

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 21, 2023

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 set forth in the resolutions approving the issuance of the Bonds, interest to be paid on the Bonds is excludable from gross income 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 computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is included in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. No opinion will be expressed by Bond Counsel regarding the 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 NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

New Issue

Rating: S&P Global Ratings "AA"

CITY OF NORTHFIELD, MINNESOTA (Rice and Dakota Counties)

\$7,880,000* GENERAL OBLIGATION STREET RECONSTRUCTION, ABATEMENT AND EQUIPMENT BONDS, SERIES 2023B

PROPOSAL OPENING: October 3, 2023, 10:00 A.M., C.T.

CONSIDERATION: October 3, 2023, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$7,880,000* General Obligation Street Reconstruction, Abatement and Equipment Bonds, Series 2023B (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapters 469 and 475, as amended, and Sections 410.32, 412.301, 469.1814 and 475.58, subdivision 3b, by the City of Northfield, Minnesota (the "City"), to finance (i) certain street reconstruction projects described in the City's Five-Year Street Reconstruction & Overlay Plan, dated April 18, 2023; (ii) the construction of various park improvement projects; and (iii) the acquisition of certain capital equipment. The Bonds will be general obligations of the City, for which its full faith and 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: October 26, 2023

MATURITY: February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2025	\$270,000	2030	\$505,000	2035	\$560,000
2026	445,000	2031	525,000	2036	585,000
2027	455,000	2032	545,000	2037	605,000
2028	475,000	2033	555,000	2038	630,000
2029	490,000	2034	580,000	2039	655,000

***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, 2024 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2033 and thereafter are subject to call for prior optional redemption on February 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM PROPOSAL: \$7,785,440.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$157,600 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 Underwriter (Syndicate Manager). 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
Kathleen Holmes	Council Member	January 2027
Brad Ness	Council Member	January 2025
Jessica Peterson White	Council Member	January 2027
Jamie Reister	Council Member	January 2025
Davin Sokup	Council Member	January 2027
George Zuccolotto	Council Member	January 2025

ADMINISTRATION

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

PROFESSIONAL SERVICES

Flaherty & Hood, P.A., City Attorney, St. Paul, Minnesota
Kennedy & Graven, Chartered, Bond Counsel, Minneapolis, Minnesota
Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Northfield, Minnesota (the "City") and the issuance of its \$7,880,000* General Obligation Street Reconstruction, Abatement and Equipment Bonds, Series 2023B (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 October 3, 2023.

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 October 26, 2023. 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, 2024, 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 2025 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 ("BTSC") to act as paying agent (the "Paying Agent"). BTSC 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.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2033 shall be subject to optional redemption prior to maturity on February 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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 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 pursuant to Minnesota Statutes, Chapters 469 and 475, as amended, and Sections 410.32, 412.301, 469.1814 and 475.58, subdivision 3b, by the City, to finance (i) certain street reconstruction projects described in the City's Five-Year Street Reconstruction & Overlay Plan, dated April 18, 2023 (the "Street Reconstruction Portion"); (ii) the construction of various park improvement projects (the "Tax Abatement Portion"); and (iii) the acquisition of certain capital equipment (the "Equipment Portion").

For the Equipment Portion of the Bonds, all equipment has an expected useful life at least as long as the term of the Equipment Portion of the Bonds.

For the Tax Abatement Portion of the Bonds, per Minnesota Statutes, Chapter 469, in any year, the total amount of property taxes abated by a political subdivision under this section may not exceed (i) ten percent of the net tax capacity of the political subdivision for the taxes payable year to which the abatement applies, or (ii) \$200,000, whichever is greater.

ESTIMATED SOURCES AND USES*

Sources	Street Reconstruction Portion	Tax Abatement Portion	Equipment Portion	Total Bond Issue
Par Amount of Bonds	\$3,955,000	\$3,595,000	\$330,000	\$7,880,000
Franchise Fees	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
Total Sources	\$4,755,000	\$3,595,000	\$330,000	\$8,680,000
Uses				
Total Underwriter's Discount (1.200%)	\$47,460	\$43,140	\$3,960	\$94,560
Costs of Issuance	34,129	31,023	2,848	68,000
Deposit to Construction Fund	4,668,730	3,525,000	322,000	8,515,730
Rounding Amount	<u>4,681</u>	<u>(4,163)</u>	<u>1,192</u>	<u>1,710</u>
Total Uses	\$4,755,000	\$3,595,000	\$330,000	\$8,680,000

*Preliminary, subject to change.

Breakdown of Principal Payments:*

Payment Date	Street Reconstruction Portion	Tax Abatement Portion	Equipment Portion	Total Bond Issue
2/01/2025	\$90,000	\$155,000	\$25,000	\$270,000
2/01/2026	220,000	195,000	30,000	445,000
2/01/2027	225,000	200,000	30,000	455,000
2/01/2028	235,000	210,000	30,000	475,000
2/01/2029	240,000	215,000	35,000	490,000
2/01/2030	250,000	220,000	35,000	505,000
2/01/2031	260,000	230,000	35,000	525,000
2/01/2032	270,000	240,000	35,000	545,000
2/01/2033	275,000	245,000	35,000	555,000
2/01/2034	285,000	255,000	40,000	580,000
2/01/2035	295,000	265,000	-	560,000
2/01/2036	310,000	275,000	-	585,000
2/01/2037	320,000	285,000	-	605,000
2/01/2038	335,000	295,000	-	630,000
2/01/2039	<u>345,000</u>	<u>310,000</u>	<u>-</u>	<u>655,000</u>
Total	<u>\$3,955,000</u>	<u>\$3,595,000</u>	<u>\$330,000</u>	<u>\$7,880,000</u>

*Preliminary, subject to change.

SECURITY

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

In accordance with Minnesota Statutes, the City will levy each year an amount not less than 105% of the debt service requirements on the Street Reconstruction and Equipment Portions of the Bonds. In the event funds on hand for payment of principal and interest on the Street Reconstruction and Equipment Portions of the Bonds are at any time insufficient, the City is required to levy an additional ad valorem tax upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

The City anticipates that the debt service on the Tax Abatement Portion of the Bonds will be paid from a combination of abating the City's portion of taxes from specific parcels up to an amount of the aggregate sum of abatements equal to the principal amount of the Tax Abatement Portion of the Bonds and from ad valorem property taxes.

Receipt of tax abatement revenues and ad valorem property 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, with the exception of any outstanding credit enhanced issues, is currently rated "AA" by S&P Global Ratings ("S&P").

The City has received a "AA" underlying rating on the Bonds from S&P, and bidders were notified as to the assigned rating prior to the sale. Such rating, if any, 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.

The City did not timely file an event notice for financial obligations incurred in 2022 and 2023. Except to the extent that the preceding is deemed to be material, the City believes it has not failed to comply in the previous five years 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 ("Bond Counsel"), 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

On the date of issuance of the Bonds, Bond Counsel will render an opinion that, at the time of issuance and delivery of the Bonds to the original purchaser, based on present federal and State of Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants set forth in the Award Resolution, interest on the Bonds is excludable from gross income for federal income tax purposes and, to the same extent, is excludable from the taxable net income of individuals, trusts, and estates 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. However, interest on the Bonds is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. Section 59(k) of the Code defines "applicable corporation" as any corporation (other than an S corporation), a regulated investment company, or a real estate investment trust which meets the average annual adjusted financial statement income test set forth in Section 59(k) of the Code in one or more taxable years. No opinion will be expressed by Bond Counsel regarding other federal or State of Minnesota tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

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 (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.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code, relating to the ability of certain financial institutions (within the meaning of Section 265(6)(5) of the Code) to deduct from income for federal income tax purposes, 80% of the 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

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, 2022 have been audited by Abdo, 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

The 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 (tax abatement revenues) 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.

Levy Limits: The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. 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.

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: 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.

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	2020/21	2021/22	2022/23
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 \$1,880,000 - 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	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,890,000 - 0.50% ² Over \$1,890,000 - 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 \$162,000 - .75% Over \$162,000 - .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 \$174,000 - .75% Over \$174,000 - .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 \$100,000 - .75% Over \$100,000 - .25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$100,000 - 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

2022/23 Economic Market Value \$2,224,133,333¹

2022/23 Assessor's Estimated Market Value

	Rice County	Dakota County	Total
Real Estate	\$1,797,672,900	\$197,398,800	\$1,995,071,700
Personal Property	<u>7,359,500</u>	<u>527,600</u>	<u>7,887,100</u>
Total Valuation	<u><u>\$1,805,032,400</u></u>	<u><u>\$197,926,400</u></u>	<u><u>\$2,002,958,800</u></u>

2022/23 Net Tax Capacity

	Rice County	Dakota County	Total
Real Estate	\$19,991,798	\$2,025,853	\$22,017,651
Personal Property	<u>146,253</u>	<u>10,552</u>	<u>156,805</u>
Net Tax Capacity	\$20,138,051	\$2,036,405	\$22,174,456
Less: Captured Tax Increment Tax Capacity ²	<u>(777,290)</u>	<u>0</u>	<u>(777,290)</u>
Taxable Net Tax Capacity	<u><u>\$19,360,761</u></u>	<u><u>\$2,036,405</u></u>	<u><u>\$21,397,166</u></u>

¹ According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the City is about 89.90% of the actual selling prices of property most recently sold in the City for Rice County and about 91.91% of the actual selling prices of property most recently sold in the City for 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 \$2,224,133,333.

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

2022/23 NET TAX CAPACITY BY CLASSIFICATION

	2022/23 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$13,618,185	61.41%
Agricultural	47,987	0.22%
Commercial/industrial	4,621,760	20.84%
Public utility	65,306	0.29%
Railroad operating property	132,536	0.60%
Non-homestead residential	3,523,204	15.89%
Commercial & residential seasonal/rec.	8,673	0.04%
Personal property	156,805	0.71%
	<u> </u>	<u> </u>
Total	<u><u>\$22,174,456</u></u>	<u><u>100.00%</u></u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity¹	Taxable Net Tax Capacity²	Percent Increase/Decrease in Estimated Market Value
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%
2021/22	1,759,012,900	1,695,466,519	19,386,683	18,783,215	6.09%
2022/23	2,002,958,800	1,950,107,573	22,174,456	21,397,166	13.87%

¹ Net Tax Capacity includes tax increment values.

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

LARGEST TAXPAYERS

Taxpayer	Type of Property	2022/23 Net Tax Capacity	Percent of City's Total Net Tax Capacity
Post Consumer Products	Commercial	\$512,340	2.31%
Northfield Hegenes Apartments LLC	Apartments	302,760	1.37%
St. Olaf College	Agricultural	253,222	1.14%
McLane Minnesota, Inc.	Commercial	237,780	1.07%
Xcel Energy	Utility	234,760	1.06%
Strobel & Werner Real Estate Holding Co.	Commercial	209,196	0.94%
Cardinal CG Company	Industrial	137,908	0.62%
5 th Street Lofts LLC	Apartments	136,146	0.61%
Target Corporation	Commercial	124,056	0.56%
Community Resource Bank	Commercial	<u>118,082</u>	<u>0.53%</u>
Total		\$2,266,250	10.22%

City's Total 2022/23 Net Tax Capacity \$22,174,456

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Largest 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	\$7,960,000
Total G.O. debt secured by tax abatement revenues (includes the Tax Abatement Portion of the Bonds)*	4,300,000
Total G.O. debt secured by tax increment revenues	153,500
Total G.O. debt secured by taxes (includes the Street Reconstruction and Equipment Portions of the Bonds)*	18,910,000
Total G.O. debt secured by utility revenues	<u>18,435,000</u>
Total General Obligation Debt*	<u><u>\$49,758,500</u></u>

*Preliminary, subject to change.

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

Revenue Debt (see schedule following)

Total revenue debt secured by hospital revenues	<u><u>\$28,460,535</u></u>
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DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

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

DEBT LIMIT

The statutory limit on net 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" (is defined under Minnesota Statutes, Section 475.51, subd. 4) to mean 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 issued for improvements payable wholly or partly from special assessments levied against benefitted property; (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 to repay energy conservation investment loans under Minnesota Statutes, Section 216C.37; (8) obligations issued to pay judgments against the City; and (9) all 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 (includes the Tax Abatement Portion of the Bonds).

