52,285,734</u>	<u>\$ 45,417,088</u>	<u>\$ 97,702,822</u>	<u>\$ 2,316,800</u>	<u>\$ 1,948,978</u>	<u>\$ 53,688,787</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, 2020

City of Northfield, Minnesota
Balance Sheet
Governmental Funds
December 31, 2020

	General	Debt Service	2019 Capital Project Fund	2020 Capital Project Fund	Other Governmental Funds	Total
Assets						
Cash and temporary investments	\$ 9,222,160	\$ 5,009,227	\$ 600,718	\$ 1,300,886	\$ 4,176,065	\$ 20,309,056
Receivables						
Interest	14,004	5,788	-	706	7,763	28,261
Delinquent taxes	85,466	2,938	-	-	1,549	89,953
Accounts	184,610	-	-	-	61,459	246,069
Special assessments	-	1,626,242	-	-	161,026	1,787,268
Intergovernmental	67,561	3,165	-	-	51,042	121,768
Due from other funds	149,056	-	-	-	-	149,056
Advance to other funds	-	-	-	-	87,550	87,550
Inventories	533	-	-	-	-	533
Prepaid items	114,841	-	-	-	2,363	117,204
Land held for resale	-	-	-	-	49,937	49,937
Total Assets	\$ 9,838,231	\$ 6,647,360	\$ 600,718	\$ 1,301,592	\$ 4,598,754	\$ 22,986,655
Liabilities						
Accounts payable	\$ 452,643	\$ 113,115	\$ 55,350	\$ 50,773	\$ 95,935	\$ 767,816
Contracts payable	-	-	37,197	33,970	19,115	90,282
Due to other governments	16,866	-	-	-	31,355	48,221
Deposits payable	85,127	-	-	-	110,748	195,875
Accrued wages payable	137,397	-	-	-	4,730	142,127
Due to other funds	-	75,111	-	-	320,738	395,849
Advance from other funds	-	87,550	-	-	-	87,550
Total Liabilities	692,033	275,776	92,547	84,743	582,621	1,727,720
Deferred Inflows of Resources						
Unavailable revenue - taxes	85,466	2,938	-	-	1,549	89,953
Unavailable revenue - special assessments	-	1,624,122	-	-	160,814	1,784,936
Unavailable revenue - intergovernmental	26,557	-	-	-	49,425	75,982
Advance from other governments	-	-	2,624,004	452,957	-	3,076,961
Total Deferred Inflows of Resources	112,023	1,627,060	2,624,004	452,957	211,788	5,027,832
Fund Balances						
Nonspendable						
Inventories	533	-	-	-	-	533
Prepaid items	114,841	-	-	-	2,363	117,204
Restricted						
Police forfeitures	13,815	-	-	-	-	13,815
Debt service	-	4,744,524	-	-	-	4,744,524
Library	-	-	-	-	328,029	328,029
Arts and culture	-	-	-	-	62,234	62,234
Redevelopment and housing	-	-	-	-	96,502	96,502
Capital projects	-	-	-	763,892	412,810	1,176,702
Committed						
Capital projects	74,000	-	-	-	-	74,000
Community resource center operations	-	-	-	-	219,360	219,360
Motor vehicle operations	-	-	-	-	277,844	277,844
Communications	-	-	-	-	712,016	712,016
Assigned						
Capital projects	-	-	-	-	1,841,754	1,841,754
Unassigned	8,830,986	-	(2,115,833)	-	(148,567)	6,566,586
Total Fund Balances	9,034,175	4,744,524	(2,115,833)	763,892	3,804,345	16,231,103
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,838,231	\$ 6,647,360	\$ 600,718	\$ 1,301,592	\$ 4,598,754	\$ 22,986,655

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

City of Northfield, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2020

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

Total Fund Balances - Governmental Funds	\$ 16,231,103
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	62,046,182
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:	
Severance payable	(977,472)
Bonds payable	(17,727,583)
Capital lease payable	(4,748,655)
Notes payable	(932,448)
Other postemployment benefit payable	(1,795,784)
Net pension liability	(5,702,781)
Bond premium, net of accumulated amortization	(755,883)
Investment in joint ventures are not financial resources, and therefore, are not reported in the funds	2,964,534
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	89,953
Special assessments receivable	1,784,936
Intergovernmental receivable	75,982
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	2,114,669
Deferred inflows of pension resources	(1,959,157)
Governmental funds do not report long-term amounts related to other post employment benefits.	
Deferred outflows of other postemployment benefit resources	206,527
Governmental funds do not report a liability for accrued interest until due and payable.	(263,854)
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.	1,635,465
Total Net Position - Governmental Activities	<u>\$ 52,285,734</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, 2020

	General	Debt Service	2019 Capital Project Fund	2020 Capital Project Fund	Other Governmental Funds	Total
Revenues						
Taxes	\$ 7,309,491	\$ 2,216,262	\$ -	\$ -	\$ 1,012,462	\$ 10,538,215
Special assessments	-	1,044,160	12,718	334,862	1,405	1,393,145
Licenses and permits	633,539	-	-	-	-	633,539
Intergovernmental	5,692,341	-	110,058	1,996,683	727,912	8,526,994
Charges for services	1,359,411	-	-	-	321,676	1,681,087
Fines and forfeits	61,562	-	-	-	-	61,562
Investment earnings	124,940	42,309	1,929	2,605	79,712	251,495
Miscellaneous	251,273	83,052	-	-	143,924	478,249
Total Revenues	15,432,557	3,385,783	124,705	2,334,150	2,287,091	23,564,286
Expenditures						
Current						
General government	3,971,337	-	-	-	426,617	4,397,954
Public safety	4,944,064	-	-	-	21	4,944,085
Public works	2,684,042	-	-	-	-	2,684,042
Culture and recreation	2,487,080	-	-	-	260,591	2,747,671
Housing and economic development	72,900	128,121	-	-	174,612	375,633
Miscellaneous	89,529	-	-	-	-	89,529
Capital outlay						
Public safety	33,612	-	-	-	245,326	278,938
Public works	9,591	-	2,935,121	5,759,974	383,575	9,088,261
Culture and recreation	73,013	-	-	-	47,269	120,282
Housing and economic development	-	-	-	-	172,856	172,856
Debt service						
Principal	178,287	1,903,877	-	-	49,116	2,131,280
Interest and other charges	27,173	554,429	-	78,430	12,648	672,680
Total Expenditures	14,570,628	2,586,427	2,935,121	5,838,404	1,772,631	27,703,211
Excess (Deficiency) of Revenues Over (Under) Expenditures	861,929	799,356	(2,810,416)	(3,504,254)	514,460	(4,138,925)
Other Financing Sources (Uses)						
Sale of capital assets	4,236	-	-	-	36,412	40,648
Transfers in	77,600	155,891	673,806	-	852,328	1,759,625
Debt issued	-	-	-	4,360,000	-	4,360,000
Bond premiums	-	-	-	316,937	-	316,937
Transfers out	(26,140)	-	-	-	(183,491)	(209,631)
Total Other Financing Sources (Uses)	55,696	155,891	673,806	4,676,937	705,249	6,267,579
Net Change in Fund Balances	917,625	955,247	(2,136,610)	1,172,683	1,219,709	2,128,654
Fund Balances, January 1	8,116,550	3,789,277	20,777	(408,791)	2,584,636	14,102,449
Fund Balances, December 31	\$ 9,034,175	\$ 4,744,524	\$ (2,115,833)	\$ 763,892	\$ 3,804,345	\$ 16,231,103

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, 2020

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

Net change in fund balances - governmental funds	\$ 2,128,654
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	9,601,109
Depreciation expense	(3,649,473)
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.	186,604
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	2,131,280
Debt issued or incurred	(4,360,000)
Premium on bonds issued, net of amortization expense	(283,625)
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.	(56,089)
Long-term pension activity is not reported in governmental funds.	
Negative pension expense	188,335
Direct aid contributions	44,364
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	19,676
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	17,927
Federal and state grants	(880,140)
Refunds and reimbursements	(51,345)
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	(98,994)
Compensated absences	(70,368)
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	37,481
Change in Net Position - Governmental Activities	<u>\$ 4,905,396</u>

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

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City of Northfield, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 7,381,579	\$ 7,381,579	\$ 7,309,491	\$ (72,088)
Licenses and permits	500,450	500,450	633,539	133,089
Intergovernmental	4,022,686	5,561,586	5,692,341	130,755
Charges for services	1,510,880	1,426,480	1,359,411	(67,069)
Fines and forfeits	119,000	119,000	61,562	(57,438)
Investment earnings	85,000	85,000	124,940	39,940
Miscellaneous	300,975	300,975	251,273	(49,702)
Total Revenues	<u>13,920,570</u>	<u>15,375,070</u>	<u>15,432,557</u>	<u>57,487</u>
Expenditures				
Current				
General government	3,099,134	4,162,594	3,971,337	191,257
Public safety	5,082,292	5,082,292	4,944,064	138,228
Public works	2,861,860	2,864,460	2,684,042	180,418
Culture and recreation	2,618,090	2,563,690	2,487,080	76,610
Housing and economic development	-	-	72,900	(72,900)
Miscellaneous	151,000	151,000	89,529	61,471
Capital outlay				
General government	31,500	31,500	-	31,500
Public safety	-	157,000	33,612	123,388
Public works	3,500	3,500	9,591	(6,091)
Culture and recreation	6,000	81,000	73,013	7,987
Debt service				
Principal	178,287	178,287	178,287	-
Interest and other	27,173	27,173	27,173	-
Total Expenditures	<u>14,058,836</u>	<u>15,302,496</u>	<u>14,570,628</u>	<u>731,868</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(138,266)</u>	<u>72,574</u>	<u>861,929</u>	<u>789,355</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	4,236	4,236
Transfers in	141,267	141,267	77,600	(63,667)
Transfers out	(103,000)	(145,900)	(26,140)	119,760
Total Other Financing Sources (Uses)	<u>38,267</u>	<u>(4,633)</u>	<u>55,696</u>	<u>60,329</u>
Net Change in Fund Balances	(99,999)	67,941	917,625	849,684
Fund Balances, January 1	<u>8,116,550</u>	<u>8,116,550</u>	<u>8,116,550</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 8,016,551</u>	<u>\$ 8,184,491</u>	<u>\$ 9,034,175</u>	<u>\$ 849,684</u>

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

City of Northfield, Minnesota
Statement of Net Position (Continued on the Following Page)
Proprietary Funds
December 31, 2020

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	601	602	604	Nonmajor Enterprise Funds	Total	
	Water	Wastewater	Storm Water			
Assets						
Current Assets						
Cash and temporary investments	\$ 6,319,960	\$ 2,943,273	\$ 916,953	\$ 3,081,023	\$ 13,261,209	\$ 1,918,507
Receivables						
Interest	14,463	5,439	2,511	5,704	28,117	3,898
Accounts	346,413	818,892	98,570	151,972	1,415,847	-
Intergovernmental	-	-	-	42,856	42,856	-
Due from other funds	246,793	-	-	-	246,793	-
Inventories	20,723	-	-	329,821	350,544	-
Prepaid items	7,332	6,682	1,968	2,802	18,784	21,328
Total Current Assets	6,955,684	3,774,286	1,020,002	3,614,178	15,364,150	1,943,733
Noncurrent Assets						
Special assessments receivable - noncurrent	-	15,305	-	-	15,305	-
Capital assets						
Land	110,290	5,250	803,014	-	918,554	-
Buildings	1,563,528	27,105,612	-	193,804	28,862,944	-
Infrastructure	11,242,226	12,357,529	7,475,355	56,835	31,131,945	-
Machinery, equipment and vehicles	611,518	1,245,054	236,102	160,194	2,252,868	277,468
Construction in progress	441,707	31,870	577,731	-	1,051,308	-
Less accumulated depreciation	(6,375,414)	(18,777,675)	(3,447,036)	(313,704)	(28,913,829)	(119,083)
Total Capital Assets	7,593,855	21,967,640	5,645,166	97,129	35,303,790	158,385
Total Noncurrent Assets	7,593,855	21,982,945	5,645,166	97,129	35,319,095	158,385
Total Assets	14,549,539	25,757,231	6,665,168	3,711,307	50,683,245	2,102,118
Deferred Outflows of Resources						
Deferred pension resources	45,596	55,235	14,411	41,626	156,868	34,874
Deferred other postemployment benefit resources	20,030	20,408	4,196	7,165	51,799	5,484
Total Deferred Outflows of Resources	65,626	75,643	18,607	48,791	208,667	40,358

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

City of Northfield, Minnesota
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2020

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	601	602	604	Nonmajor Enterprise Funds	Total	
	Water	Wastewater	Storm Water			
Liabilities						
Current Liabilities						
Accounts payable	\$ 27,508	\$ 266,703	\$ 12,991	\$ 141,179	\$ 448,381	\$ 90,577
Due to other governments	584	1,458	-	51,903	53,945	8,815
Accrued interest payable	132	24,767	8,195	-	33,094	-
Accrued wages payable	8,936	11,149	1,541	6,244	27,870	57,793
Compensated absences payable - current portion	22,170	4,458	3,471	9,717	39,816	-
Capital leases - current portion	2,626	23,631	-	-	26,257	-
Bonds payable - current portion	-	1,345,000	84,915	-	1,429,915	-
Total Current Liabilities	61,956	1,677,166	111,113	209,043	2,059,278	157,185
Noncurrent Liabilities						
Compensated absences payable, net of current portion	47,515	13,678	1,024	10,921	73,138	-
Capital leases payable, net of current portion	5,515	49,650	-	-	55,165	-
Bonds payable, net of current portion	-	987,679	786,973	-	1,774,652	-
Net pension liability	308,505	373,726	97,506	281,645	1,061,382	235,964
Other postemployment benefits payable	174,168	177,451	36,487	62,308	450,414	47,678
Total Noncurrent Liabilities	535,703	1,602,184	921,990	354,874	3,414,751	283,642
Total Liabilities	597,659	3,279,350	1,033,103	563,917	5,474,029	440,827
Deferred Inflows of Resources						
Deferred pension resources	13,277	16,084	4,196	12,122	45,679	10,156
Deferred other postemployment benefit resources	3,897	3,970	816	1,394	10,077	1,067
Total Deferred Inflows of Resources	17,174	20,054	5,012	13,516	55,756	11,223
Net Position						
Net investment in capital assets	7,585,714	19,561,680	4,773,278	97,129	32,017,801	158,385
Unrestricted	6,414,618	2,971,790	872,382	3,085,536	13,344,326	1,532,041
Total Net Position	\$ 14,000,332	\$ 22,533,470	\$ 5,645,660	\$ 3,182,665	45,362,127	\$ 1,690,426
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.					54,961	
Net position of business-type activities					\$ 45,417,088	

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, 2020

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	601	602	604	Nonmajor Enterprise Funds	Total	
	Water	Wastewater	Storm Water			
Operating Revenues						
Sales	\$ -	\$ -	\$ -	\$ 2,803,834	\$ 2,803,834	\$ -
Cost of sales	-	-	-	(2,051,782)	(2,051,782)	-
Gross Profit	-	-	-	752,052	752,052	-
Charges for services	2,183,611	4,870,546	1,009,526	957,728	9,021,411	1,213,736
Penalties	6,253	14,739	2,653	4,773	28,418	-
Total Operating Revenues	2,189,864	4,885,285	1,012,179	1,714,553	9,801,881	1,213,736
Operating Expenses						
Personal services	514,433	620,168	152,332	338,154	1,625,087	602,312
Pension expense	43,287	67,097	14,491	(3,949)	120,926	1,337
Supplies	271,552	682,162	77,330	31,910	1,062,954	76,286
Other services and charges	356,566	814,924	213,201	939,614	2,324,305	455,732
Insurance	19,800	27,167	1,220	11,931	60,118	-
Utilities	123,275	325,023	-	14,272	462,570	-
Depreciation	397,594	1,170,696	248,254	6,279	1,822,823	70,491
Total Operating Expenses	1,726,507	3,707,237	706,828	1,338,211	7,478,783	1,206,158
Operating Income (Loss)	463,357	1,178,048	305,351	376,342	2,323,098	7,578
Nonoperating Revenues (Expenses)						
Investment income	133,885	49,298	21,967	52,519	257,669	30,543
Other income (expense)	6,935	1,002	9	2,343	10,289	875
Rents	17,436	-	-	-	17,436	-
Gain on sale of capital assets	609	17,462	-	-	18,071	-
Interest expense	(344)	(84,143)	(23,037)	-	(107,524)	-
Bond premium amortization	-	6,753	3,017	-	9,770	-
Total Nonoperating Revenues (Expenses)	158,521	(9,628)	1,956	54,862	205,711	31,418
Income Before Contributions and Transfers	621,878	1,168,420	307,307	431,204	2,528,809	38,996
Capital Contributions						
Insurance Proceeds	-	334,321	-	-	334,321	-
Transfers Out	(596,111)	(302,633)	(601,250)	(50,000)	(1,549,994)	-
Change in Net Position	25,767	1,200,108	(293,943)	381,204	1,313,136	38,996
Net Position, January 1	13,378,773	21,031,050	5,340,245	2,801,461	42,551,529	1,651,430
Prior Period Adjustment (Note 10)	595,792	302,312	599,358	-	1,497,462	-
Net Position, December 31	<u>\$ 14,000,332</u>	<u>\$ 22,533,470</u>	<u>\$ 5,645,660</u>	<u>\$ 3,182,665</u>	<u>\$ 45,362,127</u>	<u>\$ 1,690,426</u>
Change in net position as shown above					\$ 1,313,136	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					1,515	
Change in net position of business-type activities					<u>\$ 1,314,651</u>	

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

City of Northfield, Minnesota
Statement of Cash Flows
Proprietary Funds (Continued on the Following Page)
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	601	602	604	Nonmajor Enterprise Funds	Total	
	Water	Wastewater	Storm Water			
Cash Flows from Operating Activities						
Receipts from customers and users	\$ 2,202,483	\$ 4,862,590	\$ 1,010,699	\$ 3,757,543	\$ 11,833,315	\$ 1,213,736
Payments to suppliers and vendors	(826,154)	(1,602,837)	(313,929)	(2,975,234)	(5,718,154)	(486,412)
Payments to and on behalf of employees	(519,143)	(578,129)	(144,185)	(455,561)	(1,697,018)	(607,487)
Other receipts	24,371	1,002	-	2,343	27,716	875
Net Cash Provided (Used) by Operating Activities	<u>881,557</u>	<u>2,682,626</u>	<u>552,585</u>	<u>329,091</u>	<u>4,445,859</u>	<u>120,712</u>
Cash Flows from Noncapital Financing Activities						
(Increase) decrease in due from other funds	24,929	-	-	-	24,929	-
Transfers to other funds	(596,111)	(302,633)	(601,250)	(50,000)	(1,549,994)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(571,182)</u>	<u>(302,633)</u>	<u>(601,250)</u>	<u>(50,000)</u>	<u>(1,525,065)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities						
Acquisition of capital assets	(1,465,248)	(1,429,460)	(730,394)	(65,615)	(3,690,717)	(38,840)
Proceeds from bond issue	-	-	713,190	-	713,190	-
Proceeds from sale of capital assets	609	17,462	-	-	18,071	-
Principal paid on revenue bonds payable	-	(1,390,000)	(84,488)	-	(1,474,488)	-
Principal paid on capital lease payable	(2,527)	(22,740)	-	-	(25,267)	-
Interest paid on revenue bonds payable	(385)	(97,707)	(16,620)	-	(114,712)	-
Insurance proceeds	-	334,321	-	-	334,321	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,467,551)</u>	<u>(2,588,124)</u>	<u>(118,312)</u>	<u>(65,615)</u>	<u>(4,239,602)</u>	<u>(38,840)</u>
Cash Flows from Investing Activities						
Interest received	137,605	54,278	21,525	53,176	266,584	30,970
Net Increase (Decrease) in Cash and Cash Equivalents	(1,019,571)	(153,853)	(145,452)	266,652	(1,052,224)	112,842
Cash and Cash Equivalents, January 1	7,339,531	3,097,126	1,062,405	2,814,371	14,313,433	1,805,665
Cash and Cash Equivalents, December 31	<u>\$ 6,319,960</u>	<u>\$ 2,943,273</u>	<u>\$ 916,953</u>	<u>\$ 3,081,023</u>	<u>\$ 13,261,209</u>	<u>\$ 1,918,507</u>

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

City of Northfield, Minnesota
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	601	602	604	Nonmajor Enterprise Funds	Total	
	Water	Wastewater	Storm Water			
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ 463,357	\$ 1,178,048	\$ 305,351	\$ 376,342	\$ 2,323,098	\$ 7,578
Adjustments to reconcile operating income to net cash provided (used) by operating activities						
Other income (expense) related to operations	24,371	1,002	9	2,343	27,725	875
Depreciation	397,594	1,170,696	248,254	6,279	1,822,823	70,491
(Increase) decrease in assets						
Accounts receivable	12,619	(22,695)	(1,480)	(8,592)	(20,148)	-
Inventories	(722)	-	-	18,108	17,386	-
Prepaid items	867	489,090	(163)	705	490,499	14,267
(Increase) decrease in deferred outflows of resources						
Deferred pension resources	(20,766)	(26,552)	(6,641)	(14,819)	(68,778)	(14,825)
Deferred other postemployment benefit resources	(4,020)	(8,271)	(1,737)	5,404	(8,624)	(1,828)
Increase (decrease) in liabilities						
Accounts payable	(9,921)	(175,365)	(5,211)	52,411	(138,086)	35,602
Due to other governments	(1,898)	(189)	(2,322)	(898)	(5,307)	(2,926)
Accrued wages payable	(14,795)	(17,695)	(4,457)	(15,062)	(52,009)	(9,531)
Deposits	-	-	-	(200)	(200)	-
Other postemployment benefits payable	(10,103)	37,758	8,189	(82,362)	(46,518)	5,607
Compensated absences payable	10,091	(3,131)	447	6,688	14,095	-
Net pension liability	69,263	97,355	22,635	23,349	212,602	42,782
Increase (decrease) in deferred inflows of resources						
Deferred pension resources	(33,051)	(37,433)	(10,302)	(37,896)	(118,682)	(27,253)
Deferred other postemployment benefit resources	(1,329)	8	13	(2,709)	(4,017)	(127)
Net Cash Provided (Used) by Operating Activities	<u>\$ 881,557</u>	<u>\$ 2,682,626</u>	<u>\$ 552,585</u>	<u>\$ 329,091</u>	<u>\$ 4,445,859</u>	<u>\$ 120,712</u>
Schedule of Noncash Investing Capital and Financing Activities						
Book value on trade-in of asset	\$ 609	\$ 17,462	\$ -	\$ -	\$ 18,071	\$ -
Prior period adjustment related to capital assets	\$ (595,792)	\$ (302,312)	\$ (599,358)	\$ -	\$ (1,497,462)	\$ -
Capital assets acquired on account	\$ -	\$ 203,024	\$ -	\$ -	\$ 203,024	\$ -
Amortization of bond premium, net	\$ -	\$ 6,753	\$ 3,017	\$ -	\$ 9,770	\$ -
Premium on bonds issued	\$ -	\$ -	\$ 48,190	\$ -	\$ 48,190	\$ -

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

FIDUCIARY FUNDS

Private-Purpose Trust Funds

The Private-Purpose Trust fund accounts for money held by the City in the capacity of trustees for others.

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

Custodial Funds

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.

Deputy Registrar - accounts for the activity of the Deputy Registrar.