2022/23 Assessor's Estimated Market Value	\$2,002,958,800
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$60,088,764
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Street Reconstruction and Equipment Portions of the Bonds)*	<u>(18,910,000)</u>
Unused Debt Limit	<u><u>\$41,178,764</u></u>

City of Northfield, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Special Assessments and Taxes
(As of 10/26/2023)

	Improvement Bonds Series 2013A		Improvement Bonds 1) Series 2014A		Improvement Refunding Bonds 2) Series 2015A		Improvement Bonds 3) Series 2016C		Improvement Bonds Series 2017A	
Dated	08/08/2013		09/03/2014		11/03/2015		09/15/2016		09/07/2017	
Amount	\$830,000		\$1,205,000		\$1,925,000		\$795,000		\$945,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	85,000	1,488	125,000	4,688	165,000	8,605	80,000	5,220	95,000	9,025
2025			125,000	1,563	165,000	5,305	85,000	3,570	95,000	7,125
2026					170,000	1,828	85,000	2,061	95,000	5,225
2027							85,000	701	95,000	3,206
2028									95,000	1,069
2029										
2030										
2031										
2032										
2033										
	85,000	1,488	250,000	6,250	500,000	15,738	335,000	11,553	475,000	25,650

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.

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

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City of Northfield, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Special Assessments and Taxes
(As of 10/26/2023)

	Improvement Bonds 4) Series 2018B		Improvement Bonds 5) Series 2019A		Improvement Bonds 6) Series 2020A		Improvement Bonds 7) Series 2021A							
Dated	10/11/2018		10/10/2019		07/30/2020		09/09/2021							
Amount	\$1,470,000		\$1,885,000		\$2,990,000		\$1,545,000							
Maturity	02/01		02/01		02/01		02/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	145,000	25,725	185,000	32,425	290,000	51,680	160,000	23,700	1,330,000	162,555	1,492,555	6,630,000	16.71%	2024
2025	150,000	21,300	190,000	27,275	295,000	42,905	160,000	20,500	1,265,000	129,543	1,394,543	5,365,000	32.60%	2025
2026	155,000	16,725	195,000	21,975	300,000	33,980	155,000	17,350	1,155,000	99,144	1,254,144	4,210,000	47.11%	2026
2027	155,000	12,075	195,000	16,125	305,000	24,905	155,000	14,250	990,000	71,263	1,061,263	3,220,000	59.55%	2027
2028	160,000	7,350	200,000	10,700	315,000	15,605	155,000	11,150	925,000	45,874	970,874	2,295,000	71.17%	2028
2029	165,000	2,475	205,000	6,150	320,000	9,280	155,000	8,050	845,000	25,955	870,955	1,450,000	81.78%	2029
2030			205,000	2,050	320,000	5,840	155,000	5,725	680,000	13,615	693,615	770,000	90.33%	2030
2031					320,000	2,000	150,000	4,200	470,000	6,200	476,200	300,000	96.23%	2031
2032							150,000	2,625	150,000	2,625	152,625	150,000	98.12%	2032
2033							150,000	900	150,000	900	150,900	0	100.00%	2033
	930,000	85,650	1,375,000	116,700	2,465,000	186,195	1,545,000	108,450	7,960,000	557,673	8,517,673			

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.

7) This represents the \$1,545,000 Improvement portion of the \$4,255,000 General Obligation Street Reconstruction, Improvement and Equipment Bonds, Series 2021A.

City of Northfield, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Tax Abatement Revenues
(As of 10/26/2023)

	Abatement Refunding Bonds 1) Series 2014A		Tax Abatement Bonds 2) Series 2018B		Tax Abatement Bonds 3) Series 2019A		Tax Abatement Bonds 4) Series 2023B							
Dated	09/03/2014		10/11/2018		10/10/2019		10/26/2023							
Amount	\$2,005,000		\$240,000		\$435,000		\$3,595,000*							
Maturity	02/01		02/01		02/01		02/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	230,000	2,875	25,000	4,275	40,000	7,550	0	102,546	295,000	117,246	412,246	4,005,000	6.86%	2024
2025			25,000	3,525	45,000	6,388	155,000	131,414	225,000	141,326	366,326	3,780,000	12.09%	2025
2026			25,000	2,775	45,000	5,150	195,000	125,124	265,000	133,049	398,049	3,515,000	18.26%	2026
2027			25,000	2,025	45,000	3,800	200,000	118,213	270,000	124,038	394,038	3,245,000	24.53%	2027
2028			25,000	1,275	45,000	2,563	210,000	111,193	280,000	115,030	395,030	2,965,000	31.05%	2028
2029			30,000	450	50,000	1,500	215,000	103,968	295,000	105,918	400,918	2,670,000	37.91%	2029
2030					50,000	500	220,000	96,573	270,000	97,073	367,073	2,400,000	44.19%	2030
2031							230,000	88,865	230,000	88,865	318,865	2,170,000	49.53%	2031
2032							240,000	80,698	240,000	80,698	320,698	1,930,000	55.12%	2032
2033							245,000	72,210	245,000	72,210	317,210	1,685,000	60.81%	2033
2034							255,000	63,396	255,000	63,396	318,396	1,430,000	66.74%	2034
2035							265,000	53,968	265,000	53,968	318,968	1,165,000	72.91%	2035
2036							275,000	43,771	275,000	43,771	318,771	890,000	79.30%	2036
2037							285,000	32,778	285,000	32,778	317,778	605,000	85.93%	2037
2038							295,000	20,514	295,000	20,514	315,514	310,000	92.79%	2038
2039							310,000	6,975	310,000	6,975	316,975	0	100.00%	2039
	230,000	2,875	155,000	14,325	320,000	27,450	3,595,000	1,252,203	4,300,000	1,296,853	5,596,853			

* Preliminary, subject to change.

- 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.
- 4) This represents the \$3,595,000 Tax Abatement portion of the \$7,880,000 General Obligation Street Reconstruction, Abatement and Equipment Bonds, Series 2023B.

City of Northfield, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Tax Increment Revenues
(As of 10/26/2023)

Tax Increment Bonds Series 2002		Taxable Tax Increment Refunding Bonds Series 2017B								
Dated	08/01/2002		09/07/2017							
Amount	\$140,000		\$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
2023	7,000	882	0	0	7,000	882	7,882	146,500	4.56%	2023
2024	7,000	1,400	60,000	2,340	67,000	3,740	70,740	79,500	48.21%	2024
2025	7,000	1,036	60,000	780	67,000	1,816	68,816	12,500	91.86%	2025
2026	7,000	668			7,000	668	7,668	5,500	96.42%	2026
2027	5,500	297			5,500	297	5,797	0	100.00%	2027
	33,500	4,282	120,000	3,120	153,500	7,402	160,902			

City of Northfield, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 10/26/2023)

	Capital Improvement Plan Bonds Series 2018A		Certificates of Participation Refunding Bonds 1) Series 2019A		Street Reconstruction Bonds 2) Series 2020A		Street Reconstruction & Equipment Bonds 3) Series 2021A		Street Reconstruction & Equipment Bonds Series 2022A	
Dated	06/07/2018		10/10/2019		07/30/2020		09/09/2021		08/04/2022	
Amount	\$4,195,000		\$4,015,000		\$1,370,000		\$2,710,000		\$4,020,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	175,000	108,908	310,000	79,610	130,000	23,763	270,000	39,300	115,000	122,125
2025	180,000	103,583	315,000	71,023	135,000	19,788	275,000	33,850	320,000	115,600
2026	185,000	98,108	325,000	62,210	135,000	15,738	285,000	28,250	325,000	104,300
2027	190,000	92,483	335,000	52,310	140,000	11,613	290,000	22,500	340,000	92,700
2028	195,000	86,708	345,000	42,973	145,000	7,338	295,000	16,650	350,000	82,350
2029	205,000	80,708	355,000	35,110	150,000	4,413	300,000	10,700	360,000	71,700
2030	210,000	74,483	360,000	27,960	150,000	2,800	245,000	6,475	370,000	60,750
2031	215,000	68,108	365,000	20,528	155,000	969	250,000	4,000	380,000	49,500
2032	220,000	61,445	370,000	12,718			250,000	1,375	395,000	37,875
2033	230,000	54,414	380,000	4,370					345,000	26,775
2034	235,000	46,943							355,000	16,275
2035	245,000	39,023							365,000	5,475
2036	250,000	30,855								
2037	260,000	22,440								
2038	270,000	13,695								
2039	280,000	4,620								
	3,545,000	986,519	3,460,000	408,810	1,140,000	86,419	2,460,000	163,100	4,020,000	785,425

- 1) This represents the \$4,015,000 Certificates of Participation Refunding portion of the \$6,335,000 General Obligation Bonds, Series 2019A.
- 2) This represents the \$1,370,000 Street Reconstruction portion of the \$5,025,000 General Obligation Street Reconstruction, Improvement and Utility Bonds, Series 2020A.
- 3) This represents the \$2,710,000 Street Reconstruction and Equipment portions of the \$4,255,000 General Obligation Street Reconstruction, Improvement and Equipment Bonds, Series 2021A.

--Continued on next page

City of Northfield, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 10/26/2023)

Street Reconstruction & Equipment Bonds 4) Series 2023B								
Dated	10/26/2023							
Amount	\$4,285,000*							
Maturity	02/01							
Calendar Year Ending	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	0	121,644	1,000,000	495,349	1,495,349	17,910,000	5.29%	2024
2025	115,000	157,144	1,340,000	500,986	1,840,986	16,570,000	12.37%	2025
2026	250,000	150,608	1,505,000	459,213	1,964,213	15,065,000	20.33%	2026
2027	255,000	141,771	1,550,000	413,376	1,963,376	13,515,000	28.53%	2027
2028	265,000	132,868	1,595,000	368,885	1,963,885	11,920,000	36.96%	2028
2029	275,000	123,688	1,645,000	326,318	1,971,318	10,275,000	45.66%	2029
2030	285,000	114,168	1,620,000	286,635	1,906,635	8,655,000	54.23%	2030
2031	295,000	104,234	1,660,000	247,338	1,907,338	6,995,000	63.01%	2031
2032	305,000	93,808	1,540,000	207,220	1,747,220	5,455,000	71.15%	2032
2033	310,000	83,045	1,265,000	168,604	1,433,604	4,190,000	77.84%	2033
2034	325,000	71,851	915,000	135,069	1,050,069	3,275,000	82.68%	2034
2035	295,000	60,625	905,000	105,123	1,010,123	2,370,000	87.47%	2035
2036	310,000	49,200	560,000	80,055	640,055	1,810,000	90.43%	2036
2037	320,000	36,833	580,000	59,273	639,273	1,230,000	93.50%	2037
2038	335,000	22,979	605,000	36,674	641,674	625,000	96.69%	2038
2039	345,000	7,763	625,000	12,383	637,383	0	100.00%	2039
	4,285,000	1,472,225	18,910,000	3,902,497	22,812,497			

* Preliminary, subject to change.

- 4) This represents the \$4,285,000 Street Reconstruction & Equipment portions of the \$7,880,000 General Obligation Street Reconstruction, Abatement and Equipment Bonds, Series 2023B.