City of Northfield, Minnesota
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020

	Private-Purpose Trust Fund	Custodial Fund
	851	
	Whittier Trust Fund	Deputy Registrar
Assets		
Cash and temporary investments	\$ 351,666	\$ -
Receivables		.
Accrued interest	699	-
Net Position		
Restricted		
Individuals and Other Governments	\$ 352,365	\$ -

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
December 31, 2020

	Private-Purpose Trust Fund	Custodial Fund
	851 Whittier Trust Fund	Deputy Registrar
Additions		
Fees collected on behalf of the state	\$ -	\$ 4,145,608
Investment earnings	6,449	-
Total Additions	<u>6,449</u>	<u>4,145,608</u>
Deductions		
Current		
Culture and recreation	3,400	-
Payments to state	-	4,145,608
Total Deductions	<u>3,400</u>	<u>4,145,608</u>
Net Increase (Decrease) in Fiduciary Net Position	3,049	-
Net Position, January 1	<u>349,316</u>	<u>-</u>
Net Position, December 31	<u>\$ 352,365</u>	<u>\$ -</u>

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

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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 170 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 172 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, Scotia 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.

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.

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 *2020 Capital Project fund* accounts for project costs and funding for the 2020 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. The City's Custodial fund accounts for activities of the Deputy Registrar.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.
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.

Note 1: Summary of Significant Accounting Policies (Continued)

The City has the following recurring fair value measurements as of December 31, 2020:

- Federal agency securities and US government securities of \$18,125,351 are valued using quoted market prices (Level 1 inputs)
- Asset back securities, Commercial paper, and Municipal securities of \$2,887,448 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 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 contacting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

The City's investment policy follows Minnesota statutes, which reduces 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, 2020 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.
- 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.

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 include the past six years' uncollected taxes. Delinquent taxes have been offset by deferred 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 2020. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 invoice. Past due accounts are individually analyzed for collectibility, 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, 2020, the allowance for uncollectible accounts was \$4,004,000.

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.

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/Unearned Charges

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 or unearned charges 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.

Note 1: Summary of Significant Accounting Policies (Continued)

Real Estate Held for Investment

The Municipal Hospital acquired land during 2011 with the intent of completing a clinic expansion on it. However, during 2019 the decision was made to not go through with the project and sell the land instead. As a result, land in the amount of \$726,777 was moved from capital assets to real estate held for investment at December 31, 2020.

Other Assets

The Municipal Hospital entered into a service agreement for a Meditech expense upgrade for \$300,000 during the year ended December 31, 2020. This upgrade will commence on April 30, 2021 and will continue for 24 months ending on April 30, 2023. This amount will be amortized over the life of the service period.

Unearned Revenue

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Given the significant impact the pandemic had on global markets, supply chains, businesses and communities, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers. Total grant funds approved and received by the Municipal Hospital from these grants was approximately \$10,584,750. The HHS grant funds are subject to certain restrictions on eligible expenses or uses, and reporting requirements. Of the total amount received, \$8,084,750 is reported as operating grant revenue in the statement of activities and the remaining \$2,500,000 is reported as unearned revenue in the statement of net position.

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

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items which qualify for reporting in this category. Accordingly, the items, deferred pension Resources, deferred other postemployment benefit resources and loss on refinancing 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. The last item, unamortized loss on refinancing, is being amortized over the period the obligation is outstanding, using the straight-line method. It is excess consideration provided for acquisition which is being amortized over the same period that the corresponding promissory note is for, using the straight-line method.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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, 2020. The General fund is typically used to liquidate governmental other postemployment benefits payable.

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 All Plans
	GERP	PEPFP	DCP	
Pension Expense	\$ 1,804,823	\$ 348,168	\$ 2,429	\$ 2,155,420

Leases

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

Lease assets represent the Municipal 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.

Lease liabilities represent the Municipal 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 Municipal Hospital will exercise that option. The Municipal 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 Municipal Hospital has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The Municipal 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments, and intergovernmental. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the City reports a deferred inflow of resources related to advances from the State of Minnesota related to MSA funding.

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

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 who 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 for 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.

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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:

- Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquiring capital assets.
- 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.
- 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, Jefferson Square TIF fund, Rescue Squad Trust fund, Spring Creek TIF fund, Aurora TIF fund and Washington 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 are 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 were budget amendments made during the year. Council approved budget amendments in current year changing a budget deficit in the General fund to a budget surplus of \$67,941. The purpose of these amendments were related to CARES grant revenue and swimming pool delays.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2020, expenditures exceeded appropriations in the following funds:

Fund	Budget		Actual		Excess of Expenditures Over Appropriations	
Special Revenue						
Motor Vehicle	\$	210,109	\$	217,466	\$	7,357
Library Gift		12,500		19,140		6,640
Community Development Block Grant		65,000		109,048		44,048

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, 2020:

Fund	Amount
Major	
Capital Projects	
2019 Capital Project	\$ 2,115,833
Nonmajor	
Special Revenue	
Washington TIF Fund	206
Capital Projects	
2021 Capital Project	102,865
City Facilities	45,496

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

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.

Note 3: Detailed Notes on all Funds (Continued)

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

At year end, the City's carrying amount of deposits was \$1,271,497 and the bank balance was \$1,550,010. 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.

Investments

As of December 31, 2020, the City had the following investments that are insured or registered, or securities held by the city or it's agent in the City's name:

Types of Investments	Credit Quality/Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Pooled Investments at Amortized Costs					
Broker Money Market Accounts	N/A	less than 1 year	\$ 1,332,680		
4-M Fund	N/A	less than 1 year	14,966,211		
Non-pooled Investments at Fair Value					
Asset back securities	N/A	1 to 5 years	556,858	\$ -	\$ 556,858
Commercial paper	N/A	less than 1 year	499,838		499,838
Municipal securities	AA+/AA1	less than 1 year	513,270		513,270
	AAA/AA1	1 to 5 years	1,317,482		1,317,482
Federal Agency Securities	AA+/AAA	less than 1 year	451,509	451,509	
Federal Agency Securities	AA+/AAA	1 to 5 years	9,365,762	9,365,762	
Federal Agency Securities	AA+/AAA	more than 5 years	353,233	353,233	
U.S. Government securities	AA+/AAA	less than 1 year	4,142,165	4,142,165	
U.S. Government securities	AA+/AAA	1 to 5 years	3,812,682	3,812,682	
Total Investments			\$ 37,331,690	\$ 18,125,351	\$ 2,887,448

(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.

Note 3: Detailed Notes on all Funds (Continued)

Cash on Hand

Cash in the possession of the City, consisting of petty cash and change funds, totals \$2,750.

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

	Primary Government	Fiduciary Funds	Component Units	Total
Deposits - City Pooled Account	\$ (1,845,668)	\$ 351,666	\$ 2,765,499	\$ 1,271,497
Investments - City Pooled Account	37,331,690	-	-	37,331,690
Cash on Hand	2,750	-	-	2,750
Total	\$ 35,488,772	\$ 351,666	\$ 2,765,499	\$ 38,605,937
Cash and Investments - Primary Government	\$ 35,488,772	\$ -	\$ -	\$ 35,488,772
Cash and Investments - Component Unit - EDA	-	-	1,344,727	1,344,727
Cash and Investments - Component Unit - HRA	-	-	1,420,772	1,420,772
Cash and Investments - Fiduciary Funds	-	351,666	-	351,666
Total	\$ 35,488,772	\$ 351,666	\$ 2,765,499	\$ 38,605,937

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, 2020 were a carrying value of \$7,199,315 and were entirely covered by federal depository insurance or by collateral held by the Hospital's custodial bank in the Hospital's name.

Note 3: Detailed Notes on all Funds (Continued)

The Hospital had the following investments at December 31, 2020:

	Amount	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Federal Home Loan Bank	\$ 205,849	\$ -	\$ 205,849	\$ -
Federal National Mortgage Association	11,702,264	-	11,702,264	-
Federal Home Loan Mortgage Corp	3,956,238	-	3,956,238	-
Federal Farm Credit Bank	999,915	-	999,915	-
U.S. Treasury Notes	1,922,598	-	1,922,598	-
U.S. Government Obligations	5,428,125	-	5,428,125	-
Collateralized Mortgage Obligations	9,040,133	-	9,040,133	-
Certificate of Deposit	5,060,234	5,060,234	-	-
Corporate Bonds	6,797,225	-	6,797,225	-
U.S. Equities	12,749,289	12,749,289	-	-
International Equities	5,368,104	5,368,104	-	-
Taxable Fixed Income	3,139,705	3,139,705	-	-
Mixed Assets	1,086,920	1,086,920	-	-
Other Assets	2,500,435	2,500,435	-	-
Private Equity Investments	200,000	-	-	200,000
Total	\$ 70,157,034	\$ 29,904,687	\$ 40,052,347	\$ 200,000

- Federal Home Loan Bank: Consists of discount notes and notes with interest rates of 1.88% to 2.63% maturing from 2021 to 2023 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 of 2.50% maturing from 2030 to 2035 and have AA+ ratings by Standard & Poor's.
- Federal Farm Credit Bank: Consists of discount notes with interest rates ranging from 0.90% to 2.61% maturing from 2022 to 2027 and have AA+ ratings by Standard & Poor's.
- US Treasury Notes: Consists of discount notes with interest rates ranging from 0% to 2.13% maturing from 2021 to 2022 and have AA+ ratings by Standard & Poor's.
- Certificates of Deposits (CD): Consists of deposits with interest rates ranging from 0.45% to 2.60% maturing from 2021 to 2023.
- Corporate Bonds: Consists of discount notes with interest rates ranging from 0% to 5.50% maturing from 2021 to 2025 and have BBB - AA+ ratings by Standard & Poor's.
- U.S. Government Obligations: Consists of discount notes with interest rates ranging from 0.65% to 5.00% maturing from 2021 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.

Note 3: Detailed Notes on all Funds (Continued)

- Equity Investments: Consists of common stocks of U.S. companies, American Depository 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.

- Complement Investments: Alternative investments include real estate, commodities, hedging strategies, and private equities.

Interest Rate Risk - 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 are paramount.

Credit risk - State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. As of December 31, 2020, the Hospital's investments were rated as shown above.

Concentration of Credit Risk - 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.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Hospital does not have a formal policy regarding the holding of securities by counter parties however, as of December 31, 2020 the Hospital did not have any such arrangements.

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	\$ 7,199,315
Investments	70,157,034
Total	<u>\$ 77,356,349</u>
Cash and Investments	\$ 77,057,664
Restricted Assets	288,685
Total	<u>\$ 77,356,349</u>

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 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 Hospital. At December 31, 2020, the allowance for uncollectible accounts was \$4,004,000.

Patient Receivables

Patient receivables reported as current assets by the Hospital at December 31, 2020 consist of the following:

Receivable from Patients and their Insurance Carriers	\$ 12,715,918
Receivable from Medicare	1,597,889
Receivables from Medicaid	837,584
Total Patient Receivable	15,151,391
Less: Allowance For Doubtful Accounts	(4,004,000)
Patient Receivable, Net	\$ 11,147,391

There are other accounts receivable in the amount of \$339,717 for 2020.

Notes/Lease Receivable

The City has made several business subsidy loans to local businesses. The terms of repayment vary with each loan. The total of these notes receivable for December 31, 2020 is \$2,284. There is an allowance for uncollectible accounts for \$2,284 on these loans.

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, 2020 is \$845,341. There is an allowance for uncollectible accounts for \$71,038 on these loans.

Note 3: Detailed Notes on all Funds (Continued)

C. Capital Assets

Capital asset activity for primary government for the year ended December 31, 2020 was as follows:

Primary Government

	Balance As Restated	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 1,465,130	\$ -	\$ -	\$ 1,465,130
Construction in progress	11,340,513	9,176,781	(12,861,056)	7,656,238
Total Capital Assets not being Depreciated	12,805,643	9,176,781	(12,861,056)	9,121,368
Capital Assets being Depreciated				
Buildings and Improvements	22,873,479	4,130,084	-	27,003,563
Infrastructure	79,618,471	8,678,916	-	88,297,387
Machinery, equipment and vehicles	7,453,993	515,224	(71,149)	7,898,068
Total Capital Assets being Depreciated	109,945,943	13,324,224	(71,149)	123,199,018
Less Accumulated Depreciation for				
Buildings and Improvements	(12,706,613)	(618,308)	-	(13,324,921)
Infrastructure	(48,718,143)	(2,558,348)	-	(51,276,491)
Machinery, equipment and vehicles	(5,042,248)	(543,308)	71,149	(5,514,407)
Total Accumulated Depreciation	(66,467,004)	(3,719,964)	71,149	(70,115,819)
Total Capital Assets being Depreciated, Net	43,478,939	9,604,260	-	53,083,199
Governmental Activities Capital Assets, Net	\$ 56,284,582	\$ 18,781,041	\$ (12,861,056)	\$ 62,204,567

Note 3: Detailed Notes on all Funds (Continued)

Business-type Activities

	Balance As Restated	Increases	Decreases	Ending Balance
Capital Assets not being Depreciated				
Land	\$ 918,554	\$ 3,071,778	\$ (8,304,883)	\$ 918,554
Construction in progress	6,284,413	-	-	1,051,308
Total Capital Assets	7,202,967	3,071,778	(8,304,883)	1,969,862
Capital Assets being Depreciated				
Buildings and improvements	23,579,468	5,283,476	-	28,862,944
Infrastructure	28,142,446	2,889,499	-	31,131,945
Machinery, equipment, and vehicles	2,113,066	258,068	(118,266)	2,252,868
Total Capital Assets	53,834,980	8,531,043	(118,266)	62,247,757
Less Accumulated Depreciation for				
Buildings and improvements	(14,516,397)	(722,915)	-	(15,239,312)
Infrastructure	(11,442,691)	(972,360)	-	(12,415,051)
Machinery, equipment, and vehicles	(1,250,184)	(127,548)	118,266	(1,259,466)
Total Accumulated Depreciation	(27,209,272)	(1,822,823)	118,266	(28,913,829)
Total Capital Assets	26,625,708	6,708,220	-	33,333,928
being depreciated, net				
Business-type Activities				
Capital Assets, Net	\$ 33,828,675	\$ 9,779,998	\$ (8,304,883)	\$ 35,303,790

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

Governmental Activities

General government	\$ 136,884
Public safety	405,825
Streets and highways, including depreciation of general infrastructure assets	2,218,825
Culture and recreation	862,001
Miscellaneous	25,938
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	70,491
Total Depreciation Expense - Governmental Activities	\$ 3,719,964

Business-type Activities

Water	\$ 397,594
Sewer	1,170,696
Garbage	1,419
Storm Sewer	248,254
Municipal Liquor Store	4,860
Total Depreciation Expense - Business-type Activities	\$ 1,822,823

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, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Municipal Hospital				
Capital Assets not being Depreciated				
Land	\$ 3,041,307	\$ -	\$ (73,724)	\$ 2,967,583
Construction in progress	2,315,355	-	(842,807)	1,472,548
Total Capital Assets	5,356,662	-	(916,531)	4,440,131
Capital Assets being Depreciated				
Land improvements	1,024,464	994,068	-	2,018,532
Buildings and improvements	62,835,648	10,120,915	(126,137)	72,830,426
Machinery and equipment	33,235,068	1,016,347	(1,720,709)	32,530,706
Leased facilities	-	262,974	-	262,974
Leased equipment	-	498,694	-	498,694
Total Capital Assets	97,095,180	12,892,998	(1,846,846)	108,141,332
being Depreciated				
Less Accumulated Depreciation for				
Land improvements	(584,669)	(115,589)	-	(700,258)
Buildings and improvements	(37,494,709)	(3,117,694)	32,640	(40,579,763)
Machinery, equipment and vehicles	(26,344,024)	(2,354,596)	1,715,586	(26,983,036)
Leased facilities	-	(99,895)	-	(99,895)
Leased equipment	-	(131,150)	-	(131,150)
Total Accumulated Depreciation	(64,423,402)	(5,819,026)	1,748,226	(68,494,202)
Total Capital Assets	32,671,778	7,073,972	(86,620)	39,647,130
being Depreciated, Net				
Municipal Hospital				
Capital Assets, Net	\$ 38,028,440	\$ 7,073,972	\$ (1,015,151)	\$ 44,087,261

Note 3: Detailed Notes on all Funds (Continued)

Capital asset activity for the HRA for the year ended December 31, 2020 was as follows:

HRA	Beginning Balance	Increases	Decreases	Ending Balance
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	(107,894)	(13,144)	-	(121,038)
Total Capital Assets being Depreciated, Net	245,782	(13,144)	-	240,854
HRA Capital Assets, Net	\$ 302,776	\$ (13,144)	\$ -	\$ 297,848

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

Discretely Presented Component Units	
Municipal Hospital	\$ 5,819,026
HRA	\$ 13,144

Construction Commitments

The City has active construction projects as of December 31, 2020. 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
Transit Hub	\$ 363,185	\$ 67,717
Spring Creek Bridge	706,735	37,197
2020 Mill & Overlay	2,844,908	168,736
246th & Jefferson Roundabout	3,158,312	289,200
Golf, Parmeadow Pond Dredging	39,297	400,444
Total	\$ 7,112,437	\$ 963,294

Note 3: Detailed Notes on all Funds (Continued)

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances at December 31, 2020 is as follows:

	Receivable Fund	Payable Fund	Amount
Governmental			
General		Debt Service	\$ 75,111
		Nonmajor governmental funds	73,945
Business-type			
Water		Nonmajor governmental funds	246,793
Total			\$ 395,849

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 Master Development TIF fund loaned the Presidential Commons TIF fund \$150,000 to pay qualified TIF expenditures. The loan is to be paid back with semi-annual payments to be made on August 1 and February 1. Payments will commence on the first payment date in which available tax increment funds exist, at an interest rate of 3.0 percent. The balance of these advances at December 31, 2020 was \$87,550.

Interfund Transfers

	Transfers In				Transfers Out	
	General Fund	Debt Service Fund	2019 Capital Projects Fund	Nonmajor Governmental Funds	Total	
General fund	\$ -	\$ -	\$ -	\$ 26,140	\$ -	\$ 26,140
Nonmajor governmental funds	27,600	155,891	-	-	-	183,491
Water fund	-	-	361,652	234,459	-	596,111
Sewer fund	-	-	157,832	144,801	-	302,633
Storm water fund	-	-	154,322	446,928	-	601,250
Nonmajor enterprise funds	50,000	-	-	-	-	50,000
Total	\$ 77,600	\$ 155,891	\$ 673,806	\$ 852,328	\$ -	\$ 1,759,625

Note 3: Detailed Notes on all Funds (Continued)

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. The following transfers were made during 2020:

- From the Liquor fund (\$50,000) to the General fund to transfer profits.
- From nonmajor governmental funds (\$2,600) to the General fund for streets operations.
- From nonmajor governmental funds to debt service fund of \$155,891 to close the NAFRS Building capital project fund.
- From the General fund (\$26,140), Water fund (\$319), Sewer fund (\$321) and Storm Water fund (\$1,892) to nonmajor governmental funds for arts and culture.

E. Long-term Debt

General Obligation Bonds

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

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 2016C	\$ 630,000	2.00 %	09/15/16	02/01/22	\$ 260,000
G.O. Bonds of 2018A	4,195,000	3.00 - 3.30	06/07/18	02/01/39	4,040,000
G.O. Bonds of 2018B	240,000	3.00	10/11/18	02/01/29	220,000
G.O. Bonds of 2019A	4,450,000	2.10 - 4.00	10/10/19	02/01/33	4,450,000
G.O. Bonds of 2020A	1,370,000	1.00 - 3.00	07/23/20	02/01/31	1,370,000
Total General Obligation Bonds					<u>\$ 10,340,000</u>

Note 3: Detailed Notes on all Funds (Continued)

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

Year Ending December 31	General Obligation Bonds			Total
	Principal	Interest	Governmental Activities	
2021	\$ 370,000	\$ 284,896	\$	654,896
2022	690,000	268,555		958,555
2023	680,000	245,905		905,905
2024	680,000	224,105		904,105
2025	700,000	204,305		904,305
2026 - 2030	3,765,000	714,988		4,479,988
2031 - 2035	2,415,000	308,515		2,723,515
2036 - 2039	1,060,000	71,609		1,131,609
Total	<u>\$ 10,340,000</u>	<u>\$ 2,322,878</u>		<u>\$ 12,662,878</u>

General Obligation Tax Increment Bonds

The following bonds were issued for redevelopment projects. The additional tax increments resulting from increased tax capacity or 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. Tax Increment Bonds of 2002	\$ 140,000	3.20 - 5.40 %	08/01/02	07/31/27	\$ 47,500
G.O. Taxable Tax Increment Refunding Bonds of 2017B	460,000	1.55 - 2.60	09/07/17	02/01/25	290,000
Total General Obligation Tax Increment Bonds					<u>\$ 337,500</u>

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

Year Ending December 31	G.O. Tax Increment Bonds			Total
	Principal	Interest	Governmental Activities	
2021	\$ 62,000	\$ 8,897	\$	70,897
2022	62,000	7,382		69,382
2023	67,000	5,664		72,664
2024	67,000	3,740		70,740
2025	67,000	1,816		68,816
2026 - 2027	12,500	963		13,463
Total	<u>\$ 337,500</u>	<u>\$ 28,462</u>		<u>\$ 365,962</u>

Note 3: Detailed Notes on all Funds (Continued)

G.O. Special Assessment (Improvement) Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. 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 2010A	\$ 1,417,900	0.65 - 3.60	12/28/10	02/01/21	\$ 160,084
G.O. Improvement Bonds of 2011A	1,160,000	0.50 - 2.85	07/14/11	02/01/22	255,000
G.O. Improvement Bonds of 2012A	965,000	0.50 - 2.15	07/12/12	02/01/23	285,000
G.O. Improvement Bonds of 2013A	830,000	2.00 - 3.50	08/08/13	02/01/24	340,000
G.O. Improvement Bonds of 2014A	1,205,000	2.00 - 2.50	09/03/14	02/01/25	615,000
G.O. Improvement Bonds of 2015A	1,595,000	2.00 - 2.15	11/03/15	02/01/26	980,000
G.O. Improvement Bonds of 2016C	795,000	1.55 - 2.00	09/15/16	02/01/27	575,000
G.O. Improvement Bonds of 2017A	945,000	2.00 - 2.25	09/07/17	02/01/28	760,000
G.O. Improvement Bonds of 2018B	1,470,000	3.00	10/11/18	02/01/29	1,350,000
G.O. Improvement Bonds of 2019A	1,885,000	2.10 - 4.00	10/10/19	02/01/30	1,885,000
G.O. Improvement Bonds of 2020A	2,990,000	1.00 - 3.00	07/23/20	02/01/31	2,990,000
Total G.O. Special Assessments Bonds					\$ 10,195,084

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

Year Ending December 31,	G.O. Special Assessment Bonds		
	Principal	Interest	Total
2021	\$ 1,210,084	\$ 242,338	\$ 1,452,422
2022	1,320,000	207,746	1,527,746
2023	1,250,000	172,076	1,422,076
2024	1,170,000	138,855	1,308,855
2025	1,105,000	109,043	1,214,043
2026 - 2030	3,820,000	199,325	4,019,325
2031	320,000	2,000	322,000
Total	\$ 10,195,084	\$ 1,071,383	\$ 11,266,467

Note 3: Detailed Notes on all Funds (Continued)