City of Northfield, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Utility Revenues
(As of 10/26/2023)

	Sewer Revenue Bonds 1) Series 2010A		Utility Revenue Bonds 2) Series 2016C		Utility Revenue Bonds 3) Series 2020A		Utility Revenue Bonds Series 2023A							
Dated	12/28/2010		09/15/2016		07/30/2020		10/11/2023							
Amount	\$755,000		\$1,185,000		\$665,000		\$17,240,000							
Maturity	02/01		02/01		02/01		02/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2024	60,000	5,400	110,000	7,163	65,000	11,575	0	641,872	235,000	666,009	901,009	18,200,000	1.27%	2024
2025	60,000	3,240	115,000	4,913	65,000	9,625	300,000	789,306	540,000	807,084	1,347,084	17,660,000	4.20%	2025
2026	60,000	1,080	115,000	2,871	65,000	7,675	560,000	767,806	800,000	779,433	1,579,433	16,860,000	8.54%	2026
2027			120,000	990	70,000	5,650	590,000	739,056	780,000	745,696	1,525,696	16,080,000	12.77%	2027
2028					70,000	3,550	620,000	708,806	690,000	712,356	1,402,356	15,390,000	16.52%	2028
2029					70,000	2,150	655,000	676,931	725,000	679,081	1,404,081	14,665,000	20.45%	2029
2030					75,000	1,369	685,000	643,431	760,000	644,800	1,404,800	13,905,000	24.57%	2030
2031					75,000	469	715,000	608,431	790,000	608,900	1,398,900	13,115,000	28.86%	2031
2032							750,000	571,806	750,000	571,806	1,321,806	12,365,000	32.93%	2032
2033							790,000	533,306	790,000	533,306	1,323,306	11,575,000	37.21%	2033
2034							830,000	492,806	830,000	492,806	1,322,806	10,745,000	41.71%	2034
2035							870,000	450,306	870,000	450,306	1,320,306	9,875,000	46.43%	2035
2036							915,000	405,681	915,000	405,681	1,320,681	8,960,000	51.40%	2036
2037							960,000	358,806	960,000	358,806	1,318,806	8,000,000	56.60%	2037
2038							1,010,000	314,606	1,010,000	314,606	1,324,606	6,990,000	62.08%	2038
2039							1,045,000	272,853	1,045,000	272,853	1,317,853	5,945,000	67.75%	2039
2040							1,090,000	228,819	1,090,000	228,819	1,318,819	4,855,000	73.66%	2040
2041							1,140,000	182,113	1,140,000	182,113	1,322,113	3,715,000	79.85%	2041
2042							1,190,000	132,600	1,190,000	132,600	1,322,600	2,525,000	86.30%	2042
2043							1,240,000	80,963	1,240,000	80,963	1,320,963	1,285,000	93.03%	2043
2044							1,285,000	27,306	1,285,000	27,306	1,312,306	0	100.00%	2044
	180,000	9,720	460,000	15,936	555,000	42,063	17,240,000	9,627,613	18,435,000	9,695,331	28,130,331			

- 1) This represents the \$755,000 Sewer Revenue portion of the \$2,305,000 General Obligation Bonds, Series 2010A.
- 2) This represents the \$1,185,000 Utility Revenue portion of the \$2,610,000 General Obligation Improvement and Utility Revenue Bonds, Series 2016C.
- 3) 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 10/26/2023)

	Hospital Revenue Bonds Series 2015B		Hospital Revenue Refunding Bonds Series 2016A		Hospital Revenue Bonds Series 2016B		Hospital Revenue Bonds Series 2022B		Hospital Revenue Bonds Series 2023A							
Dated Amount	12/29/2015 \$8,405,000		08/05/2016 \$22,375,000		08/05/2016 \$2,625,000		09/21/2022 \$5,980,000		02/16/2023 \$4,020,000							
Maturity	11/01		Monthly		Monthly		09/01		09/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2023	560,000	73,606	245,451	54,119	28,802	6,348	0	29,738	0	20,529	834,253	184,340	1,018,593	27,626,282	2.93%	2023
2024	575,000	130,524	1,494,878	302,542	175,413	35,487	535,000	174,078	370,000	120,169	3,150,291	762,800	3,913,091	24,475,991	14.00%	2024
2025	3,805,000	113,389	1,533,599	263,821	179,956	30,944	550,000	156,569	380,000	108,062	6,448,556	672,785	7,121,340	18,027,436	36.66%	2025
2026			1,573,323	224,097	184,618	26,282	570,000	138,531	395,000	95,591	2,722,941	484,501	3,207,442	15,304,495	46.23%	2026
2027			1,614,076	183,344	189,400	21,500	590,000	119,844	405,000	82,672	2,798,476	407,360	3,205,836	12,506,019	56.06%	2027
2028			1,655,885	141,535	194,306	16,594	610,000	100,506	420,000	69,388	2,880,191	328,023	3,208,214	9,625,828	66.18%	2028
2029			1,698,776	98,644	199,339	11,561	625,000	80,559	435,000	55,616	2,958,115	246,380	3,204,495	6,667,713	76.57%	2029
2030			1,742,779	54,641	204,502	6,398	650,000	60,044	450,000	41,356	3,047,281	162,439	3,209,720	3,620,432	87.28%	2030
2031			1,186,718	11,420	138,714	1,331	670,000	38,756	460,000	26,650	2,455,432	78,157	2,533,589	1,165,000	95.91%	2031
2032							690,000	16,819	475,000	11,578	1,165,000	28,397	1,193,397	0	100.00%	2032
	4,940,000	317,519	12,745,486	1,334,162	1,495,049	156,446	5,490,000	915,444	3,790,000	631,610	28,460,535	3,355,181	31,815,716			

OVERLAPPING DEBT¹

Taxing District	2022/23 Taxable Net Tax Capacity	% In City	Total G.O. Debt ²	City's Proportionate Share
Rice County	\$90,774,697	21.3284%	\$60,650,000	\$12,935,675
I.S.D. No. 659 (Northfield Public Schools)	40,537,880	52.7831%	46,530,000 ³	<u>24,559,976</u>
City's Share of Total Overlapping Debt				<u><u>\$37,495,651</u></u>

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. It 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 Minnesota School Districts may qualify for aid from the State of Minnesota through the Debt Service Equalization Formula, School Building Bond Agricultural Credit and Long Term Facilities Maintenance Revenue programs. While some of the districts listed may receive these aids, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aids for the purposes of the Bonds and the Future Obligations.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value \$2,224,133,333	Debt/ Per Capita 21,109¹
Direct G.O. Debt Secured By:			
Special Assessments & Taxes	\$7,960,000		
Tax Abatement Revenues*	4,300,000		
Tax Increment Revenues	153,500		
Taxes*	18,910,000		
Utility Revenues	18,435,000		
Total General Obligation Debt*	<u>\$49,758,500</u>		
Less: G.O. Debt Paid Entirely from Revenues ²	<u>(18,435,000)</u>		
Tax Supported General Obligation Debt*	\$31,323,500	1.41%	\$1,483.89
City's Share of Total Overlapping Debt	<u>\$37,495,651</u>	<u>1.69%</u>	<u>\$1,776.29</u>
Total*	<u><u>\$68,819,151</u></u>	<u><u>3.09%</u></u>	<u><u>\$3,260.18</u></u>

*Preliminary, subject to change.

¹ Estimated 2022 population.

² Debt service on the City's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

TAX LEVIES, COLLECTIONS AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ¹	Total Collected Following Year	Collected to Date	% Collected
2018/19	\$8,833,397	\$8,795,142	\$8,831,520	99.98%
2019/20	9,697,113	9,644,909	9,692,365	99.95%
2020/21	10,054,045	10,023,270	10,050,800	99.97%
2021/22	11,225,845	11,191,470	11,214,954	99.90%
2022/23	13,390,139	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.² 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.

TAX CAPACITY RATES³

	2018/19	2019/20	2020/21	2021/22	2022/23
Dakota County	22.884%	21.833%	20.553%	19.546%	16.981%
Rice County	40.979%	40.920%	41.190%	40.597%	37.814%
City of Northfield	56.216%	58.161%	56.661%	59.867%	62.643%
I.S.D. No. 659 (Northfield Public Schools)	31.215%	30.468%	29.959%	27.017%	23.822%
Dakota County CDA	1.479%	1.469%	1.375%	1.391%	1.176%
Rice County HRA	0.218%	0.212%	0.266%	0.256%	0.248%
Northfield EDA	1.599%	1.572%	1.536%	1.600%	1.490%
Northfield HRA	1.629%	1.602%	1.566%	1.633%	1.521%

Referendum Market Value Rates:

I.S.D. No. 659 (Northfield Public Schools)	0.44188%	0.40691%	0.38660%	0.36254%	0.34282%
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Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Rice and Dakota Counties.

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

² Second half tax payments on agricultural property are due on November 15th of each year.

³ 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 100 full-time and 14 part-time 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, 2024
LELS - Sergeants	December 31, 2024
IUOE Local 70 - General	December 31, 2024
IUOE Local 70 - Utility	December 31, 2024

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 Annual Comprehensive Financial Report (Audit) shows a total OPEB liability of \$1,875,291 as of January 1, 2022. 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. A lawsuit was filed in Rice County District Court challenging the City's authority to issue the Street Reconstruction Portion of the Bonds without prior voter approval. The lawsuit was dismissed September 12, 2023. The dismissal stipulates that the plaintiffs abandoned the claims and agree the City may proceed with its issuance and sale of the Bonds without further threat of legal action. There is no other pending litigation questioning the City's rights and power to execute and deliver 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, Section 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 July 31, 2023)

Fund	Total Cash and Investments
General	\$9,750,749
Special Revenue	2,859,755
Debt Service	3,186,181
Capital Projects	2,532,318
Enterprise Funds	16,347,471
Internal Service Funds	1,647,433
Component Units (without hospital)	1,519,988
Trust Funds	347,170
	<hr/>
Total Funds on Hand	<u><u>\$38,191,065</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:

	2020 Audited	2021 Audited	2022 Audited
Water			
Total Operating Revenues	\$2,189,864	\$2,120,107	\$2,130,582
Less: Operating Expenses	<u>(1,726,507)</u>	<u>(1,928,141)</u>	<u>(2,186,108)</u>
Operating Income	\$463,357	\$191,966	(\$55,526)
Plus: Depreciation	<u>397,594</u>	<u>496,876</u>	<u>519,171</u>
Revenues Available for Debt Service	<u><u>\$860,951</u></u>	<u><u>\$688,842</u></u>	<u><u>\$463,645</u></u>
Wastewater			
Total Operating Revenues	\$4,885,285	\$4,969,964	\$5,307,855
Less: Operating Expenses	<u>(3,707,237)</u>	<u>(3,384,351)</u>	<u>(3,793,740)</u>
Operating Income	\$1,178,048	\$1,585,613	\$1,514,115
Plus: Depreciation	<u>1,170,696</u>	<u>1,310,655</u>	<u>1,266,222</u>
Revenues Available for Debt Service	<u><u>\$2,348,744</u></u>	<u><u>\$2,896,268</u></u>	<u><u>\$2,780,337</u></u>
Stormwater			
Total Operating Revenues	\$1,012,179	\$1,064,413	\$1,118,408
Less: Operating Expenses	<u>(706,828)</u>	<u>(665,951)</u>	<u>(904,421)</u>
Operating Income	\$305,351	\$398,462	\$213,987
Plus: Depreciation	<u>248,254</u>	<u>285,452</u>	<u>359,315</u>
Revenues Available for Debt Service	<u><u>\$553,605</u></u>	<u><u>\$683,914</u></u>	<u><u>\$573,302</u></u>
Liquor Store			
Total Operating Revenues	\$752,052	\$773,194	\$765,811
Less: Operating Expenses	<u>(502,358)</u>	<u>(596,062)</u>	<u>(672,620)</u>
Operating Income	\$249,694	\$177,132	\$93,191
Plus: Depreciation	<u>4,860</u>	<u>1,923</u>	<u>1,923</u>
Revenues Available for Debt Service	<u><u>\$254,554</u></u>	<u><u>\$179,055</u></u>	<u><u>\$95,114</u></u>

SUMMARY GENERAL FUND INFORMATION

The 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 2022 audited financial statements.