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 capital leases 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
Governmental					
G.O. EDA Public Project Revenue Refunding Bonds of 2014A	\$ 2,005,000	2.00 - 2.50 %	09/03/14	02/01/24	\$ 870,000
Business-type					
G.O. Utility Revenue Bonds of 2010A	887,100	0.65 - 6.30	12/28/10	02/01/26	354,915
G.O. Revenue Refunding Bonds of 2012C	1,145,000	2.00	12/27/12	02/01/22	90,000
G.O. Revenue Refunding Bonds of 2013B	8,920,000	0.40 - 2.80	08/08/13	08/20/21	1,190,000
G.O. Utility Revenue Bonds of 2016C	1,185,000	1.55 - 2.00	09/15/16	02/01/27	830,000
G.O. Utility Revenue Bonds of 2020A	665,000	1.00 - 3.00	07/23/20	02/01/31	665,000
Total Business-type					3,129,915
Total G.O. Revenue Bonds					\$ 3,999,915

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

Year Ending December 31,	G.O. Revenue Bonds			G.O. Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 205,000	\$ 19,188	\$ 224,188	\$ 1,429,915	\$ 76,340	\$ 1,506,255
2022	215,000	13,938	228,938	280,000	36,763	316,763
2023	220,000	8,500	228,500	225,000	30,283	255,283
2024	230,000	2,875	232,875	235,000	24,138	259,138
2025	-	-	-	240,000	17,778	257,778
2026 - 2030	-	-	-	645,000	25,335	670,335
2031	-	-	-	75,000	467	75,467
Total	\$ 870,000	\$ 44,501	\$ 914,501	\$ 3,129,915	\$ 211,104	\$ 3,341,019

Note 3: Detailed Notes on all Funds (Continued)

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

	Water	Wastewater	Storm Water
Revenue	\$ 2,189,864	\$ 4,885,285	\$ 1,012,179
Principal and Interest	385	1,487,707	101,108
Percent of Revenue	0.0%	30.5%	10.0%

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	08/01/26	\$ 932,448

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

Year Ending December 31,	Notes Payable		
	Principal	Interest	Total
2021	\$ 144,072	\$ 36,041	\$ 180,113
2022	144,072	30,637	174,709
2023	149,687	25,022	174,709
2024	155,521	19,188	174,709
2025	161,582	13,127	174,709
2026	177,514	6,831	184,345
Total	\$ 932,448	\$ 130,846	\$ 1,063,294

Note 3: Detailed Notes on all Funds (Continued)

Capital Leases Payable

The Capital Lease Payable - Energy Improvement was used for city-wide energy improvements. These obligations are being funded through ad valorem tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Governmental					
Capital Lease Payable - Energy Improvements	\$ 2,414,139	3.88 %	03/28/08	08/01/23	\$ 733,654
Business-type					
Capital Lease Payable - Energy Improvements	204,170	3.88	03/28/08	08/01/23	81,424
Total Capital Leases					\$ 815,078

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

Year Ending December 31,	Capital Leases			Capital Leases		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 26,257	\$ 2,917	\$ 29,174	\$ 235,804	\$ 26,258	\$ 262,062
2022	27,285	1,892	29,177	245,037	17,025	262,062
2023	27,882	826	28,708	252,813	8,295	261,108
Total	\$ 81,424	\$ 5,635	\$ 87,059	\$ 733,654	\$ 51,578	\$ 785,232

Note 3: Detailed Notes on all Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 9,270,000	\$ 1,370,000	\$ (300,000)	\$ 10,340,000	\$ 370,000
General obligation special assessment bonds	8,435,596	2,990,000	(1,230,512)	10,195,084	1,210,084
General obligation tax increment bonds	399,500	-	(62,000)	337,500	62,000
General obligation revenue bonds	1,075,000	-	(205,000)	870,000	205,000
Plus amounts for unamortized premiums	472,258	316,937	(33,312)	755,883	-
Total Bonds Payable	19,652,354	4,676,937	(1,830,824)	22,498,467	1,847,084
Capital Leases Payable	961,057	-	(227,403)	733,654	235,804
Notes from Direct Borrowings and Direct Placements	1,038,813	-	(106,365)	932,448	144,072
Compensated Absences Payable	907,103	635,780	(565,411)	977,472	295,474
Governmental Activity Long-term Liabilities	\$ 22,559,327	\$ 5,312,717	\$ (2,730,003)	\$ 25,142,041	\$ 2,522,434

The City's outstanding notes from direct borrowings and direct placements related to governmental activities of \$932,448 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. They 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.

Note 3: Detailed Notes on all Funds (Continued)

Business-type Activities

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds Payable					
General obligation revenue bonds	\$ 3,939,403	\$ 665,000	\$ (1,474,488)	\$ 3,129,915	\$ 1,429,915
Capital Leases Payable	106,691	-	(25,267)	81,424	26,257
Plus amounts for unamortized premiums	36,230	48,190	(9,770)	74,650	-
Total Bonds Payable	4,082,324	713,190	(1,509,525)	3,285,989	1,456,172
Compensated Absences Payable	98,859	90,002	(75,907)	112,954	39,816
Business-type Activity Long-term Liabilities	\$ 4,181,183	\$ 803,192	\$ (1,585,432)	\$ 3,398,943	\$ 1,495,988

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, 2020, the total conduit debt issued for issues outstanding totaled \$11,477,120.

Note 3: Detailed Notes on all Funds (Continued)

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	\$ 6,005,000
Hospital Revenue Bonds of 2016	25,000,000	2.56	08/05/16	08/01/31	18,728,354
					\$ 24,733,354

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

Year Ending December 31,	Revenue Bonds		
	Principal	Interest	Total
2021	\$ 2,071,941	\$ 640,328	\$ 2,712,269
2022	2,127,011	584,613	2,711,624
2023	2,188,118	527,414	2,715,532
2024	2,245,291	468,553	2,713,844
2025	5,518,556	408,153	5,926,709
2026 - 2030	9,257,004	784,596	10,041,600
2031	1,325,433	12,751	1,338,184
Total	\$ 24,733,354	\$ 3,426,408	\$ 28,159,762

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

Revenue	Hospital
Principal and Interest	\$ 99,434,390
Percent of Revenue	3,100,678
	3%

Note 3: Detailed Notes on all Funds (Continued)

Capital 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 2023 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,	Capital Leases		
	Component Unit - Principal	Municipal Hospital Interest	Total
2021	\$ 262,178	\$ 110,372	\$ 372,550
2022	272,399	41,826	314,225
2023	47,701	1,481	49,182
Total	\$ 582,278	\$ 153,679	\$ 735,957

Right-to-use assets acquired through outstanding leases are shown in Note 3c.

For the year ended December 31, 2020, there were no impairment related losses on the lease assets.

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Component Unit Activities-					
Municipal Hospital					
Bonds Payable	\$ 26,751,237	\$ -	\$ (2,017,883)	\$ 24,733,354	\$ 2,071,941
Revenue bonds	-	761,668	(179,392)	582,276	282,178
Capital Leases Payable	-	-	-	-	-
Component Unit Long-term Liabilities	\$ 26,751,237	\$ 761,668	\$ (2,197,275)	\$ 25,315,630	\$ 2,354,119

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

B. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

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

Police and Fire Plan Benefits

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

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 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, 2020, 2019 and 2018 were \$3,695,577, \$3,985,018 and \$3,816,880 respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 11.30 percent of pay to 11.80 percent and employer rates increased from 16.95 percent to 17.70 percent on January 1, 2020. The City's contributions to the Police and Fire Fund for the years ending December 31, 2020, 2019 and 2018 were \$406,257, \$350,130 and \$315,132, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension costs

General Employees Fund Pension Costs

At December 31, 2020, the City reported a liability of \$43,485,050 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 \$1,340,986. The net pension liability was measured as of June 30, 2020, 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, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.7253 percent which was a decrease of 0.0101 percent from its proportion measured as of June 30, 2019.

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

City's proportionate share of the net pension liability	\$ 43,485,050
State of Minnesota's proportionate share of the net pension liability associated with the City	1,340,986
Total	\$ 44,826,036

For the year ended December 31, 2020, the City recognized pension expense of \$1,688,117 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$116,706 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.

At December 31, 2020, 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
Differences Between Expected and Actual Experience	\$ 37,099
Changes in Actuarial Assumptions	172
Net Difference Between Projected and Actual Earnings on Plan Investments	103,286
Changes in Proportion	301,253
Contributions paid to PERA Subsequent to the Measurement Date	215,620
Total	\$ 657,440

The \$215,620 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (144,610)
2022	104,103
2023	183,411
2024	107,473

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

At December 31, 2020, 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		Housing Redevelopment		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	\$ 642	\$ 298	\$ 461	\$ 214	\$ 354,714	\$ 147,195
Changes in Actuarial Assumptions	3	2,717	2	1,951	-	1,442,340
Net Difference Between Projected and Actual Earnings on Plan Investments	1,787	-	1,284	-	672,102	-
Changes in Proportion	5,213	299	3,744	214	-	1,081,095
Contributions to CERF Subsequent to the Measurement Date	3,731	-	2,680	-	1,881,860	-
Total	\$ 11,376	\$ 3,314	\$ 8,171	\$ 2,379	\$ 2,908,676	\$ 2,650,630

The \$3,731, \$2,680 and \$1,881,860 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, 2021. 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		Housing Redevelopment	
	Authority	Authority	Authority	Authority
2021	\$ (2,502)	\$ (1,797)	\$ (2,613,247)	
2022	1,801	1,294	(440,419)	
2023	3,174	2,280	469,625	
2024	1,868	1,335	940,227	

Police and Fire Fund Pension Costs

At December 31, 2020, the City reported a liability of \$2,551,855 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1936 percent which was an increase of 0.0063 percent from its proportion measured as of June 30, 2019.

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

The State of Minnesota also contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. 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 fire 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.

As a result, the State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of \$329,678 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$18,490 for the year ended December 31, 2020, as pension grant revenue for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2020, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 114,631	\$ 157,001
Changes in Actuarial Assumptions	920,338	1,585,395
Net Difference Between Projected and Actual Earnings on Plan Investments	118,764	-
Changes in Proportion	281,328	40,975
Contributions to paid to PERA Subsequent to the Measurement Date	213,910	-
Total	<u>\$ 1,648,971</u>	<u>\$ 1,783,371</u>

The \$213,910 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021		\$ (111,289)
2022		(579,157)
2023		173,472
2024		149,070
2025		19,604

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

E. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disableds were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan and 1.0 percent per year for the Police and Fire Plan.

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

The following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions:

- 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.

Changes in Plan Provisions:

- 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.

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

Police and Fire Fund

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.
- Changes in Plan Provisions:
 - There have been no changes since the prior valuation.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	35.5 %	5.10 %
Alternative Assets (Private Markets)	25.0	5.90
Bonds (Fixed Income)	20.0	0.75
International Stocks	17.5	5.30
Cash	2.0	-
Total	100.00 %	

F. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
General Employees Fund			
Primary government	\$ 7,129,036	\$ 4,448,272	\$ 2,236,856
Component Unit - EDA	123,360	76,972	38,706
Component Unit - HRA	88,603	55,285	27,801
Component Unit - Municipal Hospital	62,350,452	38,904,521	19,563,511
Police and Fire Fund - Primary Government	5,086,215	2,551,855	455,117

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

H. Pension Plan Fiduciary Net Position

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

Note 5: 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 defined 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 2020 were:

	Contribution Amount		Percentage of Covered Payroll		Required Rate
	Employee	Employer	Employee	Employer	
\$	2,429	\$ 2,429	5.00%	5.00%	5.00%

The City and council member's contributions to the DCP plan for the years ending December 31, 2020, 2019 and 2018 were \$2,429, \$2,320 and \$2,669, 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.

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	15
Active Plan Members	85
Total Plan Members	100

B. Funding Policy

Contribution requirements also are 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, 2020, the City's average contribution rate was 38.10 percent of covered-employee payroll. For the year 2020, the City directly contributed \$86,144 to the Plan, while implicit contributions totaled \$65,267.

Note 6: Postemployment Benefits Other Than Pensions (Continued)

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$2,326,587 was measured as of January 1, 2020, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of January 1, 2020 of which the primary government, HRA and EDA portions were calculated at \$2,293,876, \$20,521 and \$12,190, respectively.

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

Discount Rate	2.90%
20-Year Municipal Bond Yield	2.90%
Inflation Rate	2.50%
Salary Increases	3.00%
Medical Trend Rate	6.25% in 2019 grading to 5.00% over 5 years

The discount rate used to measure the total OPEB liability was 2.90 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 used were the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).

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

Balances at January 1, 2019		Total OPEB Liability
Changes for the Year:		(a)
Service cost	\$ 2,202,539	
Interest	100,849	
Changes in assumptions or other inputs	84,327	
Benefit payments	108,962	
Net Changes	(170,090)	
	124,048	
Balances at January 1, 2020	\$ 2,326,587	
Primary Government	\$ 2,293,876	
Component Unit - EDA	20,521	
Component Unit - HRA	12,190	
Total OPEB Obligation	\$ 2,326,587	

Note 6: Postemployment Benefits Other Than Pensions (Continued)

Since the prior measurement date, the following assumption changed:

- The discount rate was changed from 3.80% to 2.90%.

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.90 percent) or one percentage point higher (3.90 percent) than the current discount rate:

	1 Percent Decrease (1.9%)	Current (2.9%)	1 Percent Increase (3.9%)
Primary government	\$ 2,435,720	\$ 2,293,876	\$ 2,158,581
Component Unit - EDA	21,790	20,521	19,311
Component Unit - HRA	12,944	12,190	11,471

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is one percentage point lower (5.50 percent decreasing to 4.00 percent) or one percentage-point higher (7.50 percent increasing to 6.00 percent) than the current cost trend rate:

	1 Percent Decrease (5.5% decreasing to 4%)	Healthcare Cost Trend Rates (6.5% decreasing to 5%)	1 Percent Increase (7.5% decreasing to 6%)
Primary Government	\$ 2,087,513	\$ 2,293,876	\$ 2,529,254
Component Unit - EDA	18,675	20,521	22,627
Component Unit - HRA	11,093	12,190	13,441

Note 6: Postemployment Benefits Other Than Pensions (Continued)

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

For the year ended December 31, 2020, the City recognized negative OPEB expense of \$37,431. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Component Units					
	Primary Government			Economic Development Authority		
	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 Changes in Actuarial Assumptions	\$ 92,083	\$ 51,322	\$ 824	\$ 459	\$ 489	\$ 273
Net Difference Between Projected and Actual Earnings on Plan Investments	22,446		201		119	
Contributions to OPEB subsequent to the measurement date.	149,281		1,335		793	
Total	\$ 263,810	\$ 51,322	\$ 2,360	\$ 459	\$ 1,402	\$ 273

Deferred outflows of resources totaling \$151,410 related to OPEB resulting from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Primary Government			Component Units		
		Economic Development Authority	Housing Redevelopment Authority			
2021	\$ 9,571	\$ 86	\$ 51			
2022	9,571	86	51			
2023	9,571	86	51			
2024	9,571	86	51			
2025	9,571	86	51			
Thereafter	15,352	135	81			

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, 2020 was \$5,202,971 and is included with Accrued Payroll and Benefits.

Estimates of amounts incurred but not reported at December 31, 2020 and 2019 are as follows:

	2020	2019
Beginning IBNR	\$ 929,840	\$ 868,890
Claims Paid	(4,274,018)	(5,659,405)
Claims Incurred	4,185,960	5,720,355
Ending IBNR	\$ 841,782	\$ 929,840

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.

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.

Note 7: Commitments and Contingent Liabilities (Continued)

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.

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.

D. Annexation Agreements

The City of Northfield has annexation agreements with four surrounding townships. Under the agreements, the City is required to make annual payments to the townships. The payments were completed in 2020.

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.

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.

Note 8: Net Patient Service Revenue (Continued)

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.

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 immaterial changes in net patient and resident service revenue for the years ended December 31, 2019 and 2018.

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

	2020	2019
Total Patient and Resident Revenues	\$ 220,656,565	\$ 239,207,988
Contractual Adjustments		
Medicare	(42,775,594)	(46,942,564)
Medicaid	(2,857,354)	(3,555,281)
Commercial / HMO's	(67,084,768)	(70,590,691)
Provision of bad debts	(1,577,303)	(2,822,419)
Other	(8,256,105)	(7,563,275)
Total Contractual Adjustments	(122,551,124)	(131,474,230)
Net Patient and Resident Revenues	\$ 98,105,441	\$ 107,733,758

Note 9: 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.

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

C. 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, 2020.

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, 2020, 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 2020 was \$3,194,751 for LGA. This accounted for 20.7 percent of General fund revenues.

Note 9: 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 71.66 percent for Northfield, 5.53 percent for Dundas and 22.81 percent for Rural Fire. The percentages will be updated every two years.

The net position of NAFRS as of December 31, 2020 was \$4,087,322. 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, 2020, the City has two 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 \$303,551 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.

Note 9: Other Information (Continued)

Lost revenue as it relates to tax abatements for the year ended December 31, 2020, 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%	\$ 8,355	\$ 3,209
Spring Creek TIF	50.947%	24,805	12,637
Aurora Pharmaceutical TIF	58.161%	6,144	3,573
Total			\$ 19,419

Note 10: Prior Period Adjustment

The following schedule reconciles previously reported December 31, 2019 balances to the December 31, 2020 financial statements. The prior period adjustment was needed to move construction in progress from governmental activities to the appropriate enterprise funds for their portion of capital projects.

	Net Position December 31, 2019 as Previously Reported	Prior Period Adjustment	Net Position January 1, 2020 as Restated
Fund			
Governmental Activities	\$ 48,877,800	\$ (1,497,462)	\$ 47,380,338
Business-Type Activities	\$ 42,551,529	\$ 1,497,462	\$ 44,048,991
Business-Type Funds			
Water	\$ 13,378,773	\$ 595,792	\$ 13,974,565
Wastewater	21,031,050	302,312	21,333,362
Storm Water	5,340,245	599,358	5,939,603
Total Governmental Funds	\$ 39,750,068	\$ 1,497,462	\$ 41,247,530

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Municipal Hospital adopted the requirements of the guidance effective January 1, 2020, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

Note 11: COVID-19

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

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

City of Northfield, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2020

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability		City's Covered Payroll	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
			(a)	(b)	(a+b)	(c)	(a/c)	(b/c)	
06/30/20	0.7253	\$ 43,485,050	\$ 1,340,986	\$ 44,826,036	\$ 51,721,254	84.1	%	79.0	%
06/30/19	0.7354	40,603,332	1,261,945	41,865,277	52,532,688	77.3		80.2	
06/30/18	0.7442	41,285,165	1,354,032	42,639,197	51,536,488	80.1		79.5	
06/30/17	0.7455	46,939,073	568,475	47,507,548	51,298,616	91.5		75.9	
06/30/16	0.7125	57,859,590	755,451	58,615,041	48,384,368	119.6		68.9	
06/30/15	0.6637	34,396,380	-	34,396,380	44,097,901	78.0		76.2	

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

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Contributions in Relation to the				City's Covered Payroll	Contributions as a Percentage of Covered Payroll (b/c)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll		
12/31/20	\$ 3,695,577	\$ 3,695,577	\$ -	\$ 52,001,705	7.1	%
12/31/19	3,985,018	3,985,018	-	52,834,725	7.5	
12/31/18	3,816,880	3,816,880	-	51,632,613	7.4	
12/31/17	3,653,609	3,653,609	-	51,298,443	7.1	
12/31/16	3,441,249	3,441,249	-	48,626,595	7.1	
12/31/15	3,182,075	3,182,075	-	44,176,501	7.2	

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTHFIELD
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in actuarial assumptions

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.

Changes in plan provisions

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.

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

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

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

2016 - No changes noted

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, 2020

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		City's Contribution	City's Covered Payroll	City's Covered Payroll as a Percentage of Total Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
		(a)	(b)	(c)	(d)	(e)	(f)
06/30/20	0.1936	\$ 2,551,855	\$ 60,099	\$ 2,184,797	116.8	87.2	%
06/30/19	0.1873	1,993,998	-	1,976,819	100.9	89.3	%
06/30/18	0.1800	1,918,615	-	1,897,321	101.1	88.8	%
06/30/17	0.1690	2,281,701	-	1,731,626	131.8	85.4	%
06/30/16	0.1760	7,063,186	-	1,697,313	416.1	63.9	%
06/30/15	0.1720	1,954,322	-	1,536,019	127.2	88.8	%

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

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

Year Ending	Contributions in Relation to the Statutorily Required Contribution			City's Covered Payroll	Contributions as a Percentage of Covered Payroll
	(a)	(b)	(c)	(d)	(e)
12/31/20	\$ 406,257	\$ 406,257	\$ -	2,295,239	17.8
12/31/19	350,130	350,130	-	2,065,665	17.0
12/31/18	315,132	315,132	-	1,945,261	16.2
12/31/17	294,689	294,689	-	1,819,069	16.2
12/31/16	273,613	273,613	-	1,690,205	16.2
12/31/15	265,741	265,741	-	1,640,377	16.2

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

City of Northfield, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in actuarial assumptions

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

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

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

Changes in plan provisions

2020 - No changes noted

2019 - No changes noted

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

City of Northfield, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

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

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

2016 - No changes noted

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, 2020

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

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 100,849	\$ 84,014	\$ 90,105
Interest	84,327	73,255	71,092
Differences between expected and actual experience	-	31,873	-
Changes in assumptions	108,962	(72,876)	-
Benefit payments	(170,090)	(98,299)	(80,972)
Net Change in Total OPEB Liability	124,048	17,967	80,225
Total OPEB Liability - Beginning	2,202,539	2,184,572	2,104,347
Total OPEB Liability - Ending	\$ 2,326,587	\$ 2,202,539	\$ 2,184,572
Primary Government			
Component Unit - EDA	\$ 2,293,876	\$ 2,164,581	\$ 2,144,983
Component Unit - HRA	20,521	19,609	20,348
Component Unit - IRA	12,190	18,349	19,241
Total OPEB Obligation	\$ 2,326,587	\$ 2,202,539	\$ 2,184,572
Covered - employee payroll	\$ 6,266,456	\$ 5,733,488	\$ 5,733,488
City's total OPEB liability as a percentage of covered employee payroll	37.13	38.42	38.10

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

Changes in actuarial funding method

2020 - No changes noted.

2019 - No changes noted.

2018 - The actuarial cost method was changed from projected unit credit to entry age as prescribed by GASB 75

Changes in actuarial assumptions

2020 - The discount rate was changed from 3.80% to 2.90%.

2019 - The healthcare trend rates were changed to better anticipate short term and long term medical increases. The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel). The retirement and withdrawal tables for Police and Fire Personnel were updated. The discount rate was changed from 3.30% to 3.80%.

2018 - The discount rate was changed from 3.50% to 3.30%.

City of Northfield, Minnesota
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020

	Assets	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
	\$ 1,633,472	\$ 2,542,593	\$ 4,176,065	
Assets				
Cash and temporary investments				
Receivables				
Interest	3,136			7,763
Delinquent taxes	1,549	4,627		1,549
Accounts	61,469			61,459
Special assessments		161,026		161,026
Intergovernmental	62	50,960		51,042
Advances to other funds	87,550			87,550
Prepaid items	2,363			2,363
Land held for resale		49,937		49,937
Total Assets	\$ 1,789,591	\$ 2,809,163	\$ 4,598,754	
Liabilities				
Accounts payable	\$ 30,071	\$ 65,864	\$ 95,935	
Contracts payable	19,115		19,115	
Due to other governments	31,355		31,355	
Deposits payable		110,748	110,748	
Accrued wages payable	4,730		4,730	
Due to other funds	4,629	316,109	320,738	
Total Liabilities	89,900	492,721	582,621	
Deferred Inflows of Resources				
Unavailable revenue - taxes	1,549		1,549	
Unavailable revenue - special assessments		160,814	160,814	
Unavailable revenue - intergovernmental		49,425	49,425	
Total Deferred Inflows of Resources	1,549	210,239	211,788	
Fund Balances				
Nonspendable	2,363		2,363	
Prepaid items				
Restricted				
Library	328,029		328,029	
Arts and culture	62,234		62,234	
Redevelopment and housing	96,502		96,502	
Capital projects		412,810	412,810	
Committed				
Community resource center operations	219,360		219,360	
Motor vehicle operations	277,844		277,844	
Communications	712,016		712,016	
Assigned				
Capital projects		1,841,754	1,841,754	
Unassigned	(205)	(148,361)	(148,567)	
Total Fund Balances	1,688,142	2,106,203	3,804,345	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,789,591	\$ 2,809,163	\$ 4,598,754	

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF NORTHFIELD
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of Northfield, Minnesota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2020

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes			
Property taxes	\$ 189,545	\$ 582,370	\$ 771,915
Tax increment	49,069	-	49,069
Franchise fees	191,478	-	191,478
Special assessments	-	1,405	1,405
Intergovernmental			
Federal	108,048	-	108,048
State	9,427	609,437	618,864
Charges for services			
General government	207,421	-	207,421
Culture and recreation	-	71,145	71,145
Communication	43,110	-	43,110
Investment earnings	32,136	46,976	79,112
Miscellaneous			
Other	57,740	1,135	58,875
Contributions and donations	33,704	-	33,704
Refunds and reimbursements	-	51,345	51,345
Total Revenues	923,278	1,353,813	2,287,091
Expenditures			
Current			
General government	426,617	-	426,617
Public safety	21	-	21
Culture and recreation	218,174	42,417	260,591
Housing and economic development	174,612	-	174,612
Capital outlay			
Public safety	-	245,326	245,326
Public works	7,484	383,575	383,575
Culture and recreation	-	39,785	39,785
Housing and economic development	172,856	-	172,856
Debt service			
Principal	49,116	-	49,116
Interest and other charges	7,485	5,163	12,648
Total Expenditures	1,056,365	716,266	1,772,631
Excess (Deficiency) of Revenues Over (Under) Expenditures	(133,087)	647,547	514,460
Other Financing Sources (Uses)			
Sale of capital assets	-	36,412	36,412
Transfers in	28,672	823,556	852,328
Transfers out	-	(183,491)	(183,491)
Total Other Financing Sources (Uses)	28,672	676,577	705,249
Net Change in Fund Balances	(104,415)	1,324,124	1,219,709
Fund Balances, January 1	1,802,557	782,079	2,584,636
Fund Balances, December 31	\$ 1,698,142	\$ 2,106,203	\$ 3,804,345

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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.

G.C. Cliberry 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.

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

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

Rescue Squad Trust - accounts for monies to be used for rescue squad equipment and apparatus.

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

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

Washington Creek TIF - accounts for the activity associated with the TIF District.

City of Northfield, Minnesota Nonmajor Special Revenue Funds (Continued on the Following Pages) Combining Balance Sheet December 31, 2020

	211	215	229	240	241
	Community Resource Center	Motor Vehicle Fund	Communication Fund	Library Gift Fund	G.W. Bunday Fund
Assets					
Cash and temporary investments					
Receivables	\$ 219,882	\$ 309,553	\$ 659,868	\$ 71,420	\$ 24,867
Interest	236	808	1,276	139	49
Accounts	522	-	60,731	-	-
Intergovernmental	62	-	-	-	-
Assets - other funds	-	-	-	-	-
Prepaid items	-	2,658	305	-	-
Total Assets	\$ 219,882	\$ 312,519	\$ 722,180	\$ 71,559	\$ 25,016
Liabilities					
Accounts payable			\$ 6,937	\$ 823	\$ -
Due to other governments		28,537	2,412	306	-
Accrued wages payable		3,580	750	-	-
Due to other funds		-	-	-	-
Total Liabilities		32,817	9,659	1,229	
Deferred Inflows of Resources	522	-	-	-	-
Unavailable revenue - taxes					
Fund Balances					
Nonspendable		2,058	305	-	-
Restricted		-	-	70,330	25,016
Arts and culture		-	-	-	-
Redevelopment and housing		-	-	-	-
Committed	219,360	-	-	-	-
Community resource center operations		277,844	-	-	-
Motor vehicle operations		-	712,016	-	-
Communications		-	-	-	-
Unassigned	219,360	279,922	712,321	70,330	25,016
Total Fund Balances	\$ 219,882	\$ 312,519	\$ 722,180	\$ 71,559	\$ 25,016
Total Liabilities, Deferred Inflows of Resources and Fund Balances					

242	243	244	245	246	250	271
Scriber Memorial Fund	L.J. Gustafson Fund	Myrtle Houston Fund	C.C. Cleghery Endowed Book Fund	Arts and Culture Fund	Community Development Block Grant Fund	Jefferson Square TIF Fund
\$ 146,989	\$ 28,793	\$ 43,131	\$ 12,780	\$ 62,234	\$ -	\$ 17,684
290	60	65	25	102	-	28
-	-	-	-	-	728	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 147,289	\$ 28,853	\$ 43,131	\$ 12,780	\$ 62,234	\$ 728	\$ 17,712
\$ 356	\$ 14	\$ -	\$ -	\$ -	\$ -	\$ 3,873
-	-	-	-	-	-	-
-	-	-	-	-	374	-
356	14	-	-	-	374	3,873
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
146,933	28,839	43,131	12,780	62,234	354	13,839
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
146,933	28,839	43,131	12,780	62,234	354	13,839
\$ 147,289	\$ 28,853	\$ 43,131	\$ 12,780	\$ 62,234	\$ 728	\$ 17,712

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City of Northfield, Minnesota
 Normal Special Revenue Funds
 Combining Balance Sheet (Continued)
 December 31, 2020

	270	863	385	386	387	Total
	Master	Rescue	Spring Creek	Aurora	Washington	Normal
	Development	Squad	TIF Fund	TIF Fund	TIF Fund	
	TIF Fund	Fund				
Assets						
Cash and temporary investments	\$ -	\$ -	\$ -	\$ 3,936	\$ -	\$ 1,833,472
Receivables						
Interest			37			3,136
Delinquent taxes	1,027					1,549
Accounts receivable						61,459
Intergovernmental						82
Advances to other funds	87,550					87,550
Prepaid items						2,363
Total Assets	\$ 88,577	\$ -	\$ 32,194	\$ 3,937	\$ -	\$ 1,789,591
Liabilities						
Accounts payable	\$ -	\$ -	\$ 14,619	\$ 3,589	\$ -	\$ 30,071
Contracts payable	19,115					31,355
Due to other governments						4,730
Accrued wages payable	4,049					4,730
Due to other funds	23,164		14,619	3,589	206	4,730
Total Liabilities	\$ 46,328	\$ -	\$ 14,619	\$ 3,589	\$ 206	\$ 53,752
Deferred Inflows of Resources						
Unavailable revenue - taxes	1,027					1,549
Fund Balances						
Nonspendable						2,363
Prepaid items						328,029
Restricted						82,234
Library						96,502
Arts and culture						
Redevelopment and housing			17,575	348		219,360
Committed	64,386					277,844
Community resource center operations						712,016
Motor vehicle operations						2,363
Reservations						
Unassigned						
Total Fund Balances	\$ 64,386	\$ -	\$ 17,575	\$ 348	\$ (206)	\$ 1,698,142
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 88,577	\$ -	\$ 32,194	\$ 3,937	\$ -	\$ 1,789,591

City of Northfield, Minnesota
 Normal Special Revenue Funds
 Combining Schedule of Revenues and Other Changes in Fund Balances
 For the Year Ended December 31, 2020

	211	215	229	240	241	242
	Community	Motor	Communication	Library Gift	G.W. Bursday	Sevier
	Resource	Vehicle Fund	Fund	Fund	Fund	Normal
	Center					Fund
Revenues						
Taxes	\$ 185,545	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes						
Franchise fees			191,478			
Intergovernmental						
Federal	9,427					
State						
Charges for services		207,421				
General government						
Communication			43,110			
Investment earnings	1,980	8,018	11,446	1,285	453	2,675
Miscellaneous	9,770					
Contributions and donations	56,602			17,934		
Other		1,138				
Total Revenues	267,324	216,577	246,034	19,229	453	2,675
Expenditures						
Current						
General government		217,466	209,151			
Public safety						
Culture and recreation	194,020			19,140		547
Housing and economic development						
Capital outlay						
Culture and recreation	7,484					
Housing and economic development						
Debt service						
Principal	48,116					
Interest and other charges	7,485					
Total Expenditures	259,105	217,466	209,151	19,140		547
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,219	(889)	36,883	89	453	2,128
Other Financing Sources (Uses)						
Transfers in						
Net Change in Fund Balances	9,219	(889)	35,883	89	453	2,128
Fund Balances, January 1	210,141	280,791	675,438	70,441	24,563	144,805
Fund Balances, December 31	\$ 219,360	\$ 279,902	\$ 711,321	\$ 70,530	\$ 25,016	\$ 146,933

City of Northfield, Minnesota
 Normal Special Revenue Funds
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)
 For the Year Ended December 31, 2020

	243	244	245	246	260	271	270	853	385	386	387	Total
	L.J. Qualifon Fund	Myrtle Houston Fund	C.C. Conerty Endowed Book Fund	Arts and Culture Fund	Community Development Block Grant Fund	Lebanon Square TIF Fund	Master Development TIF Fund	Reisue Fund	Spring Creek TIF Fund	Avoca TIF Fund	Washington TIF Fund	Normal Special Revenue
Revenues												
Taxes												
Property taxes												
Ad valorem												
Franchise fees						8,507						189,545
Intergovernmental												49,059
Federal												191,475
State												109,048
County												9,427
City												207,431
Other for services												43,110
Grant government												32,736
Communication												33,704
Investment earnings												32,736
Miscellaneous												33,704
Contributions and donations												32,736
Other												32,736
Total Revenues	553	783	233	6,669	109,048	8,581	3,958		32,465	7,976		953,275
Expenditures												
Current												
General government												
Public safety												
Culture and recreation												
Housing and economic development												
Capital outlay												
Culture and recreation												
Housing and economic development												
Debt service												
Principal												
Interest and other charges												
Total Expenditures	800	783	167	3,500	109,048	11,552	2,284		43,893	7,629	205	1,055,455
Excess (Deficiency) of Revenues Over (Under) Expenditures	(247)		66	3,169		(2,971)	(171,192)	(21)	(11,009)	348	(205)	(133,087)
Other Financing Sources (Uses)												
Transfers in												
Net Change in Fund Balances	(247)	783	66	31,841		(2,971)	(171,192)	(21)	(11,009)	348	(205)	28,672
Fund Balances, January 1	30,086	42,346	12,714	30,393	354	15,510	235,568	21	28,554			(104,145)
Fund Balances, December 31	\$ 29,839	\$ 43,131	\$ 12,780	\$ 62,234	\$ 354	\$ 12,539	\$ 64,376	\$	\$ 17,545	\$ 348	\$ (205)	\$ 1,699,442

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, 2020
With Comparative Actual Amounts for Year Ended December 31, 2019

	2020		2019	
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Taxes				
Property taxes	\$ 189,475	\$ 189,545	\$ 70	\$ 189,719
Intergovernmental		9,427	9,427	44,573
State	1,000	1,980	980	3,064
Investment earnings				
Miscellaneous				
Contributions and donations		9,770	9,770	
Other	56,603	56,602	(1)	66,121
Total Revenues	247,078	267,324	20,246	303,477
Expenditures				
Current				
Culture and recreation				
Supplies		20,075	(20,075)	
Other services and charges	175,700	173,945	1,755	159,309
Capital outlay				
Culture and recreation	30,000	7,484	22,516	126,811
Debt service				
Principal	49,116	49,116	-	47,266
Interest and other charges	7,485	7,485	-	9,336
Total Expenditures	262,301	258,105	4,196	342,722
Net Change in Fund Balances	(15,223)	9,219	24,442	(39,245)
Fund Balances, January 1	210,141	210,141	-	249,386
Fund Balances, December 31	\$ 194,918	\$ 219,360	\$ 24,442	\$ 210,141

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, 2020
With Comparative Actual Amounts for Year Ended December 31, 2019

	2020		2019	
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Intergovernmental				
Charges for services				\$ 57,673
General government	210,000	207,421	(2,579)	208,982
Investment earnings	1,800	8,018	6,218	10,479
Miscellaneous				
Other		1,138	1,138	509
Total Revenues	211,800	216,577	4,777	277,653
Expenditures				
Current				
General government				
Personal services	181,294	190,828	(9,534)	173,125
Supplies	2,500	1,492	1,008	1,216
Other services and charges	26,315	25,146	1,169	23,581
Total Expenditures	210,109	217,466	(7,357)	197,922
Net Change in Fund Balances	1,691	(889)	(2,580)	79,731
Fund Balances, January 1	280,791	280,791	-	201,060
Fund Balances, December 31	\$ 282,482	\$ 279,902	\$ (2,580)	\$ 280,791

City of Northfield, Minnesota

Communication Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2020
With Comparative Actual Amounts for Year Ended December 31, 2019

	2020		2019	
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Taxes				
Franchise fees	\$ 186,000	\$ 191,478	\$ 5,478	\$ 197,626
Charges for service	46,000	43,110	(2,890)	37,136
Investment earnings	10,000	11,446	1,446	16,806
Total Revenues	242,000	246,034	4,034	251,568
Expenditures				
Current				
General government				
Personal services	72,951	76,197	(3,246)	24,258
Supplies	6,200	10,867	(4,667)	23,419
Other services and charges	182,193	122,087	60,106	115,655
Capital outlay				
General government	22,000	-	22,000	42,625
Total Expenditures	283,344	209,151	74,193	205,957
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,344)	36,883	78,227	45,611
Other Financing Sources (Uses)				
Transfers out	(55,767)	-	55,767	-
Net Change in Fund Balances	(97,111)	36,883	133,994	45,611
Fund Balances, January 1	675,438	675,438	-	629,827
Fund Balances, December 31	\$ 578,327	\$ 712,321	\$ 133,994	\$ 675,438

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, 2020
With Comparative Actual Amounts for Year Ended December 31, 2019

	2020		2019	
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$ 500	\$ 1,295	\$ 795	\$ 2,132
Contributions and donations	12,000	17,934	5,934	11,222
Total Revenues	12,500	19,229	6,729	13,354
Expenditures				
Current				
Culture and recreation				
Other services and charges	12,500	19,140	(6,640)	29,749
Net Change in Fund Balances	-	89	89	(16,395)
Fund Balances, January 1	70,241	70,241	-	86,636
Fund Balances, December 31	\$ 70,241	\$ 70,330	\$ 89	\$ 70,241

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, 2020

With Comparative Actual Amounts for Year Ended December 31, 2019

	2020		2019	
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$ 150	\$ 453	\$ 303	\$ 634
Expenditures				
Current				
Culture and recreation	4,000	-	4,000	-
Other services and charges	(3,850)	453	4,303	634
Net Change in Fund Balances	24,563	24,563	-	23,929
Fund Balances, January 1				
Fund Balances, December 31	\$ 20,713	\$ 25,016	\$ 4,303	\$ 24,563

City of Northfield, Minnesota
Scriber Memorial Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

For the Year Ended December 31, 2020

With Comparative Actual Amounts for Year Ended December 31, 2019

	2020		2019	
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$ 750	\$ 2,675	\$ 1,925	\$ 3,735
Expenditures				
Current				
Culture and recreation	750	547	203	78
Other services and charges	-	2,128	2,128	3,657
Net Change in Fund Balances	144,805	144,805	-	141,148
Fund Balances, January 1				
Fund Balances, December 31	\$ 144,805	\$ 146,933	\$ 2,128	\$ 144,805

City of Northfield, Minnesota

L.J.J. Gustafson Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2020
With Comparative Actual Amounts for Year Ended December 31, 2019

	2020		2019	
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$ 200	\$ 553	\$ 353	\$ 825
Expenditures				
Current				
Culture and recreation				
Other services and charges	1,000	800	200	2,108
Net Change in Fund Balances	(800)	(247)	553	(1,283)
Fund Balances, January 1	30,086	30,086	-	31,369
Fund Balances, December 31	\$ 29,286	\$ 29,839	\$ 553	\$ 30,086

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, 2020
With Comparative Actual Amounts for Year Ended December 31, 2019

	2020		2019	
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$ 250	\$ 783	\$ 533	\$ 1,098
Expenditures				
Current				
Miscellaneous				
Other services and charges	1,200	-	1,200	396
Net Change in Fund Balances	(950)	783	1,733	702
Fund Balances, January 1	42,348	42,348	-	41,646
Fund Balances, December 31	\$ 41,398	\$ 43,131	\$ 1,733	\$ 42,348

City of Northfield, Minnesota

C.C. Clobery Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual

For the Year Ended December 31, 2020

With Comparative Actual Amounts for Year Ended December 31, 2019

	2020		2019	
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$ 200	\$ 233	\$ 33	\$ 333
Expenditures				
Current				
Culture and recreation	200	167	33	186
Other services and charges	-	66	66	147
Net Change in Fund Balances	12,714	12,714	-	12,567
Fund Balances, January 1	\$ 12,714	\$ 12,780	\$ 66	\$ 12,714
Fund Balances, December 31				

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, 2020

With Comparative Actual Amounts for Year Ended December 31, 2019

	2020		2019	
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Intergovernmental				
Federal	\$ 65,000	\$ 109,048	\$ 44,048	\$ 62,424
Expenditures				
Current				
Housing and economic development	65,000	109,048	(44,048)	71,692
Other services and charges	-	-	-	(9,268)
Net Change in Fund Balances	354	354	-	9,622
Fund Balances, January 1	\$ 354	\$ 354	\$ -	\$ 354
Fund Balances, December 31				

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, 2020
With Comparative Actual Amounts for Year Ended December 31, 2019

	Final Budget	2020 Actual Amounts	Variance with Final Budget	2019 Actual Amounts
Revenues				
Investment earnings	\$ 3,000	\$ 3,958	\$ 958	\$ 12,279
Expenditures				
Current				
Housing and economic development				
Other services and charges	-	2,284	(2,284)	3,551
Capital outlay				
Housing and economic development	-	172,856	(172,856)	271,726
Total Expenditures	-	175,140	(175,140)	275,277
Net Change in Fund Balances	3,000	(171,182)	(174,182)	(262,998)
Fund Balances, January 1	235,568	235,568	-	498,566
Fund Balances, December 31	\$ 238,568	\$ 64,386	\$ (174,182)	\$ 235,568

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NONMAJOR CAPITAL PROJECT FUNDS

The Capital Project Funds accounts 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.

2021 Capital Project - accounts for projects to be financed by a future 2021 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.

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

NAFRS Building - accounts for the funding and project costs of the NAFRS Building.

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, 2020

	419	422	451	453
	2018 Capital Project Fund	2021 Capital Project Fund	Park Fund	Fire Replacement Fund
Assets				
Cash and temporary investments	\$ 60,877	\$ -	\$ 286,502	\$ 80,503
Receivables	-	-	-	-
Interest	-	-	-	-
Special assessments	-	-	476	159
Current	-	-	-	-
Noncurrent	-	-	-	-
Intergovernmental	-	-	49,425	-
Land held for resale	-	-	-	-
Total Assets	\$ 60,877	\$ -	\$ 336,403	\$ 80,662
Liabilities				
Accounts payable	-	\$ 33,549	\$ 9,992	\$ -
Deposits payable	-	-	-	-
Due to other funds	-	69,316	-	-
Total Liabilities	-	102,865	9,992	-
Deferred Inflows of Resources				
Unavailable revenue - special assessments	-	-	-	-
Unavailable revenue - intergovernmental	-	-	49,425	-
Total Deferred Inflows of Resources	-	-	49,425	-
Fund Balances				
Restricted for capital projects	60,877	-	-	-
Assigned for capital projects	-	-	276,986	80,662
Unassigned	-	(102,865)	-	-
Total Fund Balance	60,877	(102,865)	276,986	80,662
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 60,877	\$ -	\$ 336,403	\$ 80,662

City of Northfield, Minnesota
 Nonmajor Capital Projects Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 (Continued on the Following Page)
 For the Year Ended December 31, 2020

	454	455	456	460	463	475	Total
	City Facilities Fund	Equipment and Vehicle Replacement	Hauberg Park	Public Safety Center Project	NAFRS Building	Capital Reserve Fund	Nonmajor Capital Projects
\$	200,922	\$ 553,625	\$ 7,498	\$ 411,998	\$ -	\$ 940,668	\$ 2,542,593
	375	1,071	14	812	-	1,720	4,627
	-	-	-	-	-	2,803	2,803
	-	-	-	-	-	158,223	158,223
	-	-	-	-	-	1,555	50,980
	-	-	-	-	-	49,937	49,937
\$	201,297	\$ 554,696	\$ 7,512	\$ 412,810	\$ -	\$ 1,154,906	\$ 2,809,163
\$	-	\$ 9,429	\$ -	\$ -	\$ -	\$ 12,894	\$ 65,864
	245,793	-	-	-	-	110,748	110,748
	245,793	9,429	-	-	-	123,642	315,109
	-	-	-	-	-	160,814	160,814
	-	-	-	-	-	160,814	49,425
	-	-	-	-	-	210,239	210,239
	-	545,267	7,512	412,810	-	-	412,810
	(45,496)	-	-	-	-	870,450	1,841,754
	(45,496)	545,267	7,512	412,810	-	870,450	(148,361)
\$	201,297	\$ 554,696	\$ 7,512	\$ 412,810	\$ -	\$ 1,154,906	\$ 2,809,163

	419	422	451	453
	2018 Capital Project Fund	2021 Capital Project Fund	Park Fund	Fire Replacement Fund
Revenues				
Taxes	\$ -	\$ -	\$ 97,335	\$ -
Property taxes	-	-	-	-
Intergovernmental	809,437	-	-	-
State	-	-	-	-
Special assessments	-	-	-	-
Charges for services	-	-	71,145	-
Culture and recreation	-	-	5,948	1,464
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Other	-	-	51,345	-
Refunds and reimbursements	-	-	-	-
Total Revenues	609,437	-	225,773	1,464
Expenditures				
Current	-	-	42,417	-
Capital outlay	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	79,357	102,865	39,785	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service	-	-	-	-
Interest and other	-	-	-	-
Total Expenditures	79,357	102,865	82,202	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	530,080	(102,865)	143,571	1,464
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	-
Transfers in	823,656	-	(25,000)	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	823,656	-	(25,000)	-
Net Change in Fund Balances	1,353,736	(102,865)	118,571	1,464
Fund Balances, January 1	(1,292,859)	-	158,415	79,198
Fund Balances, December 31	\$ 60,877	\$ (102,865)	\$ 276,986	\$ 80,662

454	455	456	460	463	475	Total
City Facilities Fund	Equipment and Vehicle Replacement	Hauberg Park	Public Safety Center Protect	NAFRS Building	Capital Reserve Fund	Nonmajor Capital Projects
\$ 73,352	\$ 324,531	\$ -	\$ -	\$ -	\$ 87,152	\$ 582,370
-	-	-	-	-	-	609,437
-	-	-	-	-	1,405	1,405
3,430	10,795	123	7,486	2,592	15,138	71,145
-	-	1,135	-	-	-	46,976
-	-	-	-	-	-	1,135
76,782	335,326	1,258	7,486	2,592	103,695	51,345
						1,363,813
-	-	-	-	-	-	-
6,159	221,353	-	-	23,973	-	42,417
-	195,059	-	-	-	135	245,326
-	-	-	-	-	-	383,575
-	-	-	-	-	-	39,785
5,163	-	-	-	-	-	5,163
11,322	416,412	-	-	23,973	135	716,266
65,460	(81,086)	1,258	7,486	(21,381)	103,560	647,547
-	36,412	-	-	-	-	36,412
-	-	-	-	-	-	823,656
-	-	-	-	(155,891)	(2,600)	(183,491)
-	36,412	-	-	(155,891)	(2,600)	676,577
65,460	(44,674)	1,258	7,486	(177,272)	100,960	1,324,124
(110,956)	589,941	6,254	405,324	177,272	769,490	782,079
\$ (45,495)	\$ 545,267	\$ 7,512	\$ 412,810	\$ -	\$ 870,450	\$ 2,106,203

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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.