FISCAL YEAR ENDING DECEMBER 31					
COMBINED STATEMENT	2019 Audited	2020 Audited	2021 Audited	2022 Audited	2023 Adopted Budget ¹
Revenues					
Property taxes	\$6,762,905	\$7,309,491	\$7,552,181	\$8,606,565	\$10,350,213
Special assessments	0	0	3,718	0	0
Licenses and permits	572,386	633,539	797,166	850,749	560,875
Intergovernmental	3,853,000	5,692,341	5,306,210	5,496,701	4,217,337
Charges for services	1,420,089	1,359,411	1,370,550	1,483,704	1,463,982
Fine and forfeitures	88,415	61,562	71,543	99,912	71,000
Interest on investments (loss)	174,944	124,940	(112,618)	(192,424)	120,000
Miscellaneous	337,309	251,273	363,086	456,584	579,523
Total Revenues	\$13,209,048	\$15,432,557	\$15,351,836	\$16,801,791	\$17,362,930
Expenditures					
Current:					
General government	\$2,564,401	\$3,971,337	\$3,075,649	\$3,637,276	\$3,506,926
Public safety	4,972,264	4,944,064	5,138,674	5,940,834	6,828,842
Public works	2,681,829	2,684,042	2,758,210	3,321,806	3,408,313
Culture and recreation	2,570,896	2,487,080	2,758,812	3,028,777	3,313,731
Housing and economic development	0	72,900	0	2,850	0
Miscellaneous	190,141	89,529	142,558	214,130	198,659
Debt service	205,460	205,460	205,460	205,458	205,459
Capital outlay	39,468	116,216	540,478	461,484	31,000
Total Expenditures	\$13,224,459	\$14,570,628	\$14,619,841	\$16,812,615	\$17,492,930
Excess of revenues over (under) expenditures	(\$15,411)	\$861,929	\$731,995	(\$10,824)	(\$130,000)
Other Financing Sources (Uses)					
Sale of capital assets	\$0	\$4,236	\$7,338	\$0	\$0
Transfers in	362,493	77,600	75,000	50,000	0
Transfers (out)	(201,536)	(26,140)	(44,027)	(25,900)	0
Total Other Financing Sources (Uses)	160,957	55,696	38,311	24,100	0
Net changes in Fund Balances	\$145,546	\$917,625	\$770,306	\$13,276	(\$130,000)
General Fund Balance January 1	\$7,971,004	\$8,116,550	\$9,034,175	\$9,804,481	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$8,116,550	\$9,034,175	\$9,804,481	\$9,817,757	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$106,932	\$115,374	\$122,799	\$236,076	
Restricted	13,520	13,815	37,129	32,315	
Committed	71,742	74,000	785,044	335,694	
Unassigned	7,924,356	8,830,986	8,859,509	9,213,672	
Total	\$8,116,550	\$9,034,175	\$9,804,481	\$9,817,757	

¹ The 2023 budget was adopted on December 6, 2022.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 20,790 and a 2022 population estimate of 21,109, and comprising an area of 7.6 square miles, is located approximately 40 miles south of the Minneapolis-St. Paul, Minnesota metropolitan area.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No. 659 (Northfield Public Schools)	Elementary and secondary education	1,073
Carleton College	Private liberal arts college	860 ²
St. Olaf College	Private liberal arts college	850
Northfield Hospital	Hospital and nursing home	694
McLane Minnesota, Inc.	Food service distribution	550
Post Consumer Products	Breakfast cereal manufacturer	400
Taylor Truck Line, Inc.	Trucking/motor freight	360
Multek Flexible Circuits, Inc.	Manufacturer of printed and etched circuits	345
Lutheran Home - The Cannon Valley	Retirement community	330
Three Links Care Center	Nursing and convalescent home	250

Source: Data Axle Reference Solutions, written and telephone survey, 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.

² Includes student workers.

BUILDING PERMITS (As of August 2023)

	2019	2020	2021	2022	2023
<u>New Single Family Homes</u>					
No. of building permits	39	13	32	51	6
Valuation	\$6,983,944	\$4,780,509	\$11,237,652	\$18,620,092	\$2,519,000
<u>New Multiple Family Buildings</u>					
No. of building permits	0	3	1	1	0
Valuation	\$0	\$13,640,000	\$500,000	\$17,459,822	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	4	6	19	7	10
Valuation	\$616,010	\$7,057,180	\$26,845,990	\$7,180,142	\$28,075,646
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	635	1,244	2,009	2,972	620
Valuation	\$30,907,830	\$64,811,938	\$103,056,414	\$116,501,208	\$31,115,353

Source: The City.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census population	20,007
2020 U.S. Census population	20,790
Percent of Change 2010 - 2020	3.91%

2022 State Demographer Population Estimate	21,109
--	--------

Income and Age Statistics

	The City	Rice County	State of Minnesota	United States
2021 per capita income	\$33,248	\$33,383	\$41,204	\$37,638
2021 median household income	\$73,877	\$71,384	\$77,706	\$69,021
2021 median family income	\$102,012	\$89,704	\$98,356	\$85,028
2021 median gross rent	\$871	\$951	\$1,081	\$1,163
2021 median value owner occupied units	\$250,100	\$240,400	\$250,200	\$244,900
2021 median age	28.5 yrs.	36.9 yrs.	38.2 yrs.	38.4 yrs.

	State of Minnesota	United States
City % of 2021 per capita income	80.69%	88.34%
City % of 2021 median family income	103.72%	119.97%

Housing Statistics

	<u>The City</u>		Percent of Change
	2020	2022	
All Housing Units	6,723	6,817	1.40%

Source: 2010 and 2020 Census of Population and Housing, and 2021 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>), and Minnesota State Demographer (<https://mn.gov/admin/demography/data-by-topic/population-data/our-estimates/>).

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
2019	36,199	3.1%	3.3%
2020	35,632	5.4%	6.3%
2021	35,814	3.5%	3.8%
2022	36,502	2.6%	2.7%
2023, August	36,557	3.0%	3.2%

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, 2022**

**CITY OF NORTHFIELD
NORTHFIELD, MN**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

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City of Northfield, Minnesota
Annual Comprehensive Financial Report
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INTRODUCTORY SECTION

CITY OF NORTHFIELD
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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June 27, 2023

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Northfield for the fiscal year ended December 31, 2022.

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

The City of Northfield's financial statements have been audited by Abdo; a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Northfield for the fiscal year ended December 31, 2022, 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, 2022 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

Profile of the Government

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

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

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

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

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

The council is required to adopt a final budget prior to the close of the fiscal year. The annual budget serves as the foundation for the City's financial planning and control. The City Administrator, Finance Director and other department directors prepare the annual budget each summer. A preliminary budget is presented to the City Council in August, prior to consideration of the preliminary property tax levy. Under Minnesota Statutes, a preliminary property tax levy must be adopted no later than September 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 20,790 which represents a 3.9 percent increase from 2010. The 2010 Census established the City's population at 20,007. The population has remained fairly steady over the last decade with slight increases in the last few years. This is reflective of the upturn of the economy and the increase in residential construction since the low in 2011. The unemployment rate peaked in 2020, early in the COVID pandemic, but as of May 2023 has dropped to a 1.9%, well below pre-pandemic levels and lower than the State of Minnesota rate of 2.9%.

	Revenue from Licenses & Permits:	Increase (Decrease)
2022	\$ 850,748	\$ 53,582
2021	797,166	163,627
2020	633,539	61,152
2019	572,387	(55,509)
2018	627,896	(231,352)
2017	859,248	179,774
2016	679,474	250,717
2015	428,765	31,867
2014	396,898	(72,702)
2013	464,599	43,831

Revenue from permit activity was up in 2022, primarily due to a storm in April 2022 driving almost 1,800 roof replacement permits.

The city issued 51 single family building permits and 14 commercial/industrial permits in 2022. Construction activity remains strong in 2023.

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

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

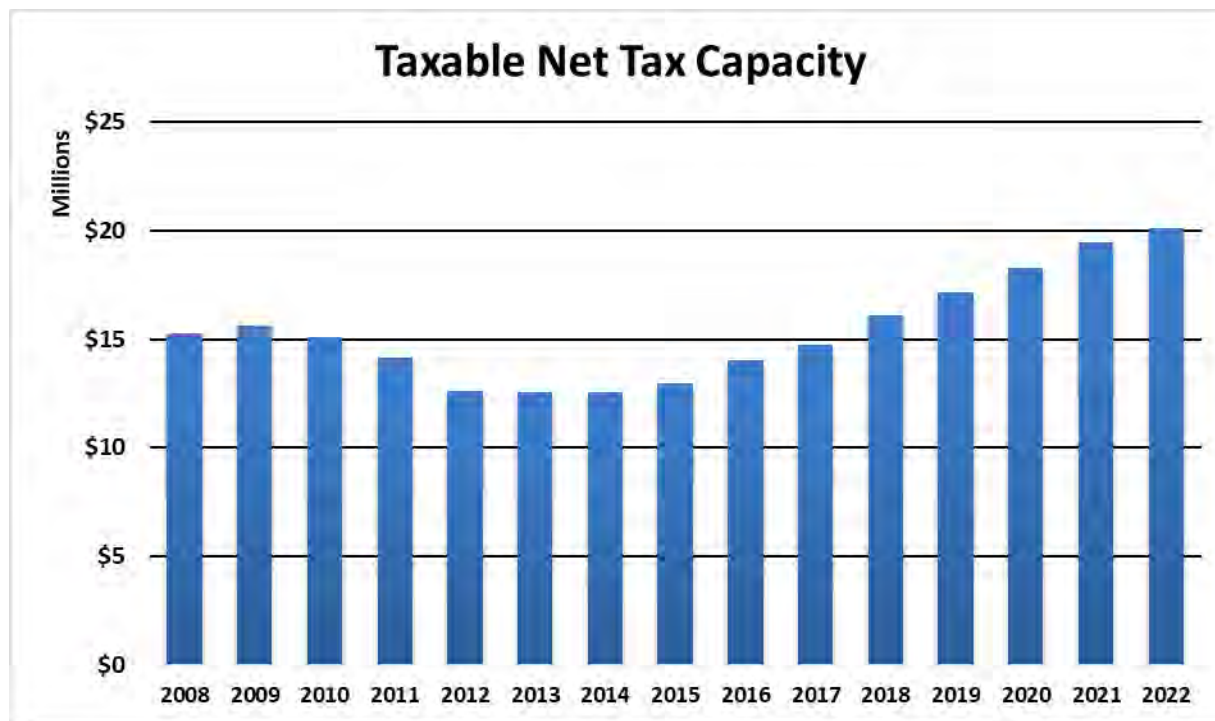
From the MN State Demographer's Office, Department of Administration:

- 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.

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.

In recent years, the City has experienced a new surge of interest in residential development. Spring Creek II, Bluffview, Kraewood and Maple Place are under construction. This is on the heels of unprecedented development of multi-family housing in the last few years, including: 5th Street Lofts, Maplebrook Townhomes, Timberfield I, II & III, as well as 8 Habitat homes and Community Action Center community build development project at Hillcrest Village. Expanded housing options provides existing and prospective individuals and families with more options and facilitates turnover of existing housing stock.

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



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

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

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

Major employers in Northfield are as follows:

Employer	Products/Services	Employees
ISD 659* includes seasonal employees	Education	1,100
Carleton College	Education	840
St Olaf College	Education	766
Northfield Hospital	General Medical & Surgical Hospital	694
Post Consumer Products	Grain & Oilseed Milling	650
McLane Minnesota Inc.	Grocery Distribution	550
Taylor Truck Line, Inc.	Transportation	360
Multek Flexible Circuits	Technology	345
Three Links Care Center	Skilled Nursing Care Facility	250
Lutheran Home - The Cannon Valley	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 50 percent, and intergovernmental revenues at 33 percent. Intergovernmental revenue includes state aids, such as local government aid, highway maintenance aid, fire relief aid and police aid; county grants include highway aid and support of library operations. Local Government Aid (LGA) is the single largest revenue source within the category of intergovernmental revenues. 2020, 2021 and 2022 also included revenue from COVID related funding from the CARES Act and American Rescue Plan (ARPA).