City of Northfield, Minnesota General Fund Comparative Balance Sheets December 31, 2020 and 2019

	2020	2019
Assets		
Cash and temporary investments		
Receivables	\$ 9,221,960	\$ 7,152,441
Interest	14,004	16,367
Delinquent taxes	85,466	67,892
Accounts	184,610	63,653
Intergovernmental	67,561	30,661
Due from other funds	149,258	1,383,585
Inventories	533	575
Prepaid items	114,841	106,357
Total Assets	\$ 9,838,231	\$ 8,841,331
Liabilities		
Accounts payable	\$ 452,643	\$ 230,403
Due to other governments	16,866	9,020
Deposits payable	85,127	55,155
Accrued wages payable	137,397	362,511
Total Liabilities	692,033	657,089
Deferred Inflows of Resources		
Unavailable revenue - taxes	85,466	67,892
Unavailable revenue - intergovernmental	28,557	-
Total Deferred Inflows of Resources	112,023	67,892
Fund Balances		
Nonspendable	533	575
Inventories	114,841	106,357
Prepaid items		
Restricted		
Police forfeitures	13,815	13,520
Committed		
Capital projects	74,000	71,742
Unassigned	8,830,986	7,924,356
Total Fund Balances	9,034,175	8,116,550
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 9,838,231	\$ 8,841,331

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, 2020

With Comparative Actual Amounts for Year Ended December 31, 2019

	2020			2019
	Budgeted Amounts	Actual	Variance with	Actual
	Original	Final	Final Budget	Amounts
Revenues				
Taxes				
Property taxes	\$ 7,235,479	\$ 7,214,743	\$ (20,736)	\$ 6,583,219
Hotel-motel tax	146,100	146,100	(51,352)	179,686
Total taxes	7,381,579	7,360,843	(72,088)	6,762,905
Licenses and permits				
Business	82,950	87,054	(15,886)	82,330
Nonbusiness	417,500	566,475	148,975	480,056
Total licenses and permits	500,450	653,529	153,079	562,386
Intergovernmental				
Federal - CARES		1,538,900	1,551,315	619
State	3,205,147	3,194,751	(10,396)	3,017,787
Local government aid		14,049	327	314
PERA aid	221,241	239,832	18,591	14,049
Street maintenance aid	151,000	177,085	26,085	221,241
Fire aid	201,950	220,900	18,950	163,694
Police aid	25,008	73,733	48,725	214,278
Other state aid				15,917
County	192,239	192,239	-	192,418
Library aid	12,052	12,052	-	12,653
Highway	4,022,686	5,661,585	1,638,899	3,853,000
Total intergovernmental			130,755	
Charges for services				
General government	878,426	882,049	3,623	892,132
Public safety	120,304	71,176	(49,128)	74,126
Streets and highways	140,850	192,148	51,298	126,551
Culture and recreation	371,300	214,039	(72,862)	327,280
Total charges for services	1,510,880	1,359,411	(67,059)	1,420,089
Fines and forfeits				
	119,000	61,562	(57,438)	88,415
Investment earnings				
	85,000	124,840	39,840	174,944
Miscellaneous				
Contributions and donations	290,975	198,869	(92,086)	323,769
Other	10,000	52,384	42,384	13,540
Total miscellaneous	300,975	251,253	(49,702)	337,309
Total Revenues	13,920,570	15,375,070	57,487	13,209,048

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, 2020

With Comparative Actual Amounts for Year Ended December 31, 2019

	2020			2019
	Budgeted Amounts	Actual	Variance with	Actual
	Original	Final	Final Budget	Amounts
Expenditures				
Current				
General government				
Mayor and Council	\$ 74,508	\$ 74,508	\$ 2,236	\$ 70,662
Personal services	1,525	1,525	1,246	1,710
Supplies	269,052	1,232,512	963,460	225,922
Other services and charges	345,085	1,308,545	963,460	237,284
Total Mayor and Council			97,446	
City clerk				
Personal services	180,533	180,533	(39,214)	166,889
Supplies	1,000	1,000	670	715
Other services and charges	33,539	33,539	21,023	11,048
Total City Clerk	215,072	215,072	(17,521)	178,652
Administration				
Personal services	307,563	307,563	18,563	180,453
Supplies	3,500	3,500	2,279	1,957
Other services and charges	313,496	413,496	(18,605)	272,164
Total administration	624,559	724,559	3,236	454,574
Finance				
Personal services	442,227	442,227	21,385	415,965
Supplies	3,500	3,500	1,897	2,951
Other services and charges	149,041	149,041	77,307	62,823
Total finance	594,768	594,768	100,689	481,739
Elections				
Personal services	31,386	31,386	(2,366)	-
Supplies	4,350	4,350	5,709	-
Other services and charges	71,000	71,000	(2,655)	264
Total elections	106,736	106,736	(6,380)	264
Human resources				
Personal services	343,101	343,101	(69,227)	331,561
Supplies	2,497	2,497	1,407	1,711
Other services and charges	214,801	214,801	44,279	186,192
Total human resources	560,399	560,399	(23,541)	519,464
Community development				
Personal services	114,499	114,499	(39,524)	193,202
Supplies	550	550	7	947
Other services and charges	38,229	38,229	12,432	22,405
Total community development	153,278	153,278	(27,085)	216,554

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, 2020

With Comparative Actual Amounts for Year Ended December 31, 2019

	2020			2019
	Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)	Original	Final		
Current (Continued)				
General government (Continued)				
City Hall operations				
Supplies	\$ 36,500	\$ 36,500	\$ 58,130	\$ 40,492
Other services and charges	117,007	79,358	37,649	85,639
Total City Hall operations	153,507	137,486	16,019	126,131
Planning and zoning				
Personal services	148,729	126,748	21,981	126,332
Supplies	500	329	171	166
Other services and charges	41,847	15,605	26,242	8,897
Total planning and zoning	191,076	142,682	48,394	135,395
Insurance	154,354	154,354	-	154,354
Total General Government	3,099,134	4,162,594	3,971,337	2,564,401
Public safety				
Police protection				
Personal services	3,575,939	3,533,510	42,429	3,352,774
Supplies	210,000	193,974	16,026	162,704
Other services and charges	376,727	345,201	31,526	390,040
Total police protection	4,162,666	4,072,685	89,981	3,905,518
Fire protection				
Personal services	151,000	177,095	(26,095)	163,694
Other services and charges	396,750	386,603	9,947	584,875
Total fire protection	547,750	563,698	(16,148)	748,569
Building inspection				
Personal services	319,097	261,341	57,756	288,786
Supplies	11,000	7,386	3,614	6,482
Other services and charges	41,779	38,754	3,025	22,909
Total building inspection	371,876	307,481	64,395	318,177
Total Public Safety	5,082,292	4,944,064	138,228	4,972,264
Public works				
Engineering				
Personal services	484,060	488,836	(4,776)	442,718
Supplies	14,500	4,299	10,201	10,957
Other services and charges	97,003	66,351	30,652	78,904
Total engineering	595,563	559,486	36,077	532,579
Streets				
Personal services	878,655	845,627	33,028	865,170
Supplies	190,000	170,134	19,866	195,767
Other services and charges	572,071	549,233	25,438	569,222
Total streets	1,640,726	1,564,994	78,332	1,630,159

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, 2020

With Comparative Actual Amounts for Year Ended December 31, 2019

	2020			2019
	Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)	Original	Final		
Current (Continued)				
Public works (Continued)				
Street lighting				
Supplies	\$ 35,000	\$ 35,000	\$ 20,462	\$ 14,538
Other services and charges	260,000	260,000	223,936	36,062
Total street lighting	295,000	295,000	244,400	50,600
Facilities				
Personal services	221,950	221,950	193,445	28,505
Supplies	9,500	9,500	22,064	176,785
Other services and charges	98,121	98,121	99,633	5,966
Total facilities	330,571	330,571	315,162	15,409
Total Public Works	2,861,860	2,864,460	2,684,042	2,681,829
Culture and recreation				
Ice arena				
Personal services	123,527	123,527	86,420	37,107
Supplies	39,900	39,900	53,155	104,396
Other services and charges	100,046	100,046	82,876	37,109
Total ice arena	263,473	263,473	222,451	80,669
Swimming pool				
Personal services	123,083	98,283	87,241	11,042
Supplies	55,600	39,000	24,104	49,497
Other services and charges	44,839	31,839	20,997	226,148
Total swimming pool	223,522	169,122	132,342	276,148
General parks				
Personal services	198,134	198,134	164,363	33,771
Supplies	71,500	71,500	68,290	109,452
Other services and charges	206,280	206,280	252,117	43,917
Total general parks	475,914	475,914	(8,959)	132,694
Recreation administration				
Personal services	94,052	94,052	103,818	286,063
Other services and charges	137,600	137,600	136,289	89,153
Total recreation administration	231,652	231,652	239,908	133,059
Library				
Personal services	1,003,980	1,003,980	992,339	222,212
Supplies	45,900	45,900	49,862	1,641
Other services and charges	373,649	373,649	365,408	1,025,810
Total library	1,423,529	1,423,529	1,407,609	53,897
Total Culture and Recreation	2,618,090	2,663,690	2,487,080	375,280
Housing and economic development				
Other services and charges	-	-	72,900	8,241
			(72,900)	1,454,887
				2,570,896

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, 2020
With Comparative Actual Amounts for Year Ended December 31, 2019

	2020			2019		
	Budgeted Amounts	Actual	Variance with	Budgeted Amounts	Actual	Variance with
	Original	Final	Final Budget	Original	Final	Final Budget
Expenditures (Continued)						
Current (Continued)						
Miscellaneous						
Unallocated						
Other services and charges	\$ 151,000	\$ 151,000	\$ 89,529	\$ 61,471	\$ 190,141	
Total Current	13,812,376	14,824,036	14,248,952	575,084	12,979,531	
Capital outlay						
General government	31,500	31,500	-	31,500		
Public safety	-	157,000	123,388	13,276		
Public works	3,500	3,500	9,991	11,546		
Culture and recreation	6,000	81,000	73,013	14,646		
Total capital outlay	41,000	273,000	196,784	39,468		
Debt service						
Principal	178,287	178,287	178,287	171,570		
Interest and other charges	27,173	27,173	27,173	33,890		
Total debt service	205,460	205,460	205,460	205,460		
Total Expenditures	14,058,836	15,302,496	14,570,628	731,868	13,224,459	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(138,266)	72,574	861,929	789,355	(15,411)	
Other Financing Sources (Uses)						
Sale of capital assets	-	-	4,236	4,236		
Transfers in	141,267	141,267	77,600	(63,667)	362,493	
Transfers out	(103,000)	(145,900)	(26,140)	119,760	(201,536)	
Total Other Financing Sources (Uses)	38,267	(4,633)	55,696	60,329	160,957	
Net Change in Fund Balances	(99,999)	67,941	917,625	849,684	145,546	
Fund Balances, January 1	8,116,550	8,116,550	8,116,550	-	7,971,004	
Fund Balances, December 31	\$ 8,016,551	\$ 8,184,491	\$ 9,034,175	\$ 849,684	\$ 8,116,550	

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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, 2020

	308	309	310	311	312	313
	2007A Bonds Fund	2008A Bonds Fund	2009A Bonds Fund	2010A Bonds Fund	2011A Bonds Fund	2012A Bonds Fund
Assets						
Cash and temporary investments						
Receivables						
Interest						
Delinquent taxes				235	333	201
Special assessments						
Contract revenue				2,443	23,844	62,432
Delinquent				35,393	1,864	
Intergovernmental						
Total Assets	\$ -	\$ -	\$ -	\$ 208,719	\$ 214,001	\$ 158,082
Liabilities						
Accounts payable						
Due to other funds				3,900	-	475
Advance from other funds						
Total Liabilities				3,900		475
Deferred Inflows of Resources						
Unavailable revenue - taxes						
Unavailable revenue - special assessments					25,108	62,247
Total Deferred Inflows of Resources					25,108	62,247
Fund Balances						
Restricted for debt service				208,861	214,334	157,973
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ -	\$ -	\$ -	\$ 212,760	\$ 239,442	\$ 220,695

City of Northfield, Minnesota
Debt Service Funds
Combining Balance Sheet (Continued)
December 31, 2020

	314	315	316	317	318	319	320	321	322	352	354	355	356	357	379
	2013A Bonds Fund	2014A Bonds Fund	2015A Bonds Fund	2016C Bonds Fund	2017A Bonds Fund	2018B Bonds Fund	2019A Bonds Fund	2020A Bonds Fund	2021A Public Project Refunding Bonds		2012 COPS Debt Fund	2012 Equipment Certificates	2016 Equipment Certificates	2018A NAFRS Debt Service	2017B Refunding TIF Bonds
\$	230,892	\$ 333,333	\$ 434,942	\$ 485,574	\$ 280,480	\$ 247,505	\$ 250,716	\$ 643,657	\$ 239,989		\$ 197,047	\$ -	\$ 146,721	\$ 620,769	\$ 57,662
352		532	726	887	462	268	151	-	201		251	-	135	865	37
37,013		162,266	146,057	59,842	162,263	133,084	435,562	361,078	-		-	-	-	-	730
1,234		108	240	86	343	686	584	-	-		-	-	-	-	-
\$	269,491	\$ 495,259	\$ 581,065	\$ 645,399	\$ 443,778	\$ 381,733	\$ 686,993	\$ 1,004,735	\$ 240,190		\$ 197,298	\$ -	\$ 146,856	\$ 621,634	\$ 59,318
\$	475	\$ 238	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238		\$ -	\$ -	\$ -	\$ 475	\$ 575
475		238	-	-	-	-	-	-	238		-	-	-	475	87,550
38,247		181,482	146,297	59,838	162,260	133,960	435,910	361,078	-		-	-	-	-	730
38,247		181,482	146,297	59,838	162,260	133,960	435,910	361,078	-		-	-	-	-	730
230,769		334,539	435,668	489,461	290,952	247,773	251,083	643,657	239,952		197,208	-	146,856	621,159	(29,537)
\$	269,491	\$ 495,259	\$ 581,065	\$ 645,399	\$ 443,778	\$ 381,733	\$ 686,993	\$ 1,004,735	\$ 240,190		\$ 197,298	\$ -	\$ 146,856	\$ 621,634	\$ 59,318
Assets															
Cash and temporary investments															
Receivables															
Interest															
Delinquent taxes															
Special assessments															
Current taxes															
Due from other funds															
Due from intergovernmental															
Total Assets															
Liabilities															
Accounts payable															
Due to other funds															
Advance from other funds															
Total Liabilities															
Deferred inflows of resources															
Unavailable revenue - taxes															
Unavailable revenue - special assessments															
Total Deferred inflows of resources															
Fund Balances															
Restricted for debt service															
Total Liabilities, Deferred inflow of resources and fund balances															

381 382

	Hiley TIF Bonds	Riverfront TIF Bonds	Totals
\$	-	\$ 245,148	\$ 5,005,227
	-	152	5,788
	-	2,208	2,938
	-	-	1,595,334
	-	-	40,898
	-	2,276	3,155
\$	-	\$ 248,784	\$ 5,647,350
\$	\$ 75,111	\$ 106,739	\$ 113,115
	75,111	-	75,111
	-	-	87,950
	-	106,739	215,176
	-	2,208	2,938
	-	2,208	1,624,172
	-	-	1,841,890
	(75,111)	149,837	4,744,524
\$	-	\$ 248,784	\$ 5,647,350

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, 2020

	308	309	310	311	312	313
	2007A Bonds Fund	2008B Bonds Fund	2009A Bonds Fund	2010A Bonds Fund	2011A Bonds Fund	2012A Bonds Fund
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 152,000	\$ 55,000	\$ 55,000
Property taxes	-	-	-	-	-	-
Tax increment	-	-	-	-	-	-
Special assessments	-	519	1,251	17,137	31,298	40,089
Investment earnings (loss)	831	(159)	(200)	211	2,794	1,596
Miscellaneous	-	-	-	-	-	-
Total Revenues	831	360	5,051	169,348	89,092	96,685
Expenditures						
Current						
Debt service	-	-	-	-	-	-
Principal	-	85,000	115,000	155,512	125,000	95,000
Interest and other charges	-	850	8,822	11,157	9,491	7,498
Total Expenditures	-	85,850	123,822	166,669	134,491	102,498
Excess (Deficiency) of Revenues Over (Under) Expenditures	831	(85,490)	(118,771)	2,679	(45,399)	(6,813)
Other Financing Sources (Uses)						
Transfers in	-	1,132	8,794	59,177	-	-
Transfers out	(50,177)	-	-	(9,326)	-	-
Total Other Financing Sources (Uses)	(49,346)	1,132	8,794	49,851	-	-
Net Change in Fund Balances	(49,346)	(84,358)	(106,977)	42,930	(45,399)	(6,813)
Fund Balances, January 1	49,346	(84,358)	106,977	163,931	259,733	(83,806)
Fund Balances, December 31	\$ -	\$ -	\$ -	\$ 206,861	\$ 214,334	\$ 157,873

City of Portland, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended December 31, 2020

[illegible]

	354	355	356	357	379
2012 CRS Debt Fund		2012 Equipment Certificates	2016 Equipment Certificates	2016A M-PCS Debt Service	2017B Refunding MT Bonds
Revenues					
Taxes	\$ 175,000	\$ -	\$ 133,000	\$ 215,000	\$ -
Property taxes	-	-	-	-	111,205
Special taxes	-	-	-	-	-
Special assessments	1,598	67	713	3,452	134
Investment earnings	244	-	-	\$2,839	-
Miscellaneous	-	-	-	-	-
Total Revenues	176,842	67	133,713	301,260	111,339
Expenditures					
Current	-	-	-	-	-
Housing and economic development	-	-	-	-	-
Draft service	-	-	-	-	-
Interest and other	86,255	200	125,000	155,000	55,000
Total Expenditures	86,255	200	131,650	170,353	13,413
Excess (Deficiency) of Revenues Over (Under) Expenditures	90,587	(133)	2,063	16,877	88,413
Other Financing Sources (Uses)					
Transfers in	-	-	4,612	155,891	-
Transfers out	-	(4,612)	-	-	(8,546)
Total Other Financing Sources (Uses)	-	(4,612)	4,612	155,891	(8,546)
Net Change in Fund Balances	90,587	(4,745)	6,675	172,768	34,778
Fund Balances, January 1	105,711	4,745	140,181	448,391	(63,915)
Fund Balances, December 31	\$ 197,298	\$ -	\$ 146,856	\$ 621,159	\$ (29,537)

City of Northfield, Minnesota
Combining Statements of Net Position
Nonmajor Proprietary Funds
December 31, 2020

	381	382	383	603	609	Total
	Hiley TIF Bonds	Riverfront TIF Bonds	Garbage	Municipal Liquor Store		
Assets						
Current Assets						
Cash and temporary investments			\$ 1,568,465	\$ 1,512,558	\$ 3,081,023	
Receivables						
Interest			2,980	2,714	5,694	
Accounts			120,330	31,642	151,972	
Intergovernmental			42,856		42,856	
Inventories				329,821	329,821	
Prepaid items			21	2,802	2,823	
Total Current Assets			1,734,552	1,879,516	3,614,068	
Noncurrent Assets						
Capital assets						
Buildings				193,804	193,804	
Infrastructure				56,835	56,835	
Machinery, equipment and vehicles			48,347	111,847	160,194	
Less accumulated depreciation			(1,419)	(312,285)	(313,704)	
Total Capital Assets			46,928	50,201	97,129	
Total Assets			1,781,580	1,929,717	3,711,307	
Deferred Outflows of Resources						
Deferred pension resources			1,225	40,401	41,626	
Deferred other postemployment benefit resources			351	6,804	7,155	
Total Deferred Outflows of Resources			1,586	47,205	48,791	
Liabilities						
Current Liabilities						
Accounts payable			40,241	100,938	141,179	
Due to other governments			22,359	29,544	51,903	
Accrued wages payable			95	6,149	6,244	
Compensated absences payable - current portion				9,717	9,717	
Total Current Liabilities			62,695	146,348	209,043	
Noncurrent Liabilities						
Compensated absences payable, net of current portion				10,921	10,921	
Net pension liability			8,291	273,354	281,645	
Other postemployment benefits payable			3,142	59,166	62,308	
Total Noncurrent Liabilities			11,433	343,441	354,874	
Total Liabilities			74,128	489,789	563,917	
Deferred Inflows of Resources						
Deferred pension resources			357	11,765	12,122	
Deferred other postemployment benefit resources			70	1,324	1,394	
Total Deferred Inflows of Resources			427	13,089	13,516	
Net Position						
Net investment in capital assets			46,928	50,201	97,129	
Unrestricted			1,661,693	1,423,843	3,085,536	
Total Net Position			\$ 1,708,621	\$ 1,474,044	\$ 3,182,665	

	381	382	Totals
	Hiley TIF Bonds	Riverfront TIF Bonds	
Liabilities			
Accounts payable			
Due to other governments			
Accrued wages payable			
Compensated absences payable - current portion			
Total Current Liabilities			
Noncurrent Liabilities			
Compensated absences payable, net of current portion			
Net pension liability			
Other postemployment benefits payable			
Total Noncurrent Liabilities			
Total Liabilities			
Deferred Inflows of Resources			
Deferred pension resources			
Deferred other postemployment benefit resources			
Total Deferred Inflows of Resources			
Net Position			
Net investment in capital assets			
Unrestricted			
Total Net Position			

City of Northfield, Minnesota
Combining Statements of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2020

	603	609	
	Garbage	Municipal Liquor Store	Total
Operating Revenues			
Sales	\$ -	\$ 2,803,834	\$ 2,803,834
Cost of sales	-	(2,051,782)	(2,051,782)
Gross Profit	-	752,052	752,052
Charges for services	957,728	-	957,728
Penalties	4,773	-	4,773
Total Operating Revenues	962,501	752,052	1,714,553
Operating Expenses			
Personal services	28,149	310,005	338,154
Pension expense	(4,502)	553	(3,949)
Supplies	1,988	28,911	31,910
Other services and charges	804,268	135,346	939,614
Insurance	4,238	7,692	11,931
Utilities	281	13,991	14,272
Depreciation	1,419	4,860	6,279
Total Operating Expenses	835,853	502,358	1,338,211
Operating Income (Loss)	126,648	249,694	376,342
Nonoperating Revenues (Expenses)			
Investment income	27,906	24,513	52,519
Other income (expense)	22	2,321	2,343
Total Nonoperating Revenues (Expenses)	27,928	26,934	54,862
Income (Loss) Before Transfers	154,576	276,628	431,204
Transfers Out	-	(50,000)	(50,000)
Change in Net Position	154,576	226,628	381,204
Net Position, January 1	1,554,045	1,247,416	2,801,461
Net Position, December 31	\$ 1,708,621	\$ 1,474,044	\$ 3,182,665

City of Northfield, Minnesota
Combining Statements of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2020

	603	609	
	Garbage	Municipal Liquor Store	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 959,498	\$ 2,798,045	\$ 3,757,543
Payments to suppliers and vendors	(766,397)	(2,208,837)	(2,975,234)
Payments to and on behalf of employees	(34,217)	(421,344)	(455,561)
Other receipts	22	2,321	2,343
Net Cash Provided (Used) by Operating Activities	158,906	170,185	329,091
Cash Flows from Noncapital Financing Activities			
Transfers to other funds	-	(50,000)	(50,000)
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(34,160)	(31,455)	(65,615)
Cash Flows from Investing Activities			
Interest received	28,075	25,101	53,176
Net Increase (Decrease) in Cash and Cash Equivalents	152,821	113,831	266,652
Cash and Cash Equivalents, January 1	1,415,644	1,398,727	2,814,371
Cash and Cash Equivalents, December 31	\$ 1,568,465	\$ 1,512,558	\$ 3,081,023
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 126,648	\$ 249,694	\$ 376,342
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Other income (expense) related to operations	22	2,321	2,343
Depreciation	1,419	4,860	6,279
(Increase) decrease in assets	(3,003)	(5,589)	(8,592)
Accounts receivable	-	18,108	18,108
Inventories	482	223	705
Prepaid items	(18)	(14,801)	(14,819)
(Increase) decrease in deferred outflows of resources	(62)	5,466	5,404
Deferred pension resources	39,156	13,255	52,411
Deferred other postemployment benefit resources	250	(1,148)	(898)
Increase (decrease) in liabilities	(424)	(14,638)	(15,062)
Accounts payable	-	(200)	(200)
Accrued wages payable	(304)	(82,058)	(82,362)
Deposits	-	6,688	6,688
Other postemployment benefits payable	(3,337)	26,686	23,349
Compensated absences payable	(1,895)	(36,001)	(37,896)
Net pension liability	(28)	(2,681)	(2,709)
Increase (decrease) in deferred inflows of resources			
Deferred pension resources			
Deferred other postemployment benefit resources			
Net Cash Provided (Used) by Operating Activities	\$ 158,906	\$ 170,185	\$ 329,091

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 Statements of Net Position December 31, 2020

	701 Information	705 Insurance	Total
Assets			
Current Assets			
Cash and temporary investments	\$ 759,757	\$ 1,158,750	\$ 1,918,507
Receivables			
Interest	1,604	2,294	3,898
Prepaid items	1,202	20,126	21,328
Total Current Assets	762,563	1,181,170	1,943,733
Noncurrent Assets			
Capital assets			
Machinery and equipment	277,468	-	277,468
Less accumulated depreciation	(119,083)	-	(119,083)
Total Capital Assets	158,385	-	158,385
Total Assets	920,948	1,181,170	2,102,118
Deferred Outflows of Resources			
Deferred pension resources	31,946	2,928	34,874
Deferred other postemployment benefit resources	4,724	760	5,484
Total Deferred Outflows of Resources	36,670	3,688	40,358
Liabilities			
Current Liabilities			
Accounts payable	90,577	-	90,577
Due to other governments	8,815	-	8,815
Accrued wages payable	3,758	54,035	57,793
Total Current Liabilities	103,150	54,035	157,185
Noncurrent Liabilities			
Net pension liability	216,150	19,814	235,964
Other postemployment benefits payable	41,074	6,604	47,678
Total Noncurrent Liabilities	257,224	26,418	283,642
Total Liabilities	360,374	80,453	440,827
Deferred Inflows of Resources			
Deferred pension resources	9,303	853	10,156
Deferred other postemployment benefit resources	919	148	1,067
Total Deferred Inflows of Resources	10,222	1,001	11,223
Net Position			
Net investment in capital assets	158,385	-	158,385
Unrestricted	428,637	1,103,404	1,532,041
Total Net Position	\$ 587,022	\$ 1,103,404	\$ 1,690,426

City of Northfield, Minnesota

Internal Service Funds
Combining Statements of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	701 Information	705 Insurance	Total
Operating Revenues			
Charges for services	\$ 702,379	\$ 511,357	\$ 1,213,736
Operating Expenses			
Personal services	317,439	284,873	602,312
Pension expense	2,826	(1,489)	1,337
Supplies	76,286	-	76,286
Other services and charges	233,199	222,533	455,732
Depreciation	70,491	-	70,491
Total Operating Expenses	700,241	505,917	1,206,158
Operating Income	2,138	5,440	7,578
Nonoperating Revenues			
Investment income	12,549	17,994	30,543
Other income	640	235	875
Total Nonoperating Revenues	13,189	18,229	31,418
Change in Net Position	15,327	23,669	38,996
Net Position, January 1	571,695	1,079,735	1,651,430
Net Position, December 31	\$ 587,022	\$ 1,103,404	\$ 1,690,426

City of Northfield, Minnesota

Internal Service Funds
Combining Statements of Cash Flows
For the Year Ended December 31, 2020

	701 Information	705 Insurance	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 702,379	\$ 511,357	\$ 1,213,736
Payments to suppliers and vendors	(279,077)	(207,335)	(486,412)
Payments to and on behalf of employees	(323,504)	(283,983)	(607,487)
Other receipts	640	235	875
Net Cash Provided (Used) by Operating Activities	100,438	20,274	120,712
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(38,840)	-	(38,840)
Cash Flows from Investing Activities			
Interest received on cash and investments	12,778	18,192	30,970
Net Increase (Decrease) in Cash and Cash Equivalents	74,376	38,466	112,842
Cash and Cash Equivalents, January 1	685,381	1,120,284	1,805,665
Cash and Cash Equivalents, December 31	\$ 759,757	\$ 1,158,750	\$ 1,918,507
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 2,138	\$ 5,440	\$ 7,578
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Other income related to operations	640	235	875
Depreciation	70,491	-	70,491
(Increase) decrease in assets			
Prepaid items	261	14,005	14,267
(Increase) decrease in deferred outflows of resources	(13,733)	(1,092)	(14,825)
Deferred pension resources	(1,404)	(424)	(1,828)
Deferred other postemployment benefit resources			
Increase (decrease) in liabilities			
Accounts payable	35,899	(297)	35,602
Due to other governments	(2,926)	-	(2,926)
Accrued wages payable	(9,608)	77	(9,531)
Net pension liability	40,659	2,123	42,782
Other postemployment benefits payable	2,866	2,741	5,607
(Increase) decrease in deferred inflows of resources			
Deferred pension resources	(24,680)	(2,579)	(27,253)
Deferred other postemployment benefit resources	(165)	38	(127)
Net Cash Provided (Used) by Operating Activities	\$ 100,438	\$ 20,274	\$ 120,712

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, 2020

Assets		
Cash and temporary investments		\$ 1,344,727
Receivables		
Interest		461
Delinquent taxes		2,379
Notes, net of allowances		845,341
Intergovernmental		961
Prepaid items		819
Land held for resale		213,234
Total Assets		\$ 2,407,922
Liabilities		
Accounts payable		\$ 495
Due to other government		1,506
Accrued wages payable		1,594
Total Liabilities		3,592
Deferred Inflows of Resources		
Unavailable revenue - taxes		2,379
Fund Balances		
Nonspendable		819
Prepaid items		
Assigned		72,900
Economic recovery		2,328,232
Unassigned		2,401,951
Total Fund Balances		\$ 2,407,922
Total Liabilities, Deferred Inflows of Resources and Fund Balances		\$ 2,401,951
Total Fund Balances - Governmental Funds		
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(76,972)
Net pension liability		(20,521)
Other postemployment benefit payable		
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.		2,379
Delinquent property taxes receivable		
Governmental funds to not report long-term amounts related to pensions.		
Deferred outflows of resources		11,376
Deferred inflows of resources		(3,773)
Governmental funds do not report long-term amounts related to other postemployment benefits.		
Deferred outflows of other postemployment benefit resources		2,360
Total net position - governmental activities		\$ 2,316,800

City of Northfield, Minnesota
Discretely Presented Component Unit - Economic Development Authority
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2020

Revenues	
Taxes	\$ 282,147
Intergovernmental - State	300,000
Investment earnings	9,296
Payment from primary government	72,900
Miscellaneous	
Other	20,324
Total Revenues	<u>684,667</u>
Expenditures	
Current	
Economic development	115,823
Personal services	50
Supplies	
Other services and charges	120,457
Total Expenditures	<u>236,330</u>
Net Change in Fund Balances	428,337
Fund Balances, January 1	<u>1,973,814</u>
Fund Balances, December 31	<u>\$ 2,401,951</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - governmental funds	\$ 428,337
Long-term pension activity is not reported in governmental funds.	
Pension expense	(6,588)
Direct aid contributions	206
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	401
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	(159)
Change in Net Position - Governmental Activities	<u>\$ 422,197</u>

City of Northfield, Minnesota
Discretely Presented Component Unit - Housing Redevelopment Authority
Combining Balance Sheet - Governmental Funds
December 31, 2020

Assets	
Cash and temporary investments	\$ 1,420,772
Receivables	
Interest	2,752
Delinquent taxes	2,417
Intergovernmental	2,969
Prepaid items	833
Land held for resale	287,679
Total Assets	<u>\$ 1,715,422</u>
Liabilities	
Accounts payable	\$ 1,497
Deposits payable	700
Accrued wages payable	1,541
Total Liabilities	<u>3,738</u>
Deferred Inflows of Resources	
Unavailable revenue - taxes	2,417
Fund Balances	
Nonspendable	287,679
Land held for resale	833
Prepaid items	1,420,755
Unassigned	1,709,267
Total Fund Balances	<u>\$ 1,715,422</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,709,267</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liability	297,848
Other postemployment benefit payable	(55,285)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	(12,190)
Delinquent property taxes receivable	2,417
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of resources	8,171
Deferred inflows of resources	(2,652)
Governmental funds do not report long-term amounts related to other postemployment benefits.	
Deferred outflows of other postemployment benefit resources	1,402
Total Net Position - Governmental Activities	<u>\$ 1,948,978</u>

City of Northfield, Minnesota
Discretely Presented Component Unit - Housing Redevelopment Authority
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Continued on the Following Pages
Governmental Funds
For the Year Ended December 31, 2020

Revenues	
Taxes	\$ 287,148
Charges for services	48,440
Investment earnings	25,795
Total Revenues	<u>341,383</u>
Expenditures	
Current	
Housing and economic development	
Personal services	95,886
Supplies	20
Other services and charges	235,765
Capital outlay	
Housing and economic development	14,242
Total Expenditures	<u>345,893</u>
Excess of Revenues Over Expenditures	(4,510)
Other Financing Sources	
Loss on sale of land trust property	(48,311)
Net Change in Fund Balances	<u>(52,821)</u>
Fund Balances, January 1	<u>1,762,088</u>
Fund Balances, December 31	<u>\$ 1,709,267</u>
Amounts reported for governmental activities in the statement of activities are different because	
Net change in fund balances - governmental funds	\$ (52,821)
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	17,056
Direct aid contributions	149
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	419
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	6,214
Change in Net Position - Governmental Activities	<u>\$ (42,127)</u>

City of Northfield, Minnesota
Discretely Presented Component Unit - Municipal Hospital
Statement of Net Position
For the Year Ended December 31, 2020

Assets		
Current Assets		\$ 1,136,029
Cash and cash equivalents		841,782
Current portion of noncurrent cash and cash equivalents		11,147,391
Accounts receivable, less allowance for uncollectible accounts \$4,004,000		339,717
Inventories		2,122,987
Prepaid items		1,179,785
Total Current Assets		<u>18,767,661</u>
Noncurrent Cash and Investments		
Internally Designated for Health Benefits		841,782
Internally Designated for Capital Improvements		75,089,853
Restricted by Bond Agreement		288,685
Less current portion of noncurrent cash and investments		(841,782)
Total Noncurrent Cash and Investments		<u>75,378,538</u>
Other Assets		<u>300,000</u>
Real Estate Held for Investment		<u>726,777</u>
Capital Assets, Net		<u>44,087,261</u>
Total Assets		<u>137,260,257</u>
Deferred Outflows of Resources		
Deferred pension resources		2,908,676
Loss on refunding		427,158
Total Deferred Outflows of Resources		<u>3,335,834</u>
Liabilities		
Current Liabilities		
Current maturities of long-term debt		2,334,119
Accounts payable, trade		3,298,464
Construction payable		387,515
Accrued payroll and benefits		6,374,727
Accrued interest payable		69,779
Unearned revenue		9,407,312
Third party payor settlements payable		488,726
Total Current Liabilities		<u>22,370,642</u>
Noncurrent Liabilities		
Long-term debt, less current maturities		22,981,511
Net pension liability		36,904,521
Total Noncurrent Liabilities		<u>61,886,032</u>
Total Liabilities		<u>84,256,674</u>
Deferred Inflows of Resources		
Deferred pension resources		<u>2,650,630</u>
Net Position		
Net investment in capital assets		18,384,116
Restricted by bond agreement		288,685
Unrestricted		35,015,966
Total Net Position		<u>\$ 53,688,787</u>

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, 2020

Operating Revenues	
Net patient and resident service revenue, net of provision for bad debts of \$1,577,303	\$ 98,105,441
Other revenues	1,328,949
Total Operating Revenues	<u>99,434,390</u>
Operating Expenses	
Salaries and wages	48,140,125
Employee benefits	10,154,965
Supplies and drugs	17,078,276
Purchased services	13,838,222
Utilities	1,158,990
Other	3,578,004
Depreciation and amortization	5,819,026
Interest	897,653
Taxes and surcharges	2,358,737
Total Operating Expenses	<u>103,023,998</u>
Operating Income (Loss)	<u>(3,589,608)</u>
Nonoperating Revenues (Expenses)	
Investment income	4,097,355
Gifts and grants	116,063
Gain (loss) on the sale of assets	290
Grant revenue	8,084,750
Miscellaneous	(80,000)
Total Nonoperating Revenues (Expenses)	<u>12,218,458</u>
Change in Net Position	
Net Position, January 1	8,628,850
Net Position, December 31	<u>45,059,837</u>
	<u>\$ 53,688,787</u>

City of Northfield, Minnesota
Discretely Presented Component Unit - Municipal Hospital
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash Flows from Operating Activities	
Cash received from patients and third party payors	\$ 99,045,957
Cash paid to employees	(50,991,082)
Cash paid to suppliers	(41,045,312)
Other receipts and payments, net	1,142,877
Net Cash Provided by Operating Activities	<u>8,152,440</u>
Cash Flows from Noncapital Financing Activities	
Unrestricted gifts and grants	8,200,813
Miscellaneous losses	(80,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>8,120,813</u>
Cash Flows from Capital and Related Financing Activities	
Activities	
Purchase of capital assets	(11,113,514)
Principal payments on long-term debt	(2,197,275)
Interest payments on long-term debt	(903,403)
Net Cash Used by Capital and Related Financing Activities	<u>(14,214,192)</u>
Cash Flows from Investing Activities	
(Increase) decrease in noncurrent cash and investments	(9,125,620)
Investment income	4,133,876
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,991,744)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,932,683)
Cash and Cash Equivalents, January 1	4,068,712
Cash and Cash Equivalents, December 31	<u>\$ 1,136,029</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Operating income (loss)	\$ (3,589,608)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	5,819,026
Interest	897,653
Provision for bad debt expense	1,577,303
Amortization of deferred financing costs	40,362
(Increase) decrease in assets:	
Patient receivables	(618,152)
Inventories, prepaids and other receivables	(749,448)
(Increase) decrease in deferred outflows of resources:	
Deferred pension resources	291,612
Increase (decrease) in liabilities:	
Accounts payable	(531,806)
Third-party payor settlements payable	(18,635)
Accrued expenses	7,304,008
Net pension liability	2,160,275
(Increase) decrease in deferred inflows of resources:	
Deferred pension resources	(4,430,150)
Net Cash Provided by Operating Activities	<u>8,152,440</u>
Schedule of Noncash Investing Capital and Financing Activities	
Construction payable	<u>\$ 367,515</u>

City of Northfield, Minnesota
Summary Financial Report
Revenues and Expenditures For General Operations
Governmental Funds
For the Years Ended December 31, 2020 and 2019

	Total 2020	Total 2019	Percent Increase (Decrease)
Revenues			
Taxes	\$ 10,538,215	\$ 9,699,385	8.65 %
Special assessments	1,393,145	672,538	107.15
Licenses and permits	633,539	572,386	10.68
Intergovernmental	8,526,994	4,494,474	89.72
Charges for services	1,681,087	1,672,511	0.51
Fines and forfeits	61,362	88,415	(30.37)
Investment earnings	251,495	378,618	(33.56)
Miscellaneous	478,249	821,265	(41.77)
Total Revenues	\$ 23,564,286	\$ 18,399,592	28.07 %
Per Capita	\$ 1,150	\$ 901	27.64 %
Expenditures			
Current			
General government	\$ 4,397,954	\$ 2,925,655	50.32 %
Public safety	4,944,085	4,972,284	(0.57)
Public works	2,684,042	2,681,829	0.08
Culture and recreation	2,747,671	2,802,266	(1.95)
Housing and economic development	375,633	126,751	196.36
Miscellaneous	89,529	190,537	(53.01)
Capital outlay	-	42,625	(100.00)
General government	278,938	753,082	(62.96)
Public safety	9,088,261	4,953,492	83.47
Public works	120,282	155,829	(22.81)
Culture and recreation	172,856	271,726	(36.39)
Housing and economic development	2,131,280	1,906,622	11.78
Debt service	672,680	770,521	(12.70)
Principal			
Interest and other charges			
Total Expenditures	\$ 27,703,211	\$ 22,553,199	22.83 %
Per Capita	\$ 1,352	\$ 1,104	22.43 %
Total Long-term Indebtedness	\$ 23,408,686	\$ 21,179,966	10.52 %
Per Capita	\$ 1,142	\$ 1,037	10.16 %
General Fund Balance - December 31	\$ 9,034,175	\$ 8,116,550	11.31 %
Per Capita	\$ 441	\$ 397	10.94 %

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

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FOR THE YEAR ENDED
DECEMBER 31, 2020

STATISTICAL SECTION (UNAUDITED)

This part of the City of Northfield's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the 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 2011 - 2020 (Accrual Basis of Accounting)

	Fiscal Year				
	2020	2019	2018	2017	2016
Governmental Activities					
Net investment in capital assets	\$ 40,073,838	\$ 37,588,910	\$ 36,036,469	\$ 35,086,458	\$ 35,941,654
Restricted	5,752,199	4,982,397	5,454,986	5,615,513	4,603,145
Unrestricted	6,459,697	6,306,493	7,225,012	8,200,388	5,780,200
Total Governmental Activities Net Position	52,285,734	48,877,800	48,716,477	48,902,359	46,324,999
Business-Type Activities					
Net investment in capital assets	32,017,801	28,248,889	25,470,459	24,721,543	23,301,761
Unrestricted	13,399,287	14,356,086	13,947,708	12,362,466	11,431,459
Total Business-Type Activities Net Position	45,417,088	42,604,975	39,418,167	37,084,009	34,733,220
Primary Government					
Net investment in capital assets	72,091,639	65,837,799	61,506,928	59,808,001	59,243,415
Restricted	5,752,199	4,982,397	5,454,986	5,615,513	4,603,145
Unrestricted	19,858,984	20,662,579	21,172,720	20,562,854	17,211,659
Total Primary Government Net Position	\$ 97,702,822	\$ 91,482,775	\$ 88,134,644	\$ 85,986,368	\$ 81,058,219

City of Northfield, Minnesota
 Changes in Net Position (Continued on the Following Pages)
 2011 - 2020
 (Accrual Basis of Accounting)

Table 1

	Fiscal Year				
	2015	2014	2013	2012	2011
	\$ 31,622,817	\$ 28,034,313	\$ 28,503,588	\$ 27,180,260	\$ 24,594,993
	5,167,449	9,686,690	8,043,606	6,364,734	6,456,248
	7,438,855	11,570,050	11,028,546	12,178,888	10,056,506
	44,230,121	49,293,053	47,575,740	45,733,892	41,109,747
	21,436,632	20,687,495	20,110,058	17,944,934	18,222,793
	10,789,829	10,006,206	8,798,812	9,314,970	6,954,395
	32,226,461	30,693,701	28,868,870	27,259,904	25,177,178
	53,059,449	48,721,808	48,613,646	45,135,194	42,817,776
	5,167,449	9,686,690	8,043,606	6,364,734	6,456,248
	18,225,684	21,576,256	19,787,358	21,493,868	17,010,901
	\$ 76,456,582	\$ 79,986,754	\$ 76,444,610	\$ 72,993,796	\$ 66,286,925

	Fiscal Year				
	2020	2019	2018	2017	2016
Expenses					
Governmental activities					
General government	\$ 4,461,926	\$ 2,939,109	\$ 2,778,587	\$ 2,583,745	\$ 2,542,003
Police	5,110,574	5,894,169	4,536,561	3,849,185	5,195,075
Public works	4,928,177	5,272,769	5,357,361	5,093,021	4,643,377
Culture and recreation	3,646,866	3,661,317	3,307,807	3,050,928	2,854,423
Housing and economic development	375,633	126,751	226,477	188,361	285,064
Transit	25,938	25,938	25,938	25,938	59,658
Miscellaneous	89,529	190,537	121,480	132,307	112,508
Interest on long-term debt	685,457	738,814	666,303	521,233	582,792
Total governmental activities expenses	19,384,100	18,558,334	18,483,888	17,535,142	16,344,331
Business-type activities					
Water	1,726,354	1,631,940	1,539,698	1,655,023	1,544,092
Wastewater	3,783,972	4,175,037	4,710,701	3,244,493	3,120,780
Garbage	835,774	840,429	954,165	742,024	716,898
Storm water drainage	2,271,063	743,286	581,240	458,757	404,546
Municipal Liquor Store	2,552,666	2,789,519	2,746,049	2,839,174	2,935,516
Total Business-type Activities Expenses	8,627,058	10,190,211	10,546,853	9,039,471	8,720,812
Total Primary Government Expenses	\$ 28,991,156	\$ 29,049,045	\$ 27,933,741	\$ 24,575,613	\$ 25,065,643
Program Revenues					
Governmental Activities					
Charges for services	\$ 633,539	\$ 572,386	\$ 627,896	\$ 659,249	\$ 678,474
Licenses and permits	202,482	133,824	145,827	110,099	189,106
Other public works	366,083	366,083	432,403	441,206	465,522
Parks and recreation	287,100	1,304,158	1,044,846	991,258	990,659
Other activities	1,210,107	1,641,596	918,115	872,076	1,085,300
Operating grants and contributions	2,866,949	1,936,537	1,549,732	1,577,174	2,790,632
Capital grants and contributions	3,308,340				
Total Governmental Activities Program Revenues	8,508,517	5,954,684	4,718,819	4,891,062	6,211,693
Business-type Activities					
Charges for services					
Water	2,214,235	2,010,971	2,049,922	2,103,303	2,069,419
Wastewater	4,866,287	4,641,574	4,538,992	4,378,493	4,275,262
Municipal Liquor Store	2,806,155	2,914,301	2,907,451	3,064,270	3,148,215
Other activities	1,974,963	1,905,471	1,826,453	1,780,512	1,747,036
Capital grants and contributions	334,321		1,649,099		527,156
Operating grants and contributions		221,425	15,495	18,079	7,500
Total Business-type Activities Program Revenues	12,215,961	11,693,742	12,987,322	11,344,657	11,775,588
Total Primary Government Program Revenues	\$ 20,724,478	\$ 17,648,426	\$ 17,706,141	\$ 16,235,719	\$ 17,987,281