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

	General Fund			
	Property Tax Revenue	Percent of Total	Intergovernmental Revenue	Percent of Total
2022	\$ 8,425,519	50.15%	\$ 5,496,701	32.71%
2021	7,404,234	48.23%	5,306,210	34.56%
2020	7,214,743	46.75%	5,692,340	36.89%
2019	6,583,221	49.84%	3,852,999	29.17%
2018	6,133,235	48.68%	3,829,758	30.40%
2017	5,624,778	47.81%	3,659,007	31.10%
2016	5,454,266	47.10%	3,674,908	31.73%
2015	5,235,618	46.54%	3,608,311	32.07%
2014	5,259,744	46.96%	3,517,984	31.41%
2013	5,315,103	50.54%	3,066,511	29.16%

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

Long-term Financial Planning

In 2018, a utility rate study was conducted by Springsted Incorporated. That study laid out a plan for our Water, Sewer, and Stormwater rates for the next 5-10 years based on operating expense and anticipated capital projects. The Council authorized Water, Wastewater and Storm Water rates to increase by 15.0 percent, 1.75 percent and 15.0 percent, respectively, in 2023. Refuse rates remained unchanged. Springsted Incorporated has provided more recent updates to this plan related to Sewer and Water based on updated capital improvement plans. A drinking water treatment facility study was completed in 2021. The City continues to explore State and Federal Funding grant opportunities to offset capital costs to construct the facility and to reduce the impact on water rates in 2024 and beyond.

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

Major Initiatives

In 2022, the City continued its focused on planning for the future by acting on the it's strategic plan, which includes 6 priority areas highlighted below.

- Economic Development – a Community that is Economically thriving
 - The City continues work on implementing the Riverfront Enhancement Action plan, including Bridge Square design and exploring Regional Park dedication,
 - Continued EDA Façade improvement program implemented
 - Continued EDA Riverfront enhancement program implemented
 - Launched City's Branding Advisory Committed in an effort to attract new investment, strengthen civic pride and advocacy among residents and businesses
 - St. Olaf completed construction on new residence hall and townhomes on their campus along St. Olaf Avenue
- Affordable Housing – a Community where everyone can afford to live
 - Partnered with Three Rivers Action Spring Creek II project to provide 32 units of affordable housing, opening in 2023
 - Partnered with the Community Action Center Hillcrest Village project to provide 17 units of emergency, transitional and affordable housing, opened 2022
 - Planning for Bluffview and Kraewood Developments, with Kraewood providing 106 units, of which 40% are affordable to 60% of AMI
 - Down payment assistance loan programs helped 8 households and rental assistance programs helped 193 households with rent
- Infrastructure – a Community where infrastructure supports its objectives
 - Metronet, a telecommunications company, deployment of high-speed fiber-optic internet throughout the city approved for construction in 2022 and 2023
 - Northfield's free public access WiFi upgrades, in Bridge Square, the Library and many City buildings
 - 2022 Street projects, NW Area Mill and Overlay, ERCT Trail Connections and Fifth Street Bridge Maintenance
 - Wastewater Treatment Plant improvements
 - Drinking Water Treatment Plant analysis for construction of new plant
- Diversity, Equity & Inclusion – a Community that welcomes everyone
 - Continued Northfield Emerging Leaders Program, in coordination with University of Minnesota
 - City leadership helped organize, and is participating in, a group called the Northfield Racial & Ethnic Equity Collaborative

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

- Northfield Public Library hosted the 2nd annual Pride in the Park Celebration
- Northfield Public Library hosted the 5th annual Hispanic Heritage Festival
- Police Department continues support for a law enforcement program at the Northfield Community College Collaborative to assist in attracting diverse and quality candidates to the community
- Completed an organizational assessment through the Diversity Council
- Operational Effectiveness – a Community with a Government that works
 - Earned our 14th consecutive GFOA Award for Excellence in Financial Reporting
 - Northfield Area Fire and Rescue Services added full-time Fire Chief
 - Police Department added Data Coordinator for reporting and increased transparency
 - Department of Motor Vehicles conducted customer service survey and extended hours
- Climate Change Impacts – a Community that's resilient and sustainable
 - Adopted a Sustainable Building Policy and partnered with the Center for Energy & Environment for implementation
 - Adopted a Zero Waste Plan, reducing amounts sent to the landfill
 - Installed LED lights at the softball fields and outdoor rinks
 - Home Energy Audits with Xcel Partners in Energy program continued participation
 - Implemented a residential energy efficiency rebate program

In 2022, the City received approximately \$1.1 million in American Rescue Plan Act (ARPA) related funding. It received approximately the same amount in 2021 for a total \$2.2 million over the two years. The City formed the American Rescue Plan Local Recovery Fund Advisory Committee to recommend use of these funds.

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.

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, 2022

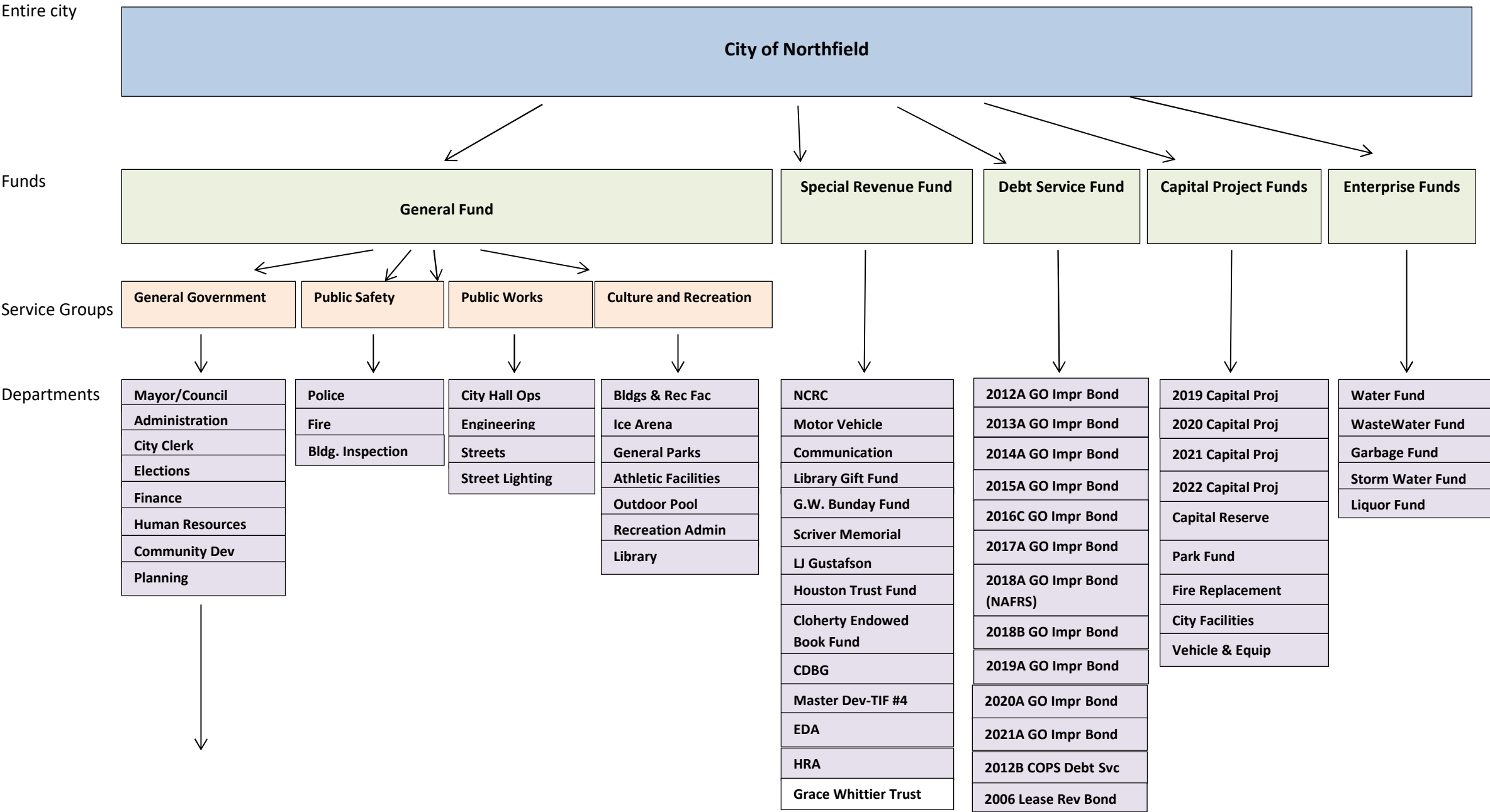
Elected

Name	Title	Term Expires
Rhonda Pownell	Mayor	12/31/24
Brad Ness	Council Member - At Large	12/31/24
Clarice Grenier Grabau	Council Member - At Large	12/31/22
Sean Allen	Council Member - First Ward	12/31/22
Jami Reister	Council Member - Second Ward	12/31/24
George Zuccolotto	Council Member - Third Ward	12/31/24
Jessica Peterson White	Council Member - Fourth Ward	12/31/22

Appointed

Ben Martig	City Administrator
Brenda Angelstad	Finance Director
Lynette Peterson	City Clerk
Sara Hoffman	Deputy City Clerk/Executive Administrative Assistant
Chris Hood	City Attorney
Flaherty & Hood, P.A.	Assistant City Attorney
Mark Elliott	Police Chief
David Bennett	Public Works Director / City Engineer
Teresa Jensen	Interim Community Development/Planning Director
Natalie Draper	Library / IT Director

City of Northfield Financial Organizational Chart



Internal Service Funds

Insurance
I.T.

Spring Creek TIF
ARPA Funding
Utility Franchise Fee
Carbon Reduction Fund

2021B Equip Cert
Pres Commons TIF
Hiley Neff TIF
Riverfront TIF



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Northfield
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION
CITY OF NORTHFIELD
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Northfield, Minnesota

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Northfield, Minnesota, (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2022, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Change in Accounting Principle

As described in Note 10 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 87, Lease, for the year ended December 31, 2022. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 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 110 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

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

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



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.



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Mankato, Minnesota
June 27, 2023



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Management's Discussion and Analysis

As management of the City of Northfield (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. 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 \$102,614,328 (*net position*). Of this amount, \$21,652,740 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$1,154,518 as compared to an increase of \$6,066,024 in the previous year. This decrease is mostly due to a decrease in unrestricted grants in the amount of \$2,086,266 related to the recognition of ARPA revenue in the prior year. Total expenses increased by \$6,770,378 mainly related to timing of various project costs and pension related activity.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,353,556, a decrease of \$3,264,593 in comparison with the prior year. The key factor in this decrease was mainly related to the spend down of unspent bond proceeds in the 2021 Capital Project fund and unreimbursed costs in the 5th Street Redevelopment fund. The City has \$5,392,872 available for spending at the City's discretion (*unassigned fund balance*).

Overview of the Financial Statements

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

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

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

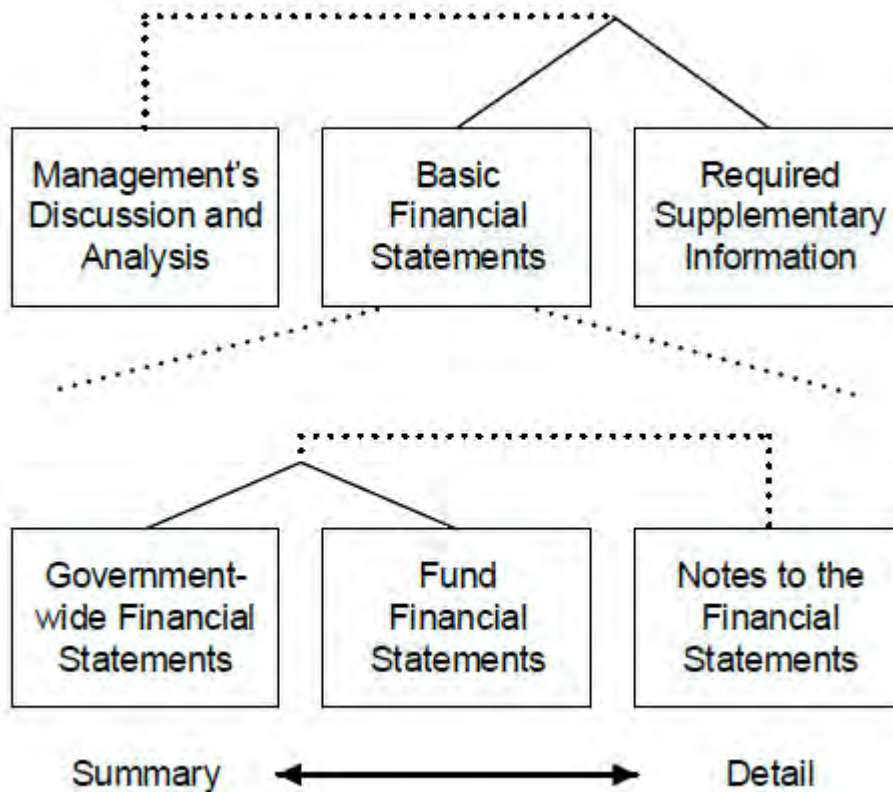


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

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

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

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, housing and economic development, transit and miscellaneous. The business-type activities of the City include water, wastewater, garbage, storm water and municipal liquor store.

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

The government-wide financial statements can be found starting on page 43 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains various individual governmental funds, several of which are Debt Service funds that are considered one fund for financial reporting. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Debt Service fund, the 2019 Capital Project fund, 2020 Capital Project fund, the 2021 Capital Project fund, the 2022 Capital Project and the 5th Street Redevelopment fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found starting on page 48 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of its operations that are considered to be major fund of the City. Both internal service funds balances have been incorporated into the functions of the governmental activities that benefited from these services. Individual fund data for the internal services funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found starting on page 56 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 110 if this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found starting on page 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 \$102,614,328 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (72.1 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			Total	
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)	2022	2021
Assets								
Current and other assets	\$ 27,960,583	\$ 31,983,170	\$ (4,022,587)	\$ 18,598,650	\$ 16,214,063	\$ 2,384,587	\$ 46,559,233	\$ 48,197,233
Capital assets	67,302,976	62,869,149	4,433,827	34,185,441	34,958,152	(772,711)	101,488,417	97,827,301
Total Assets	95,263,559	94,852,319	411,240	52,784,091	51,172,215	1,611,876	148,047,650	146,024,534
Deferred outflows of resources	8,060,266	5,048,187	3,012,079	478,494	609,268	(130,774)	8,538,760	5,657,455
Liabilities								
Long-term liabilities								
outstanding	44,130,707	32,942,453	11,188,254	3,321,226	3,004,199	317,027	47,451,933	35,946,652
Other liabilities	2,429,967	2,006,851	423,116	671,968	407,274	264,694	3,101,935	2,414,125
Total Liabilities	46,560,674	34,949,304	11,611,370	3,993,194	3,411,473	581,721	50,553,868	38,360,777
Deferred inflows of resources	3,335,079	8,801,158	(5,466,079)	83,135	751,208	(668,073)	3,418,214	9,552,366
Net Position								
Net investment in								
capital assets	41,300,947	39,434,081	1,866,866	32,677,989	32,891,088	(213,099)	73,978,936	72,325,169
Restricted	6,982,652	7,419,113	(436,461)	-	-	-	6,982,652	7,419,113
Unrestricted	5,144,473	9,296,850	(4,152,377)	16,508,267	14,727,714	1,780,553	21,652,740	24,024,564
Total Net Position	\$ 53,428,072	\$ 56,150,044	\$ (2,721,972)	\$ 49,186,256	\$ 47,618,802	\$ 1,567,454	\$ 102,614,328	\$ 103,768,846

An additional portion of the City's net position (6.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (21.1 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 decreased by \$1,154,518 during the current fiscal year.

Governmental Activities. Governmental activities decreased the City's net position by \$2,721,972. Key elements of these changes are as follows:

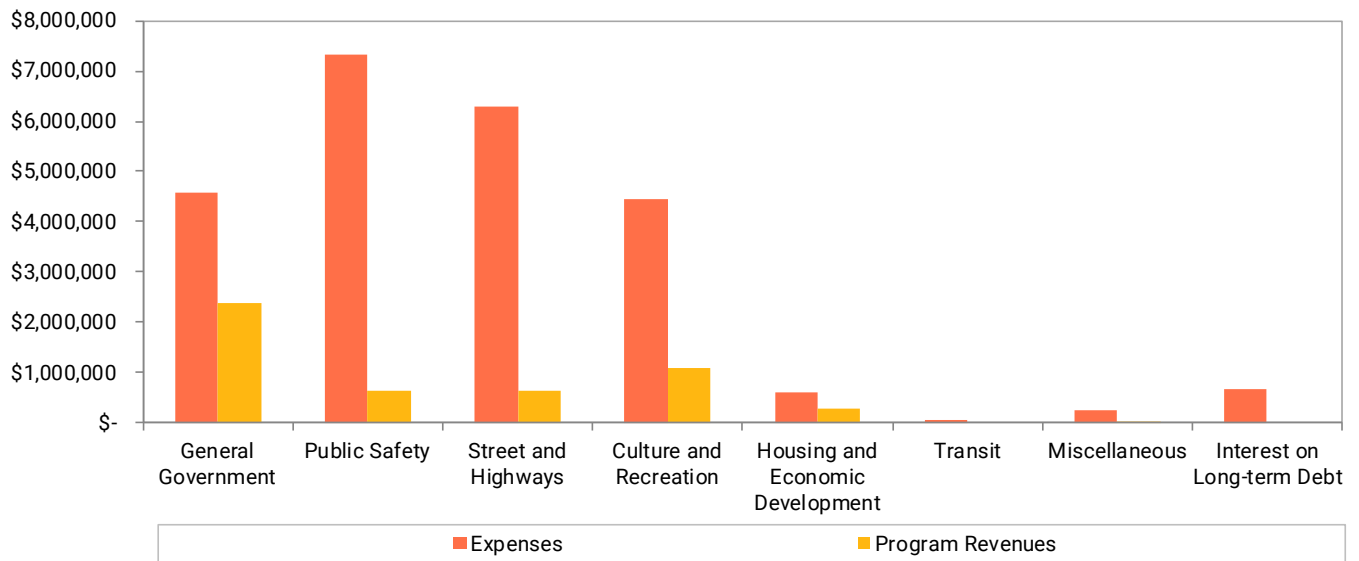
- Property taxes/tax increment revenues increased \$1,571,020 due to a tax levy increase that occurred in 2022.
- Operating grants, capital grants, and grants not restricted to specific programs decreased \$2,086,266. This decrease is mainly related to the recognition of ARPA revenue in the prior year.
- Public works expenditures increased by \$1,132,132 mainly due to street maintenance expenses including grant funded tree related removal and replacement.
- Public safety expenditures increased by \$2,881,742 mainly due to additional staffing for police and fire and pension expenses.

City of Northfield's Changes in Net Position

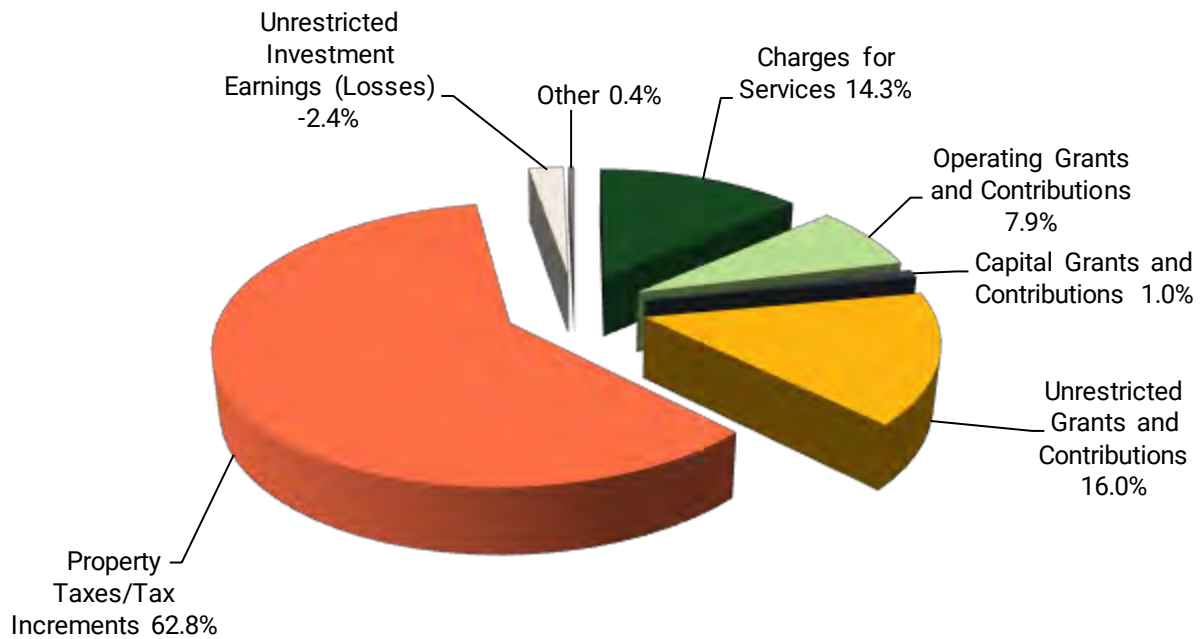
	Governmental Activities			Business-type Activities			Total	
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)	2022	2021
Revenues								
Program Revenues								
Charges for services	\$ 3,070,988	\$ 2,637,065	\$ 433,923	\$ 12,343,578	\$ 12,001,299	\$ 342,279	\$ 15,414,566	\$ 14,638,364
Operating grants and contributions	1,702,417	1,412,390	290,027	29,341	64,286	(34,945)	1,731,758	1,476,676
Capital grants and contributions	215,549	812,001	(596,452)	-	-	-	215,549	812,001
General Revenues								
Property taxes/								
tax increments	13,546,132	11,975,112	1,571,020	-	-	-	13,546,132	11,975,112
Grants and contributions not restricted to specific programs	3,450,210	5,536,476	(2,086,266)	-	-	-	3,450,210	5,536,476
Unrestricted investment earnings (loss)	(526,828)	(274,855)	(251,973)	(331,319)	(191,330)	(139,989)	(858,147)	(466,185)
Other	79,794	57,582	22,212	-	-	-	79,794	57,582
Total Revenues	21,538,262	22,155,771	(617,509)	12,041,600	11,874,255	167,345	33,579,862	34,030,026
Expenses								
General government	4,569,897	3,654,574	915,323	-	-	-	4,569,897	3,654,574
Public safety	7,336,398	4,454,656	2,881,742	-	-	-	7,336,398	4,454,656
Public works	6,287,000	5,154,868	1,132,132	-	-	-	6,287,000	5,154,868
Culture and recreation	4,434,800	3,773,614	661,186	-	-	-	4,434,800	3,773,614
Housing and economic development	594,722	399,931	194,791	-	-	-	594,722	399,931
Transit	54,837	25,938	28,899	-	-	-	54,837	25,938
Miscellaneous	240,115	142,725	97,390	-	-	-	240,115	142,725
Interest on long-term debt	672,008	681,847	(9,839)	-	-	-	672,008	681,847
Water	-	-	-	2,184,043	1,923,931	260,112	2,184,043	1,923,931
Wastewater	-	-	-	3,807,882	3,429,783	378,099	3,807,882	3,429,783
Garbage	-	-	-	929,018	950,778	(21,760)	929,018	950,778
Storm water	-	-	-	920,017	678,361	241,656	920,017	678,361
Liquor store	-	-	-	2,703,643	2,692,996	10,647	2,703,643	2,692,996
Total Expenses	24,189,777	18,288,153	5,901,624	10,544,603	9,675,849	868,754	34,734,380	27,964,002
Increase in Net Position								
Before Contributions and Transfers	(2,651,515)	3,867,618	(6,519,133)	1,496,997	2,198,406	(701,409)	(1,154,518)	6,066,024
Capital Contributions	(125,164)	(56,917)	(68,247)	125,164	56,917	68,247	-	-
Transfers	54,707	53,609	1,098	(54,707)	(53,609)	(1,098)	-	-
Change in Net Position	(2,721,972)	3,864,310	(6,586,282)	1,567,454	2,201,714	(634,260)	(1,154,518)	6,066,024
Net Position - January 1	56,150,044	52,285,734	3,864,310	47,618,802	45,417,088	2,201,714	103,768,846	97,702,822
Net Position - December 31	\$ 53,428,072	\$ 56,150,044	\$ (2,721,972)	\$ 49,186,256	\$ 47,618,802	\$ 1,567,454	\$ 102,614,328	\$ 103,768,846