Table 2

	Fiscal Year			
	2015	2014	2013	2012
\$ 2,452,348	\$ 2,329,867	\$ 2,471,488	\$ 2,522,007	\$ 2,654,908
4,064,654	3,700,747	3,373,344	2,940,591	3,530,668
2,886,533	3,442,892	4,376,670	3,969,751	3,721,087
2,682,836	3,563,344	2,759,180	2,859,520	2,581,180
151,088	454,021	2,769,476	2,893,920	485,174
25,938	123,341	48,029	333,134	439,607
150,623	221,322	119,087	121,764	181,674
709,534	770,748	668,675	684,881	605,540
14,884,932	15,262,892	14,111,964	13,500,114	13,976,828
1,457,422	1,400,676	1,224,605	1,185,334	1,458,694
3,091,685	3,203,623	3,255,031	3,069,492	3,200,268
692,840	672,044	666,627	828,181	825,103
442,311	669,699	444,145	429,193	393,413
2,944,079	2,973,788	2,660,049	2,694,832	2,650,392
8,628,357	8,940,040	8,432,457	8,207,052	8,531,670
\$ 23,513,469	\$ 24,202,932	\$ 22,564,441	\$ 21,707,146	\$ 22,511,698
\$ 428,765	\$ 396,888	\$ 464,589	\$ 420,768	\$ 340,454
338,914	298,685	263,374	292,863	302,442
555,673	543,223	782,764	823,926	739,915
1,033,774	1,050,895	1,030,637	1,049,087	1,095,697
908,187	825,775	815,995	690,287	896,487
1,854,869	1,743,405	1,081,129	2,331,344	1,111,789
5,120,182	4,859,891	4,438,518	5,608,275	4,576,794
2,109,788	2,174,773	2,254,872	2,244,788	2,141,679
4,260,147	3,840,957	3,781,043	3,602,649	3,471,535
3,076,452	3,160,587	3,080,768	2,918,912	2,853,534
1,673,271	1,602,410	1,565,371	1,436,992	1,320,196
16,011	6,839	8,805	79,561	5,336
11,135,669	10,785,566	10,680,859	10,282,902	9,792,280
\$ 16,285,851	\$ 15,645,457	\$ 15,129,377	\$ 15,881,177	\$ 14,369,074

City of Northfield, Minnesota
Changes in Net Position (Continued)
2011 - 2020
(accrual basis of accounting)

	Fiscal Year			
	2020	2019	2018	2017
Program Revenues - Continued				
Net (expense)/revenue	\$ (10,855,583)	\$ (12,904,150)	\$ (11,765,069)	\$ (10,645,080)
Governmental activities	2,588,905	1,503,531	2,437,469	2,305,186
Business-type activities	\$ (8,266,678)	\$ (11,400,619)	\$ (9,327,600)	\$ (8,339,894)
Total Primary Government Net Expense				\$ (7,076,362)
General Revenues and Other				
Changes in Net Position				
Governmental activities				
Taxes	\$ 10,314,775	\$ 9,343,724	\$ 8,861,136	\$ 8,211,742
Property taxes	191,478	197,626	201,452	200,007
Franchise taxes	94,748	179,686	125,994	116,745
Hotel/motel taxes	3,254,785	3,079,906	3,344,284	3,649,679
Unrestricted grants and contributions	251,495	378,618	256,412	78,011
Investment earnings	103,704	76,432	136,840	77,029
Miscellaneous	-	-	(111,265)	-
Transfers of capital assets	1,549,994	153,192	45,000	35,000
Total Governmental Activities	15,760,979	13,408,184	12,867,853	12,388,213
Business-type Activities				
Investment earnings (loss)	257,669	391,992	203,058	80,603
Gain on sale of capital assets	18,071	-	10,686	-
Transfers of capital assets	(1,549,994)	(153,192)	(45,000)	(35,000)
Transfers	-	-	-	-
Extraordinary item - impairment gain on fire and flood damage net of insurance recovery	1,444,477	1,683,277	285,989	45,603
Total Business-type Activities	(1,274,254)	1,683,277	285,989	45,603
Total Business-type Activities				(648,017)
Total Primary Government	\$ 14,486,725	\$ 15,092,461	\$ 13,147,842	\$ 12,413,816
Changes in Net Position				
Governmental activities	\$ 4,905,396	\$ 505,034	\$ 1,066,784	\$ 1,723,133
Business-type activities	1,314,651	3,186,808	2,723,458	2,350,789
Total Primary Government	\$ 6,220,047	\$ 3,691,842	\$ 3,820,242	\$ 4,073,922
Total Primary Government				\$ 4,601,637

Table 2 (Continued)

	Fiscal Year			
	2015	2014	2013	2012
				2011
\$ (9,764,750)	\$ (10,403,001)	\$ (9,673,466)	\$ (7,891,839)	\$ (9,403,034)
2,507,132	1,845,526	2,236,402	2,075,870	1,260,410
\$ (7,257,618)	\$ (8,557,475)	\$ (7,435,064)	\$ (5,815,969)	\$ (8,142,624)
\$ 7,748,248	\$ 7,896,765	\$ 8,497,671	\$ 7,667,910	\$ 7,017,127
194,015	195,174	187,314	174,403	169,174
85,264	92,983	82,123	89,505	98,466
3,161,620	3,093,285	2,428,140	2,628,918	2,728,423
87,347	381,593	(260,663)	232,998	637,443
49,407	280,466	60,428	197,900	57,950
		176,462	(134,314)	202,010
125,000	180,018	343,839	173,005	165,350
11,460,901	12,120,314	11,315,314	11,030,325	11,076,943
50,587	159,323	(109,135)	73,282	188,016
(125,000)		(176,462)	134,314	(202,010)
	(180,018)	(343,839)	(173,005)	(165,350)
(74,413)	(20,685)	(628,436)	34,591	(179,344)
\$ 11,396,488	\$ 12,099,619	\$ 10,885,878	\$ 11,064,916	\$ 10,897,599
\$ 1,686,151	\$ 1,717,313	\$ 1,841,848	\$ 3,138,486	\$ 1,673,909
2,432,719	1,824,831	1,608,968	2,110,461	1,081,066
\$ 4,128,870	\$ 3,542,144	\$ 3,450,814	\$ 5,248,947	\$ 2,754,975

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City of Northfield, Minnesota
Governmental Activities Tax Revenues by Source
2011 - 2020
(Accrual Basis of Accounting)

Table 3

Fiscal Year	General Property Taxes	Tax Increment Taxes	Hotel-Motel Tax	Franchise Tax	Total
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	7,756,176	322,589	116,895	206,945	8,404,605
2015	7,488,485	259,763	95,264	194,015	8,037,527
2014	7,619,913	276,852	92,993	195,174	8,184,932
2013	7,668,451	829,220	82,123	187,314	8,767,108
2012	6,797,332	870,578	89,506	174,403	7,931,818
2011	6,178,349	838,778	99,466	169,174	7,285,767

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

	Fiscal Year				
	2020	2019	2018	2017	2016
General Fund	\$ 115,374	\$ 106,932	\$ 93,737	\$ 103,591	\$ 115,936
Nonspendable	13,815	13,520	9,137	6,733	6,491
Restricted	74,000	71,742	71,742	71,742	71,742
Committed	-	-	-	-	-
Assigned	8,830,986	7,924,356	7,786,388	7,456,114	7,121,262
Unassigned	-	-	-	-	-
Total General Fund	\$ 9,034,175	\$ 8,116,550	\$ 7,971,004	\$ 7,648,180	\$ 7,315,431
All Other Governmental Funds					
Nonspendable	\$ 2,363	\$ 1,679	\$ 609	\$ 2,316	\$ 2,881
Restricted	6,407,991	5,028,837	6,811,822	6,055,095	6,266,885
Committed	1,209,220	1,164,691	1,079,664	1,165,600	888,424
Assigned	1,841,754	1,603,298	1,468,808	1,508,874	1,745,125
Unassigned	(2,264,400)	(1,812,606)	(503,057)	(272,495)	(228,172)
Total All Other Governmental Funds	\$ 7,196,928	\$ 5,985,899	\$ 8,857,846	\$ 8,459,390	\$ 8,675,143

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

Table 4

	2015	2014	2013	2012	2011
\$	99,115	\$ 93,337	\$ 98,503	\$ 77,534	\$ 56,933
6,491		6,504	5,054	4,651	19,002
					750,000
				252,397	313,844
6,790,550		6,790,550	6,936,896	6,368,330	5,071,260
\$ 6,896,156	\$ 6,890,491	\$ 7,040,453	\$ 6,702,912	\$ 6,211,039	
\$ 2,731	\$ 3,005	\$ 3,194	\$ 678	\$ -	
6,803,989	10,844,573	11,747,592	14,797,894	6,678,023	
46,056	89,816	89,816	87,023	87,023	
4,533,124	4,231,212	3,707,962	4,343,051	4,095,069	
(314,233)	(64,163)	(188,835)	(713,593)	(747,617)	
\$ 11,071,667	\$ 15,104,443	\$ 15,359,719	\$ 18,515,053	\$ 10,112,498	

	2020	2019	2018	2017	2016
Revenues					
Taxes	\$ 10,538,215	\$ 9,689,385	\$ 9,146,642	\$ 8,501,718	\$ 8,405,183
Licenses, fees and permits	633,539	572,386	627,896	859,249	679,474
Fines and forfeits	61,562	88,415	111,751	98,171	82,032
Charges for services	1,681,087	1,672,511	1,521,326	1,454,847	1,561,121
Special assessments	1,393,145	672,538	593,867	580,762	668,700
Intergovernmental	8,526,994	4,494,474	5,485,051	4,544,279	6,458,670
Investment earnings	251,495	378,618	258,412	78,011	100,699
Miscellaneous	478,249	821,265	502,536	489,889	549,765
Total Revenues	23,564,286	18,399,592	18,247,481	16,616,926	18,505,644
Expenditures					
Current:					
General government	4,397,954	2,925,655	2,745,528	2,433,481	2,408,862
Public safety	4,944,085	4,972,264	4,372,987	4,291,893	4,070,750
Public works	2,684,042	2,681,929	2,566,496	2,489,659	2,381,026
Culture and recreation	2,747,671	2,802,266	2,509,446	2,400,275	2,281,839
Transit	-	-	-	-	-
Housing and economic development	375,633	126,751	226,944	185,895	282,094
Nondepartmental	89,529	190,537	121,480	131,058	112,509
Capital Outlay	-	-	-	-	-
General government	-	42,625	112,841	88,705	22,006
Public safety	278,938	753,082	3,572,030	193,330	765,063
Public works	9,088,261	4,953,492	4,024,319	1,655,893	4,257,831
Culture and recreation	120,282	155,629	408,464	767,281	2,853,881
Transit	-	-	-	-	27,720
Housing and economic development	172,856	271,726	-	21,506	-
Debt Service:					
Principal	2,131,280	1,906,622	2,314,653	2,744,125	2,043,881
Interest and other	672,680	770,521	532,805	562,336	572,068
Issuance fees	-	-	97,032	4,725	28,594
Total Expenditures	27,703,211	22,553,199	23,605,025	17,970,172	22,108,224
Revenues over (under) expenditures	(4,138,925)	(4,153,607)	(5,357,544)	(1,353,246)	(3,602,580)
Other Financing Sources (Uses):					
Bonds issued	4,360,000	6,335,000	5,905,000	1,405,000	1,425,000
Bond premium/(discount)	316,937	266,698	66,784	12,778	45,554
Transfers in	1,759,625	1,200,378	484,780	880,883	1,499,964
Transfers out	(209,631)	(1,047,166)	(439,780)	(845,683)	(1,374,964)
Payment to refunded bond escrow agent	-	(5,020,000)	-	-	-
Sale of capital assets	40,648	36,027	62,040	17,464	25,337
Capital contributions	-	-	-	-	-
Total Other Financing Sources (Uses)	6,267,579	1,770,917	6,078,824	1,470,242	1,620,891
Net Change in Fund Balances	\$ 2,128,654	\$ (2,382,690)	\$ 721,280	\$ 116,996	\$ (1,981,689)
Debt service as a percentage of noncapital expenditures	15.5%	17.9%	21.3%	17.6%	21.3%

Table 5

	Fiscal Year				
	2015	2014	2013	2012	
\$ 7,978,678	\$ 8,164,634	\$ 8,727,871	\$ 7,890,230	\$ 7,190,519	
428,785	396,888	464,599	420,768	340,454	
113,521	114,273	119,442	117,177	175,460	
1,767,362	1,701,689	1,695,092	1,746,420	1,695,130	
726,693	777,420	801,262	833,260	1,055,110	
3,733,577	4,309,972	3,638,115	4,574,760	3,593,665	
87,347	381,593	227,060	701,645	580,596	
1,264,813	628,366	659,955	15,511,529	15,269,315	
10,095,895	16,474,945	15,945,673			
2,341,517	2,138,242	2,440,340	2,537,743	2,320,974	
4,017,614	3,459,404	3,335,072	3,324,670	3,552,039	
2,231,624	2,335,145	2,329,237	1,891,659	2,073,897	
2,238,545	2,216,084	2,244,441	2,197,931	2,092,952	
125,427	91,916	55,832	324,524	359,277	
150,623	447,826	259,733	98,709	178,069	
32,139	109,919	119,087	121,764	181,674	
107,144	2,758,586	842,984	302,372	632,115	
2,182,288	3,363,651	3,420,227	750,646	2,242,869	
1,347,464	416,770	1,630,427	2,629,590	206,555	
79,010	5,697	416,770	54,916	71,050	
2,285,015	2,138,563	2,089,482	1,975,412	2,079,899	
749,072	738,384	719,926	613,359	672,349	
33,736	26,815	31,149	72,534		
17,921,218	20,645,413	19,660,730	16,927,891	16,610,075	
(1,831,332)	(4,170,588)	(4,035,057)	(416,332)	(1,340,760)	
1,925,000	3,210,000	830,000	7,740,000	1,555,810	
35,574			(14,773)		
1,422,634	3,550,128	2,032,902	2,015,003	1,882,014	
(1,267,634)	(3,730,110)	(1,856,063)	(1,742,003)	(1,940,955)	
(2,560,000)	108,626	27,116			
	57,747	16,308	1,029	27,210	
(474,426)	3,196,391	1,217,264	7,999,261	1,524,079	
(2,305,758)	(974,177)	(2,817,793)	7,582,929	183,319	
20.7%	20.2%	19.7%	20.0%	21.4%	

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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
2020	\$ 12,778,158	\$ 4,150,117	\$ 225,069	\$ 17,153,344	58.161	\$ 1,566,037,200	1.09%
2019	11,921,696	3,960,955	221,365	16,104,016	59.220	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	1.09%
2016	9,673,953	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%
2014	8,648,275	3,284,362	186,430	12,129,067	59.785	1,134,820,400	1.07%
2013	9,705,601	4,919,269	287,213	14,912,083	61.901	1,393,512,713	1.07%
2012	9,227,358	4,127,738	214,631	13,569,727	50.947	1,139,637,251	1.19%
2011	10,436,580	3,698,901	210,615	14,346,096	43.890	1,157,743,200	1.24%

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
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
2014	47.80	11.99	59.79	32.78	5.62	38.40
2013	54.28	7.62	61.90	32.95	5.31	38.26
2012	45.18	6.07	51.25	29.44	4.93	34.37
2011	37.82	6.07	43.89	27.16	3.26	30.42

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.

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

Table 8

Taxpayer	2020			2011		
	Taxable Tax Capacity	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Malt-O-Meal / Post	\$ 438,444	1	2.56 %	\$ 467,468	1	3.26 %
Xcel Energy	291,796	2	1.70	211,708	4	1.48
McLane Minnesota, Inc.	204,538	3	1.19	218,860	3	1.53
Strobel & Werner	148,324	4	0.86			
Hidden Valley Apartments Ltd.	125,980	5	0.74	96,902	9	0.68
Northfield Hotel Properties, LLC	122,582	6	0.71			
Target/Dayton Hudson Corp	119,250	7	0.70	157,812	5	1.10
Community Resource Bank	112,945	8	0.66	135,240	6	0.94
Cardinal CG Company	106,790	9	0.62			
Allina Health System	97,270	10	0.57	116,710	8	0.81
St Olaf College				357,456	2	2.49
Hayzin LLC			0.00	133,296	7	0.93
Northfield Crossings LLC				94,703	10	0.66
Total	\$ 1,768,919		10.31 %	\$ 1,990,155		13.87 %

Source: City of Northfield Financial Records

Table 7

Overlapping Rates		Other Districts	
School Districts			
Total School		Special Districts	Total Direct Rates
30.47 %	3.39 %		58.16 %
31.22	3.45		56.22
33.15	3.40		57.16
30.94	3.42		55.67
32.90	3.66		57.64
34.06	3.65		56.75
36.41	4.07		59.79
38.44	4.21		61.90
33.58	4.10		51.25
31.03	3.67		43.89
		Total Overlapping Rates	131.56 %
			130.41
			133.97
			129.98
			135.08
			133.32
			138.67
			142.81
			123.31
			109.01

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	Amount	Percentage of Levy
2020	\$ 9,709,177	\$ 9,655,352	99.40 %	\$ -	99.40 %	\$ 9,655,352	99.40 %
2019	8,849,117	8,807,734	99.50	30,517	99.90	8,838,251	99.90
2018	8,437,869	8,341,974	98.90	90,934	99.90	8,432,908	99.90
2017	7,797,481	7,727,970	99.10	67,527	100.00	7,795,497	100.00
2016	7,655,738	7,608,047	99.40	45,927	100.00	7,653,974	100.00
2015	7,411,661	7,356,097	99.30	52,888	100.00	7,408,985	100.00
2014	7,345,288	7,293,692	99.30	47,944	100.00	7,341,636	100.00
2013	7,345,288	7,263,683	98.90	78,423	100.00	7,342,106	100.00
2012	6,770,991	6,617,593	97.70	152,122	100.00	6,769,715	100.00
2011	6,099,661	5,951,540	97.60	147,013	100.00	6,098,553	100.00

Sources: Rice County, Minnesota Auditor-Treasurer's Office and Dakota County, Minnesota Auditor-Treasurer's Office.
a - Levy amount shown is net of Market Value Credit Aid.

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

Fiscal Year	General Obligation Bonds	Improvement Bonds	Tax Incremental Bonds	Governmental Activities			Capital Lease Payable	Notes Payable	Total Governmental Activities
				General Obligation Revenue Bonds	Certificates of Participation				
2020	\$10,498,070	\$10,616,444	\$ 337,500	\$ 886,845	\$ -	\$ 883,262	\$ 932,448	\$ 24,164,569	
2019	9,336,704	9,657,986	399,500	1,108,557	-	961,057	1,038,613	21,502,616	
2018	5,099,232	7,793,696	467,000	1,315,288	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	1,367,046	1,266,212	18,352,129	
2016	1,161,208	7,731,644	584,000	1,713,691	5,585,000	1,591,305	1,380,677	19,697,525	
2015	825,477	7,782,977	665,000	1,912,113	5,835,000	1,752,388	1,587,157	20,264,141	
2014	1,124,477	7,469,341	741,000	4,222,113	6,100,000	1,939,688	1,597,157	23,183,756	
2013	1,319,477	7,344,192	957,000	2,295,000	6,280,000	2,110,367	1,695,694	22,001,730	
2012	1,504,477	7,779,657	1,163,000	-	6,280,000	2,281,898	1,794,319	20,803,351	
2011	1,165,000	7,932,900	1,419,000	-	5,058,215	1,907,203	1,907,203	17,482,318	

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

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

Table 10

Percentage of Tax Capacity	Business-Type Activities					Percentage of Personal Income	Per Capita
	Sewer/Storm and Water Bonds	Capital Lease Payable	Business-Type Activities	Total Primary Government	Total		
141%	\$ 3,204,565	\$ 81,424	\$ 3,285,989	\$ 27,450,568			1,339
134%	3,975,533	105,691	4,082,324	25,594,940		11.80 %	1,253
146%	5,673,955	131,006	5,804,971	27,786,172		10.86	1,362
128%	7,528,978	154,405	7,683,383	28,135,512		10.55	1,281
177%	8,434,835	156,552	8,591,387	29,309,435		8.99	1,442
159%	10,514,887	196,522	10,711,409	31,565,453		8.32	1,351
191%	12,093,323	216,444	12,312,767	35,496,523		6.95	1,782
148%	14,083,250	236,387	14,319,637	36,327,367		6.18	1,783
153%	16,878,177	255,697	17,133,874	37,937,225		5.96	1,851
122%	17,315,100	274,261	17,589,361	35,071,679		5.99	1,715

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
2020	\$ 10,498,070	\$ 1,265,711	\$ 9,232,359		0.59 %	\$ 450
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
2014	1,124,477	449,986	674,491		0.06	33
2013	1,319,477	333,779	985,698		0.07	48
2012	1,504,477	318,796	1,185,681		0.10	58
2011	1,165,000	303,514	861,486		0.07	42

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, 2020

Table 12			
	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Governmental Unit			
Debt Repaid With Property Taxes			
School District			
ISD No. 659	\$ 67,005,000	52.16 %	\$ 34,949,808
Rice County	23,410,000	21.45	5,021,445
Subtotal - Overlapping Debt			39,971,253
City Direct Debt			24,164,569
Total Direct and Overlapping Debt			\$ 64,135,822

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

	2020	2019	2018	2017	2016
Debt Limit	\$ 46,981,116	\$ 44,240,697	\$ 41,615,289	\$ 39,665,625	\$ 36,917,013
Total Net Debt Applicable to Limit	10,629,468	9,684,323	9,825,000	6,125,000	12,176,500
Legal Debt Margin	\$ 36,351,648	\$ 34,576,374	\$ 31,790,289	\$ 33,540,625	\$ 24,740,513

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. The percentage of market value increased from 2 percent to 3 percent in 2008.

Table 13

2015	2014	2013	2012	2011
\$ 36,066,081	\$ 34,044,612	\$ 41,805,381	\$ 34,189,118	\$ 36,534,430
11,771,000	8,710,000	9,870,000	10,195,000	1,165,000
<u>\$ 24,295,081</u>	<u>\$ 25,334,612</u>	<u>\$ 31,935,381</u>	<u>\$ 23,994,118</u>	<u>\$ 35,369,430</u>

Legal Debt Margin Calculation for Fiscal Year 2020

Total Estimated Market Value	\$ 1,566,037,200
Debt Limit (3% of Total Assessed Value)	<u>46,981,116</u>
Debt Applicable to Limit:	
General Obligation Bonds	10,629,468
Legal Debt Margin	<u>\$ 36,351,648</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
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
2014	7,721,254	3,872,724	3,848,530	2,003,023	302,909	1.67
2013	7,518,539	3,379,949	4,138,590	1,923,636	592,809	1.64
2012	7,451,758	3,081,683	4,370,075	1,638,540	1,088,520	1.61
2011	6,884,517	5,292,202	1,592,315	1,501,000	599,761	0.76

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.