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

Expenses and Program Revenues - Governmental Activities



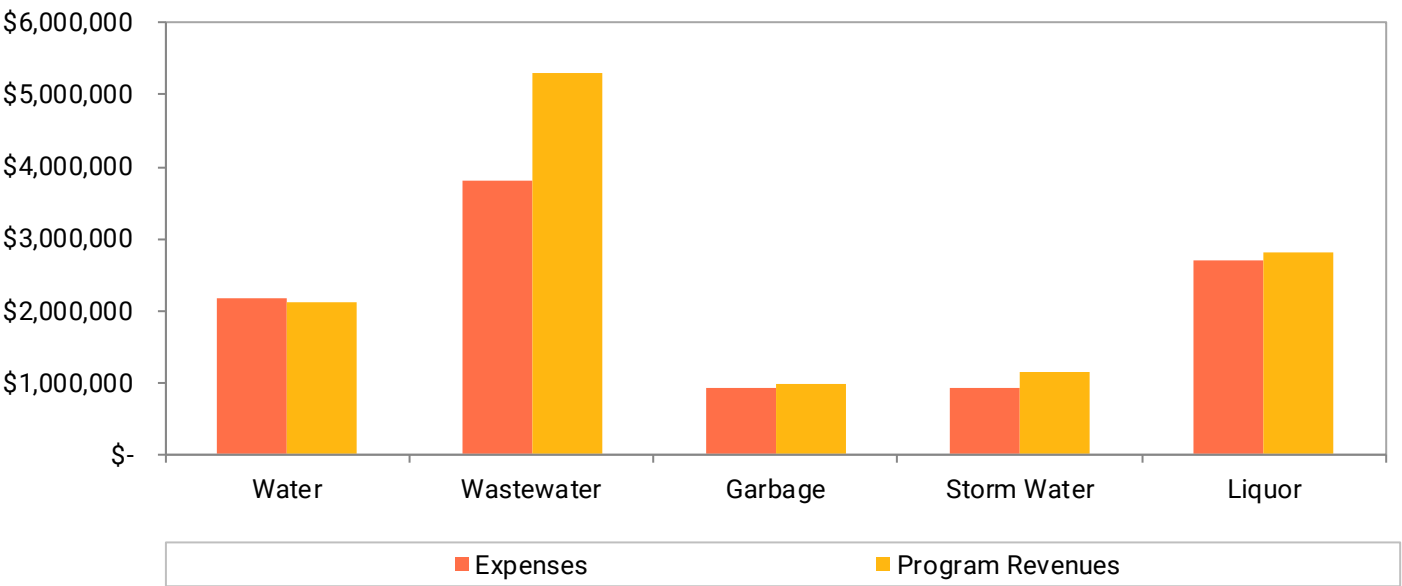
Revenues by Source - Governmental Activities



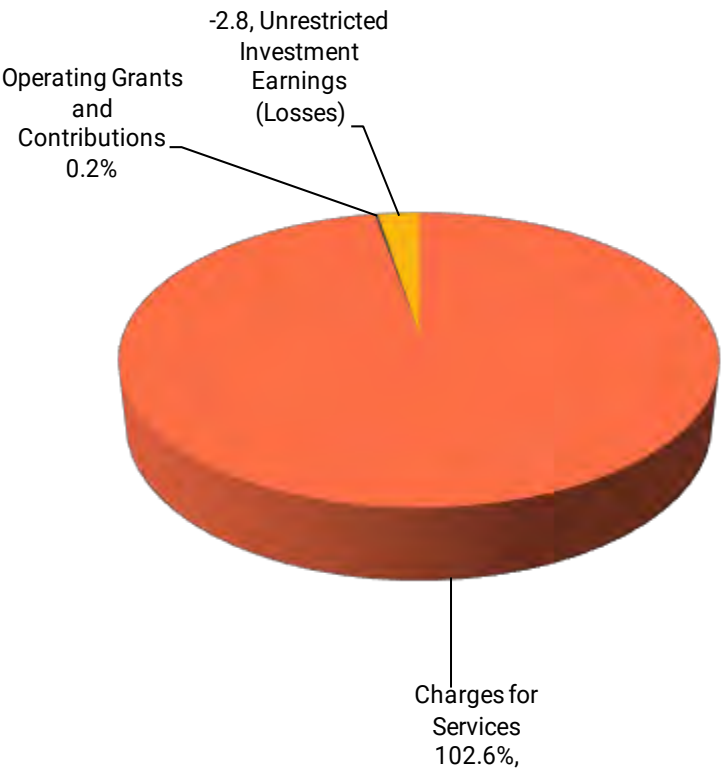
Business-type Activities. Business-type activities increased the City’s net position by \$1,567,454. Key elements of this increase are as follows:

- Charges for services increased by \$342,279 mainly due to an increase in utility rates.
- Total expenses increased by \$868,754 due to inflationary pressures.
- Wastewater fund had an increase in net position of \$1,505,973 which accounted for the majority of the increase.

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 \$16,353,556, a decrease of \$3,264,593 in comparison with the prior year. The key factor in this decrease was mainly related to the spend down of unspent bond proceeds in the 2021 Capital Project fund and unreimbursed costs in the 5th Street Redevelopment fund. The City has \$5,392,872 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 (\$239,444), restricted (\$8,078,213), committed (\$1,501,975) or assigned (\$1,141,052).

The *General fund* is the chief operating fund of the City. At the end of the current year the total fund balance of the General fund was \$9,817,757, 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 54.8 percent of total General fund expenditures.

The fund balance of the City's General fund increased \$13,276 more than the budgeted which is was comparable overall in budget. Major variances that occurred in the General fund from its budget are noted below in the General Fund Budgetary Highlights.

The fund balance of the City's General fund increased \$13,276, as compared to an increase of \$770,306 when compared to the prior year. Major variances that occurred in the General fund from the prior year are due to intergovernmental revenues decreasing due to unbudgeted American Recovery Plan Act dollars in 2021.

The *Debt Service fund* has a total fund balance of \$4,408,365, all of which is restricted for the payment of debt service. The decrease in fund balance during the current year in the Debt Service fund was \$382,063 due to the anticipated spend down of available reserves.

The *2019 Capital Project fund* has a total fund balance deficit of \$1,540,368. The decrease in fund balance during the current year was \$10,596 due to investment losses during the year.

The *2020 Capital Project fund* has a total fund balance of \$621,942. The decrease in fund balance during the current year was \$11,349 due to investment losses during the year.

The *2021 Capital Project fund* has a total fund balance of \$805,896. The decrease in fund balance during the current year was \$1,031,829 due to the spend down of unspent bond proceeds.

The *2022 Capital Project fund* has a total fund balance of \$16,592. The increase in fund balance during the current year was \$252,161 due to the issuance of the 2022 bonds net of related project costs.

The *5th Street Redevelopment fund* has a total fund balance deficit of \$2,119,172 which is financed through temporary advances. This deficit relates to development costs of \$2,516,980 which will be funded by future bond proceeds.

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 \$16,437,927. The total growth in net position for these funds was \$1,559,816. This increase is mainly due to Wastewater fund profits during the current year anticipating upcoming capital projects.

General Fund Budgetary Highlights

Revenues were over budget by \$592,978, expenditures were over budget by \$404,507, and the other financing sources (uses) were under budget by \$175,195 causing fund balance to increase in 2022.

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

- Intergovernmental revenues were over budget by \$234,176 mainly due to state revenue for ash tree projects.
- Licenses and permits revenues were over budget by \$280,874 primarily driven by a storm in April 2022 driving approximately 1,800 roof replacement permits.
- Miscellaneous revenues were over budget by \$316,771 mainly due to contributions and donations related to the timing of Northfield Hospital and Clinics contributions towards the school recreation program.
- Total street expenditures were over budget by \$290,833 mainly due to grant funded tree removal and replacement costs.
- Total general government capital expenditures were over budget by \$448,550 driven by COVID related safety and security enhancements at City Hall funded by ARPA.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022 amounts to \$101,488,417 (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 3.7 percent.

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

- The completion of the Mayflower reclamation project totaling \$2,663,447
- The completion of the 5th Street Bridge project totaling \$699,338
- The completion of the city hall improvement project totaling \$902,873
- The completion of the transit hub parking lot project totaling \$577,992
- The purchase of property at 411 Water Street for \$900,000
- The purchase of property at 115 5th Street for \$1,200,000
- Snowblower purchase costing \$216,391
- Construction in progress on the Northwest Area mill and overlay project totaled \$4,260,128
- Construction in progress on the Bluffview project totaled \$1,495,826
- Construction in progress on the wastewater treatment plant project totaled \$231,072

Additional information on the City's capital assets can be found in Note 3C starting on page 80 of this report.

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

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Land	\$ 1,465,130	\$ 1,465,130	\$ -	\$ 1,089,718	\$ 918,554	\$ 171,164
Buildings and Improvements	15,455,987	12,907,382	2,548,605	12,139,094	12,768,493	(629,399)
Infrastructure	42,589,618	41,497,426	1,092,192	18,486,217	19,195,735	(709,518)
Machinery and Equipment	2,641,788	2,712,630	(70,842)	1,052,492	1,123,410	(70,918)
Construction in Progress	5,150,453	4,286,581	863,872	1,417,920	951,960	465,960
Total	<u>\$ 67,302,976</u>	<u>\$ 62,869,149</u>	<u>\$ 4,433,827</u>	<u>\$ 34,185,441</u>	<u>\$ 34,958,152</u>	<u>\$ (772,711)</u>

Long-term Debt. At the end of the current fiscal year, the City had a total bonded debt outstanding of \$27,303,500. Of this amount, \$16,010,000 comprises debt backed by the full faith and credit of the City, \$9,210,000 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment, and \$213,500 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 \$1,870,000.

City of Northfield's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
General Obligation Bonds	\$ 16,010,000	\$ 12,680,000	\$ 3,330,000	\$ -	\$ -	\$ -
General Obligation Improvement Bonds	9,210,000	10,530,000	(1,320,000)	-	-	-
General Obligation Tax Increment Bonds	213,500	275,500	(62,000)	-	-	-
General Obligation Revenue Bonds	450,000	665,000	(215,000)	1,420,000	1,700,000	(280,000)
Financed Purchase Arrangements	252,813	497,850	(245,037)	27,883	55,167	(27,284)
Notes	776,520	905,164	(128,644)	-	-	-
Total	<u>\$ 26,912,833</u>	<u>\$ 25,553,514</u>	<u>\$ 1,359,319</u>	<u>\$ 1,447,883</u>	<u>\$ 1,755,167</u>	<u>\$ (307,284)</u>

The City's total debt increased by \$1,052,035 (3.9 percent) during the current fiscal year. The key factors in this increase was the issuance of debt totaling \$4,020,000. The City's bond rating was 'AA' from Standard & Poor's for their 2022 issues.

Minnesota statutes limit the amount of net general obligation debt a City may issue to three percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limit for the City is \$49,740,171, 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 85 of this report.

Economic Factors and Next Year's Budgets and Rates

- The 2022 unemployment rate for Rice County, where the City is located, was 2.5 percent, which was an increase from a year ago of 2.1 percent. This is favorable to the State's average unemployment rate of 2.9 percent and also the national average rate of 3.4 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 2023 fiscal year.

During the current fiscal year, unassigned fund balance in the General fund increased to \$9,213,672. This unassigned fund balance is designated for cash flow purposes and revenue stabilization.

The City's tax levy was increased by 18.5 percent for 2023.