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

Table 14

Special Assessment Collections	Improvement Bonds				Tax		Debt Service		Coverage
	Debt Service		Increment Collections	Coverage	Debt Service		Interest		
	Principal	Interest			Principal	Interest			
\$ 400,303	\$ 1,385,512	\$ 173,064	\$ 472,334	0.26	\$ 181,460	\$ 54,536		2.00	
366,219	1,090,512	175,847	373,911	0.29	172,274	61,432		1.60	
432,991	1,240,938	137,382	339,982	0.31	567,625	55,927		0.55	
575,626	1,145,938	164,316	334,418	0.44	640,965	86,963		0.46	
579,120	896,364	164,586	334,785	0.55	187,499	96,734		1.18	
479,986	1,201,364	148,689	281,750	0.36	175,981	105,206		1.00	
370,432	1,266,364	175,941	276,852	0.26	182,091	103,562		0.97	
433,146	1,286,364	257,825	829,220	0.28	304,625	171,981		1.74	
497,084	1,124,460	202,619	867,919	0.37	368,884	139,591		1.71	
974,870	1,875,000	209,365	839,861	0.47	358,869	151,834		1.64	

*Information not available

Sources: Population and households from the Minnesota Demographer's Office; personal income and per capita income is for the Fairbault-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.

Table 15

Fiscal Year	Population	Households	Personal Income	Per Capita Personal Income	Unemployment Rate
2020	20,494	6,564	*	*	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
2014	20,146	6,341	2,431,411	37,320	4.30
2013	20,373	6,308	2,245,742	34,524	6.10
2012	20,501	6,298	2,261,892	34,877	6.30
2011	20,454	6,283	2,101,746	32,631	7.50

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

Table 16

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment (a)	Employees	Rank	Percentage of Total City Employment
ISD 659	1,083	1	3.04%	573	5	2.49%
St Olaf College	860	2	2.42%	860	2	3.75%
Carleton College	750	3	2.11%	700	3	3.04%
Northfield Hospital	749	4	2.10%	630	4	2.73%
Post Consumer Products	650	5	1.83%	815	1	3.54%
McLane Minnesota Inc.	600	6	1.69%	400	6	1.74%
Mulek Flexible Circuits	450	7	1.26%	450	7	1.95%
Three Links Line, Inc.	360	8	1.01%	360	9	1.56%
Lutheran Home - The Cannon Valley	250	9	0.70%	350	8	1.52%
Sheldahl, Inc	250	10	0.70%	250	10	1.08%
Total	5,002		16.86%	5,388		23.37%

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				
	2020	2019	2018	2017	2016
General Government					
Management services	4.1	3.0	3.0	3.0	3.0
Finance	4.0	4.0	4.0	4.0	4.0
Human resources	3.7	3.6	2.6	2.6	2.6
Community development	1.1	1.1	0.7	0.7	1.1
Planning	1.9	1.9	1.4	1.4	1.6
Building inspections	3.6	3.6	4.2	4.2	2.6
Information technology	3.0	3.0	3.2	3.2	3.2
Police					
Officers	23.0	23.0	22.0	22.0	22.0
Civilians	7.2	5.0	6.0	6.0	5.0
Public Works					
Engineering	5.0	4.6	4.8	4.8	4.3
Streets and park maintenance	13.2	13.3	10.5	10.5	8.6
Economic Development	1.2	1.2	1.2	1.2	1.7
Housing	1.1	1.1	1.1	1.1	0.5
Buildings and Recreation Facilities	4.0	3.4	3.1	3.1	3.4
Library	13.6	13.1	11.8	11.8	11.5
Motor Vehicle	3.0	3.2	3.2	3.2	2.6
Community/Wellness Center	-	-	-	-	0.0
Water	6.1	5.4	6.8	6.8	4.9
Wastewater	7.1	8.8	6.9	6.9	7.5
Refuse	1	1	1	1	-
Storm Water	1.4	1.4	0.4	0.4	1.4
Transit	-	-	-	-	-
Liquor Operations	6.4	7.0	7.0	7.0	7.0
Total	114.7	111.8	104.9	104.9	98.5

Source: City Budget Office

(a) Excludes seasonal employees

(b) The fire chief and all firefighters are paid on-call employees. Full-time equivalents are not presented for this reason.

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

Table 17

	Full-time Equivalent Employees (c) as of December 31				
	2015	2014	2013	2012	2011
3.0	3.0	3.0	3.5	3.3	2.6
4.0	4.0	4.0	4.0	4.0	4.0
3.0	3.0	3.0	2.5	2.1	1.4
1.1	1.1	1.5	1.5	1.5	0.5
1.3	1.3	1.3	1.3	0.3	0.3
2.5	2.5	2.5	2.5	2.0	2.0
3.2	3.2	3.2	2.2	2.2	2.2
22.0	22.0	22.0	22.0	21.0	21.0
5.0	5.0	5.0	5.0	5.0	5.0
4.5	4.5	4.5	4.5	4.5	4.5
9.0	9.0	9.0	8.3	8.3	8.3
0.8	0.8	0.5	0.5	0.5	0.5
0.7	0.7	0.7	0.7	0.7	0.7
3.0	3.0	3.0	3.0	2.5	2.5
12.2	12.2	12.0	11.5	11.0	11.0
2.6	2.6	2.6	2.6	2.1	2.1
0.0	0.0	0.0	0.2	0.2	0.2
4.5	4.5	5.0	4.0	4.0	4.0
7.5	7.5	5.0	6.0	6.0	6.0
0.5	0.5	0.5	0.5	0.0	0.5
-	-	0.0	0.0	0.0	4.4
7.0	7.0	7.5	7.3	7.3	7.3
97.4	97.4	95.8	93.6	89.0	91.0

Function/Program	Fiscal Year				
	2020	2019	2018	2017	2016
Police					
Traffic violations	904	714	904	601	569
Part I Crimes	416	166	221	229	234
Part II Crimes	469	364	376	326	415
Building Inspection					
Permits issued	1,244	1,102	948	673	690
Total value	\$ 64,811,938	\$ 43,985,221	\$ 51,849,365	\$ 102,549,565	\$ 68,569,787
Single-family home permits issued	13	39	35	30	30
Single-family home value	4,780,509	6,983,944	9,324,358	7,627,499	5,988,500
Library					
Population served	27,273	27,110	27,002	26,930	26,851
Circulation	258,217	340,018	330,734	320,190	285,737
Hours open	2,588	3,143	3,170	3,204	2,976
Cardholders	15,490	18,149	19,185	17,869	17,153
Visits	95,841	175,610	183,086	177,980	143,083
Water					
Water connections	5,068	5,068	5,896	5,869	5,823
Total water pumped (millions of gallons)	668.5	679.6	685.1	733.1	722.6
Average daily consumption (millions of gallons)	3.4	1.9	1.8	2.0	2.0
Peak daily consumption (millions of gallons)	3.4	3.1	3.6	3.3	3.3
Wastewater					
Treatment capacity (millions of gallons)	5.2	5.2	5.2	5.2	5.2
Average daily volume treated (millions of gallons)	2.5	2.5	2.2	2.4	2.2
Transit					
Total route miles	-	-	-	-	-
Passengers	-	-	-	-	-

Sources: Various city departments.
Note: Indicators are not available for the general government public works and recreation functions.
Note: The Transit program was eliminated during 2012.
Note: Traffic violations in 2011 - 2015 included traffic warnings.

Table 18

	Fiscal Year				
	2015	2014	2013	2012	
3,367	2,227	2,382	3,395	3,209	
243	288	289	412	326	
494	439	472	576	663	
975	731	438	295	283	
\$ 27,934,305	\$ 25,088,302	\$ 37,905,058	\$ 20,018,472	\$ 16,857,366	
31	26	25	15	15	
7,673,730	6,447,000	6,508,350	3,155,350	3,348,710	
26,563	26,563	26,758	26,606	26,674	
244,264	346,702	365,870	372,926	370,832	
2,763	3,022	2,980	2,904	2,624	
16,480	17,970	20,578	19,891	19,954	
116,066	205,271	207,246	206,492	226,688	
5,767	5,709	5,696	5,562	5,545	
744.7	793.5	799	814.6	778.4	
2.0	2.1	2.1	2.2	2.1	
4.9	4.1	4.0	4.2	3.6	
3.2	3.2	3.2	3.2	3.2	
2.0	2.3	2.3	2.2	2.4	
*	*	0	30,668	67,753	
*	*	0	12,901	27,948	

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

Function/Program	Fiscal Year			
	2020	2019	2018	2017
Police	1	1	1	1
Stations	1	1	1	1
Fire Stations				
Public Works				
Miles of street, local, county and state highways	105.90	105.80	105.70	104.08
Parks and Recreation				
Number of parks	45	45	45	45
Acreage	441	441	441	441
Playgrounds	21	21	21	20
Baseball/softball diamonds	10	10	10	12
Soccer/football fields	9	9	9	10
Community centers	1	1	1	1
Indoor ice arena	1	1	1	1
Outdoor pool	1	1	1	1
Water				
Storage capacity (thousands of gallons)	3,000	3,000	3,000	3,000
Wastewater				
Treatment capacity (millions of gallons)	5.2	3.5	3.5	3.5
Transit-buses	-	-	-	-

Sources: Various City departments
Note: (a) No capital asset indicators are available for the general government of library function.
(b) Transit program was eliminated in 2012.

Table 19

Fiscal Year		Fiscal Year		Fiscal Year	
2015	2014	2013	2012	2011	
1	1	1	1	1	1
1	1	1	1	1	1
93.00	93.00	93.00	93.00	93.00	93.00
45	45	45	44	44	44
425	425	425	425	425	425
18	18	18	18	18	18
8	8	7	7	7	7
10	10	8	8	8	8
1	1	1	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	3,000
3.5	3.5	3.5	3.5	3.2	5
-	-	-	0	0	

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OTHER REQUIRED REPORTS
CITY OF NORTHFIELD
NORTHFIELD, MINNESOTA

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FOR THE YEAR ENDED
DECEMBER 31, 2020



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, 2020, 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 3, 2021.

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 EICK & MEYERS, LLP
ABDO, EICK & MEYERS, LLP
Markato, Minnesota
June 3, 2021

100 Warren Street, Suite 600
Markato, MN 56001
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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, 2020, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 3, 2021. 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 March 16, 2021 expressed an unmodified opinion on those statements.

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.

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, Responses and Questioned Costs, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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. We consider the deficiencies described in the accompanying Schedule of Findings, Responses and Questioned Costs as item 2020-001 to be a material weakness.

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, Responses and Questioned Costs as item 2020-002 to be a significant deficiency.

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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 is 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, Responses and Questioned Costs. The City's responses were not subjected 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, EICK & MEYERS, LLP
Mankato, Minnesota
June 3, 2021

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

Honorable Mayor and City Council
City of Northfield, Minnesota

We have audited the City of Northfield, Minnesota (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
June 3, 2021

City of Northfield, Minnesota
Special Audit of Federal Grants
For the Year Ended December 31, 2020

Federal Agency	Administrative Department	Program Name	Federal Assistance Number	Fiscal Year/Reporting Period	Current Program Period	Total Federal Expenditure	Amount Received Through to Date
U.S. Department of Housing and Urban Development	Direct	Community Development Block Grant	14 218	None	1	109,048	9
U.S. Department of Treasury	Minnesota Department of Revenue	Total CDBS - Enrollment Grant Cluster	21 019	Unknown		1,538,900	304,132
U.S. Department of Homeland Security	Minnesota Department of Health	Coronavirus Relief Fund	97 086	Unknown		26,597	
		Disaster Grants - Public Assistance (Presidentially Declared Disasters)				1,614,305	304,132
		Total Federal Expenditures					

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City of Northfield, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Northfield, Minnesota (the City) for the year ended December 31, 2020. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

Note 2: Summary of Significant Accounting Policies for Expenditures

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

Note 3: Pass-through Entity Identifying Numbers

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

Note 4: Subrecipients

Federal expenditures presented in this schedule of \$304,132 were provided to subrecipients.

Note 5: Indirect Cost Rate

During the year ended December 31, 2020, the City did not elect to use the 10% de minimis indirect cost rate.

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City of Northfield, Minnesota
Schedule of Finding, Response and Questioned Costs
For the Year Ended December 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued
Internal control over financial reporting
Material weaknesses identified?
Significant deficiencies identified not considered to be material weaknesses?
Noncompliance material to financial statements noted?

Federal Awards

Internal control over major programs
Material weaknesses identified?
Significant deficiencies identified not considered to be material weaknesses?
Type of auditor's report issued on compliance for major programs
Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a) of the Uniform Guidance.

Identification of Major Programs/Clusters

Coronavirus Relief Fund
Dollar threshold used to distinguish between Type A and Type B Programs
Auditee qualified as low-risk auditee?

Section II - Financial Statement Findings

One material weakness (2020-001) and one significant deficiency (2020-002) relating to the audit of the financial statements is reported in the 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.

Section III - Major Federal Award Findings and Questioned Costs

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

Section IV - Schedule of Prior Year Audit Findings

There were prior year audit findings that are attached.

Section V - Other Issues

A Corrective Action Plan is attached as required to be reported under the Federal Single Audit Act.

City of Northfield, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended December 31, 2020

Finding	Description
2020-001	Material Audit Adjustments
Condition:	During our audit, adjustments were needed to adjust tax revenues and allocate to the appropriate funds.
Criteria:	The financial statements are the responsibility of the City's management.
Cause:	City staff has not prepared a year-end trial balance reflecting all necessary accounting entries.
Effect:	This indicates that it would be likely that a misstatement may occur and not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.
Recommendation:	We recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.
Management Response:	
	Management has made improvements in recording year-end adjustments. Management will review and gain an understanding of the audit adjustments in order to reduce the number of entries necessary for future audits.

City of Northfield, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended December 31, 2020

<u>Finding</u>	<u>Description</u>
2020-002	Preparation of Financial Statements
Condition:	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 to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
Criteria:	Internal controls should be in place to ensure adequate internal control over safeguarding of assets and the reliability of financial records and reporting.
Cause:	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.
Effect:	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.
Recommendation:	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.
Management Response:	For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.



2020-001 Material audit adjustments

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreements with Audit Finding:

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding:

Management will review and gain an understanding of the audit adjustments in order to reduce the number of entries necessary for future audits

3. Official Responsible for Ensuring CAP:

Ben Martig, City Administrator, is the official responsible for ensuring corrective action of the compliance finding.

4. Planned Completion Date for CAP:

Continuous.

5. Plan to Monitor Completion of CAP:

The Council will be monitoring this corrective action plan

Sincerely,

Ben Martig
City Administrator



2020-002 Preparation of financial statements

CORRECTIVE ACTION PLAN (CAP):

2. Explanation of Disagreements with Audit Finding:

There is no disagreement with the audit finding.

3. Actions Planned in Response to Finding:

The City will continue to rely on the audit firm to prepare the financial statements and related footnote disclosures and will review and approve these prior to the issuance of the annual financial statements.

3. Official Responsible for Ensuring CAP:

Ben Martig, City Administrator, is the official responsible for ensuring corrective action of the compliance finding.

4. Planned Completion Date for CAP:

Continuous.

5. Plan to Monitor Completion of CAP:

The Council will be monitoring this corrective action plan

Sincerely,

Ben Martig
City Administrator

City of Northfield, Minnesota
Schedule of Prior Year Findings
For the Year Ended December 31, 2020

Finding	Description
2019-001	Material Audit Adjustments
<i>Condition:</i>	During our audit, adjustments were needed to adjust tax revenues and to gross up the City's contribution payments made to the joint venture from the rent payments received from the joint venture and allocated to the appropriate funds.
<i>Criteria:</i>	The financial statements are the responsibility of the City's management.
<i>Cause:</i>	City staff has not prepared a year-end trial balance reflecting all necessary accounting entries.
<i>Effect:</i>	This indicates that it would be likely that a misstatement may occur and not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.
<i>Recommendation:</i>	We recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.
<i>Management Response:</i>	Management has made improvements in recording year-end adjustments. Management will review and gain an understanding of the audit adjustments in order to reduce the number of entries necessary for future audits.
<i>Updated Progress Since Prior Year:</i>	No changes have been made in addressing this finding in the current year.

City of Northfield, Minnesota
Schedule of Prior Year Findings (Continued)
For the Year Ended December 31, 2020

<u>Finding</u>	<u>Description</u>
2019-002	Preparation of Financial Statements
<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 to 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.
<i>Updated Progress Since Prior Year:</i>	
	No changes have been made in addressing this finding in the current year.

FORM OF LEGAL OPINION

(See following pages)

\$4,475,000
General Obligation Street Reconstruction, Improvement and Equipment Bonds
Series 2021A
City of Northfield
Dakota and Rice Counties, Minnesota

We have acted as bond counsel to the City of Northfield, Dakota and Rice Counties, Minnesota (the “Issuer”) in connection with the issuance by the Issuer of its General Obligation Street Reconstruction, Improvement and Equipment Bonds, Series 2021A (the “Bonds”), originally dated the date hereof, and issued in the original aggregate principal amount of \$4,475,000. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

1. The Bonds have been duly authorized and executed and are valid and binding general obligations of the Issuer, enforceable against the Issuer in accordance with their terms.
2. The principal of and interest on the Bonds are payable in part from special assessments levied or to be levied on property specially benefited by local improvements, and ad valorem taxes, but if necessary for the payment thereof additional ad valorem taxes are required by law to be levied on all taxable property of the Issuer, which taxes are not subject to any limitation as to rate or amount.
3. Interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. However, such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

4. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We have not been asked and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and accordingly we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated _____, 2021 at Minneapolis, Minnesota.

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

\$4,475,000
Northfield, Minnesota
General Obligation Street Reconstruction, Improvement and Equipment Bonds
Series 2021A

CONTINUING DISCLOSURE CERTIFICATE

_____, 2021

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Northfield, Minnesota (the “Issuer”) in connection with the issuance of its General Obligation Street Reconstruction, Improvement and Equipment Bonds, Series 2021A (the “Bonds”) in the original aggregate principal amount of \$4,475,000. The Bonds are being issued pursuant to resolutions adopted by the City Council of the Issuer (the “Resolutions”). The Bonds are being delivered to of _____, _____, _____ (the “Purchaser”) on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders (as defined herein) of the Bonds in order to provide for the public availability of such information and assist the Participating Underwriter(s) (as defined herein) in complying with the Rule (as defined herein). This Disclosure Certificate, together with the Resolutions, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means annual financial statements of the Issuer, prepared in accordance with GAAP as prescribed by GASB.

“Bonds” means the General Obligation Street Reconstruction, Improvement and Equipment Bonds, Series 2021A issued by the Issuer in the original aggregate principal amount of \$4,475,000.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

“EMMA” means the Electronic Municipal Market Access system operated by the MSRB and designated as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule.

“Final Official Statement” means the deemed final Official Statement, dated _____, 2021, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation;

or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the fiscal year of the Issuer.

“GAAP” means generally accepted accounting principles for governmental units as prescribed by GASB.

“GASB” means the Governmental Accounting Standards Board.

“Holder” means the person in whose name a Bond is registered or a beneficial owner of such a Bond.

“Issuer” means the City of Northfield, Minnesota, which is the obligated person with respect to the Bonds.

“Material Event” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Participating Underwriter” means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

“Purchaser” means of _____, _____, _____.

“Repository” means EMMA, or any successor thereto designated by the SEC.

“Rule” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

“SEC” means Securities and Exchange Commission, and any successor thereto.

Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The Issuer shall provide to the Repository not later than 12 months after the end of the Fiscal Year, commencing with the year that ends December 31, 2021, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. Current Property Valuations
2. Direct Debt
3. Tax Levies and Collections
4. U.S. Census Data/Population Trend
5. Employment/Unemployment Data

In addition to the items listed above, the Annual Report shall include Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events (“Material Events”) with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an

action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. EMMA. The SEC has designated EMMA as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the Issuer shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the redemption in full of all Bonds or payment in full of all Bonds.

Section 8. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of the Resolutions or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Resolutions and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance with the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this

Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolutions and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, we have executed this Disclosure Certificate in our official capacities effective as of the date and year first written above.

CITY OF NORTHFIELD, MINNESOTA

By _____
Mayor

By _____
City Clerk

TERMS OF PROPOSAL

\$4,475,000* GENERAL OBLIGATION STREET RECONSTRUCTION, IMPROVEMENT AND EQUIPMENT BONDS, SERIES 2021A CITY OF NORTHFIELD, MINNESOTA

Proposals for the purchase of \$4,475,000* General Obligation Street Reconstruction, Improvement and Equipment Bonds, Series 2021A (the "Bonds") of the City of Northfield, Minnesota (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M. Central Time, on August 17, 2021, at which time they will be opened, read and tabulated. The proposals will be presented to the City Council for consideration for award by resolution at a meeting to be held at 6:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all proposals are rejected.

PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475, including Sections 410.32, 412.301 and 475.58, subdivision 3b, by the City for the purposes of financing: (i) various public improvements in the City; (ii) certain street reconstruction projects described in the City's Five-Year Street Reconstruction and Overlay Plan dated February 16, 2021; and (iii) the acquisition of certain capital equipment. The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated September 9, 2021, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$285,000	2027	\$465,000	2031	\$410,000
2024	470,000	2028	470,000	2032	410,000
2025	465,000	2029	470,000	2033	150,000
2026	470,000	2030	410,000		

ADJUSTMENT OPTION

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2022, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2023 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The City has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2030 shall be subject to optional redemption prior to maturity on February 1, 2029 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about September 9, 2021, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel to the City, and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$4,421,300 plus accrued interest on the principal sum of \$4,475,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 10:30 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$89,500 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an “issue price” or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Terms of Proposal to establish the issue price of the Bonds may be taken on behalf of the City by the City’s municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City’s municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “competitive sale requirements”) because:

- (1) The City shall disseminate this Terms of Proposal to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Terms of Proposal.

Any proposal submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in this proposal.

(c) If all of the requirements of a “competitive sale” are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any proposal submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the winning bidder on its proposal form to determine the issue price for the Bonds. On its proposal form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the “hold-the-offering-price rule”).

(d) If all of the requirements of a “competitive sale” are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the proposal submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a “competitive sale” are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(f) By submitting a proposal, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Terms of Proposal. Further, for purposes of this Terms of Proposal:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date that the Bonds are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the City Council

City of Northfield, Minnesota

PROPOSAL FORM

The City Council
City of Northfield, Minnesota (the "City")

August 17, 2021

RE: \$4,475,000* General Obligation Street Reconstruction, Improvement and Equipment Bonds, Series 2021A (the "Bonds")
DATED: September 9, 2021

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$4,421,300) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2023	_____ % due 2027	_____ % due 2031
_____ % due 2024	_____ % due 2028	_____ % due 2032
_____ % due 2025	_____ % due 2029	_____ % due 2033
_____ % due 2026	_____ % due 2030	

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2023 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$89,500 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about September 9, 2021.

This proposal is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use either the: ____ 10% test, or the ____ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from September 9, 2021 of the above proposal is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of Northfield, Minnesota, on August 17, 2021.

By: _____ By: _____
Title: _____ Title: _____