For 2023, water rates are set to increase 15.0 percent. Wastewater rates are set to increase approximately 1.75 percent. Storm water rates are set to increase 15.0 percent.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Northfield, 801 Washington Street, Northfield, Minnesota 55057-2598.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF NORTHFIELD
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	Housing Redevelopment Authority	Municipal Hospital
Assets						
Cash and temporary investments	\$ 24,065,060	\$ 14,278,084	\$ 38,343,144	\$ 1,645,130	\$ 902,201	\$ 59,445,950
Cash held with fiscal agent	-	-	-	-	-	342,526
Receivables						
Interest	29,587	21,871	51,458	570	1,415	-
Delinquent taxes	74,032	-	74,032	1,837	1,869	-
Accounts, net of allowances	438,450	1,508,852	1,947,302	-	-	20,180,868
Leases	376,081	-	376,081	-	-	-
Notes, net of allowances	-	-	-	360,238	-	-
Special assessments	1,166,824	15,305	1,182,129	-	-	-
Intergovernmental	331,816	-	331,816	2,375	2,423	-
Internal balances	(2,377,587)	2,377,587	-	-	-	-
Inventories	330	375,906	376,236	-	-	2,353,165
Prepaid items	260,787	21,045	281,832	1,009	2,014	1,236,157
Other assets	-	-	-	-	-	280,820
Land held for resale	49,937	-	49,937	213,234	287,679	-
Capital assets						
Nondepreciable	6,615,583	2,507,638	9,123,221	-	56,994	3,654,388
Depreciable	60,687,393	31,677,803	92,365,196	-	214,566	35,226,350
Investment in joint venture	3,545,266	-	3,545,266	-	-	-
Total Assets	95,263,559	52,784,091	148,047,650	2,224,393	1,469,161	122,720,224
Deferred Outflows of Resources						
Loss on refunding	-	-	-	-	-	346,434
Deferred pension resources	7,884,322	439,494	8,323,816	30,158	29,766	18,071,547
Deferred other postemployment benefit resources	175,944	39,000	214,944	1,950	3,238	-
Total Deferred Outflows of Resources	8,060,266	478,494	8,538,760	32,108	33,004	18,417,981
Liabilities						
Accounts payable	1,288,072	576,835	1,864,907	57,359	2,217	4,882,793
Contracts payable	177,104	-	177,104	-	-	-
Deposits payable	366,921	-	366,921	-	700	-
Due to other governments	62,867	38,954	101,821	-	-	-
Accrued interest payable	279,167	13,570	292,737	-	-	109,630
Accrued wages payable	255,836	42,609	298,445	2,453	2,765	8,508,219
Unearned revenue	-	-	-	-	-	1,055,495
Noncurrent liabilities						
Due within one year						
Long-term liabilities	3,288,176	324,857	3,613,033	-	-	12,963,530
Due in more than one year						
Long-term liabilities	25,691,634	1,335,267	27,026,901	-	-	13,870,925
Net pension liability	13,632,639	1,348,266	14,980,905	92,518	91,315	54,521,509
Other postemployment benefit liability	1,518,258	312,836	1,831,094	16,614	27,583	-
Total Liabilities	46,560,674	3,993,194	50,553,868	168,944	124,580	95,912,101
Deferred Inflows of Resources						
Advance from other governments	2,467,340	-	2,467,340	-	-	-
Deferred pension resources	197,348	19,000	216,348	1,305	1,287	1,525,298
Deferred other postemployment benefit resources	297,929	64,135	362,064	3,285	5,454	-
Deferred lease resources	372,462	-	372,462	-	-	-
Total Deferred Outflows of Resources	3,335,079	83,135	3,418,214	4,590	6,741	1,525,298
Net Position						
Net investment in capital assets	41,300,947	32,677,989	73,978,936	-	271,560	12,046,283
Restricted						
Police forfeitures	32,315	-	32,315	-	-	-
Debt service	4,134,265	-	4,134,265	-	-	342,526
Library	292,097	-	292,097	-	-	-
Arts and culture	84,532	-	84,532	-	-	-
Redevelopment and housing	72,216	-	72,216	-	-	-
Carbon reduction	131,964	-	131,964	-	-	-
Utility franchise fees	795,638	-	795,638	-	-	-
Capital projects	1,439,625	-	1,439,625	-	-	-
Unrestricted	5,144,473	16,508,267	21,652,740	2,082,967	1,099,284	31,311,997
Total Net Position	\$ 53,428,072	\$ 49,186,256	\$ 102,614,328	\$ 2,082,967	\$ 1,370,844	\$ 43,700,806

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, 2022

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 4,569,897	\$ 2,371,931	\$ -	\$ -
Public safety	7,336,398	98,623	525,663	-
Public works	6,287,000	171,151	250,193	215,549
Culture and recreation	4,434,800	391,475	688,387	-
Housing and economic development	594,722	37,808	238,074	-
Transit	54,837	-	-	-
Miscellaneous	240,115	-	100	-
Interest on long-term debt	672,008	-	-	-
Total Governmental Activities	<u>24,189,777</u>	<u>3,070,988</u>	<u>1,702,417</u>	<u>215,549</u>
Business-type Activities				
Water	2,184,043	2,130,582	-	-
Wastewater	3,807,882	5,307,855	-	-
Garbage	929,018	988,583	-	-
Storm water	920,017	1,118,603	29,341	-
Liquor stores	2,703,643	2,797,955	-	-
Total Business-type Activities	<u>10,544,603</u>	<u>12,343,578</u>	<u>29,341</u>	<u>-</u>
Total Primary Government	<u>\$ 34,734,380</u>	<u>\$ 15,414,566</u>	<u>\$ 1,731,758</u>	<u>\$ 215,549</u>
Component Units				
Economic Development Authority	<u>\$ 310,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Housing Redevelopment Authority	<u>\$ 1,143,083</u>	<u>\$ 37,800</u>	<u>\$ -</u>	<u>\$ -</u>
Municipal Hospital	<u>\$ 132,585,941</u>	<u>\$ 119,703,666</u>	<u>\$ 1,341,994</u>	<u>\$ 35,850</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 (loss)				
Other revenues				
Gain on sale of capital assets				
Transfers				
Contributions of Capital Assets				
Total General Revenues, Transfers and Contributions				
Change in Net Position				
Net Position, January 1				
Net Position, December 31				

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

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Economic Development Authority	Housing Redevelopment Authority	Municipal Hospital
\$ (2,197,966)	\$ -	\$ (2,197,966)	\$ -	\$ -	\$ -
(6,712,112)	-	(6,712,112)	-	-	-
(5,650,107)	-	(5,650,107)	-	-	-
(3,354,938)	-	(3,354,938)	-	-	-
(318,840)	-	(318,840)	-	-	-
(54,837)	-	(54,837)	-	-	-
(240,015)	-	(240,015)	-	-	-
(672,008)	-	(672,008)	-	-	-
<u>(19,200,823)</u>	<u>-</u>	<u>(19,200,823)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(53,461)	(53,461)	-	-	-
-	1,499,973	1,499,973	-	-	-
-	59,565	59,565	-	-	-
-	227,927	227,927	-	-	-
-	94,312	94,312	-	-	-
<u>-</u>	<u>1,828,316</u>	<u>1,828,316</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(19,200,823)</u>	<u>1,828,316</u>	<u>(17,372,507)</u>			
			(310,598)	-	-
			-	(1,105,283)	-
			<u>-</u>	<u>-</u>	<u>(11,504,431)</u>
9,337,607	-	9,337,607	-	-	-
2,022,092	-	2,022,092	-	-	-
667,839	-	667,839	-	-	-
1,337,548	-	1,337,548	-	-	-
181,046	-	181,046	-	-	-
-	-	-	300,379	-	-
-	-	-	-	306,516	-
3,450,210	-	3,450,210	-	-	-
(526,828)	(331,319)	(858,147)	(3,742)	(34,393)	(6,707,917)
40,066	-	40,066	16,147	4,600	-
39,728	-	39,728	-	222,040	68,917
54,707	(54,707)	-	-	-	-
(125,164)	125,164	-	-	-	-
<u>16,478,851</u>	<u>(260,862)</u>	<u>16,217,989</u>	<u>312,784</u>	<u>498,763</u>	<u>(6,639,000)</u>
(2,721,972)	1,567,454	(1,154,518)	2,186	(606,520)	(18,143,431)
<u>56,150,044</u>	<u>47,618,802</u>	<u>103,768,846</u>	<u>2,080,781</u>	<u>1,977,364</u>	<u>61,844,237</u>
<u>\$ 53,428,072</u>	<u>\$ 49,186,256</u>	<u>\$ 102,614,328</u>	<u>\$ 2,082,967</u>	<u>\$ 1,370,844</u>	<u>\$ 43,700,806</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, 2022

City of Northfield, Minnesota

Balance Sheet
Governmental Funds
December 31, 2022

	General	Debt Service	2019 Capital Project Fund	2020 Capital Project Fund	2021 Capital Project Fund	2022 Capital Project Fund
Assets						
Cash and temporary investments	\$ 9,785,799	\$ 4,549,165	\$ 473,326	\$ 1,073,337	\$ 936,038	\$ 330,020
Receivables						
Interest	10,598	4,535	689	1,562	1,926	815
Delinquent taxes	71,897	735	-	-	-	-
Accounts	142,006	-	-	-	-	-
Leases	-	-	-	-	-	-
Special assessments	-	994,718	-	-	-	-
Intergovernmental	228,939	16,745	-	-	-	-
Due from other funds	187,078	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-
Inventories	330	-	-	-	-	-
Prepaid items	235,746	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
Total Assets	\$ 10,662,393	\$ 5,565,898	\$ 474,015	\$ 1,074,899	\$ 937,964	\$ 330,835
Liabilities						
Accounts payable	\$ 382,854	\$ 50,915	\$ -	\$ -	\$ 64,655	\$ 207,233
Contracts payable	-	-	-	-	67,413	107,010
Due to other governments	-	-	-	-	-	-
Deposits payable	121,763	-	-	-	-	-
Accrued wages payable	241,565	-	-	-	-	-
Due to other funds	-	54,881	-	-	-	-
Advance from other funds	-	56,650	-	-	-	-
Total Liabilities	746,182	162,446	-	-	132,068	314,243
Deferred Inflows of Resources						
Unavailable revenue						
Taxes	71,897	735	-	-	-	-
Special assessments	-	994,352	-	-	-	-
Intergovernmental	26,557	-	-	-	-	-
Deferred lease resources	-	-	-	-	-	-
Advance from other governments	-	-	2,014,383	452,957	-	-
Total Deferred Inflows of Resources	98,454	995,087	2,014,383	452,957	-	-
Fund Balances						
Nonspendable						
Inventories	330	-	-	-	-	-
Prepaid items	235,746	-	-	-	-	-
Restricted						
Police forfeitures	32,315	-	-	-	-	-
Debt service	-	4,408,365	-	-	-	-
Library	-	-	-	-	-	-
Arts and culture	-	-	-	-	-	-
Redevelopment and housing	-	-	-	-	-	-
Carbon reduction	-	-	-	-	-	-
Utility franchise fees	-	-	-	-	-	-
Capital projects	-	-	-	621,942	805,896	16,592
Committed						
Capital projects	335,694	-	-	-	-	-
Community resource center operations	-	-	-	-	-	-
Motor vehicle operations	-	-	-	-	-	-
Communications	-	-	-	-	-	-
Assigned						
Capital projects	-	-	-	-	-	-
Unassigned	9,213,672	-	(1,540,368)	-	-	-
Total Fund Balances	9,817,757	4,408,365	(1,540,368)	621,942	805,896	16,592
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,662,393	\$ 5,565,898	\$ 474,015	\$ 1,074,899	\$ 937,964	\$ 330,835

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

5th Street Redevelopment	Other Governmental Funds	Total
\$ -	\$ 5,012,774	\$ 22,160,459
-	6,463	26,588
-	1,400	74,032
-	290,952	432,958
-	376,081	376,081
-	172,106	1,166,824
-	86,132	331,816
-	-	187,078
-	56,650	56,650
-	-	330
-	3,368	239,114
-	49,937	49,937
<u>\$ -</u>	<u>\$ 6,055,863</u>	<u>\$ 25,101,867</u>
\$ 3,281	\$ 525,677	\$ 1,234,615
-	2,681	177,104
-	62,867	62,867
4,149	241,009	366,921
-	7,415	248,980
-	132,197	187,078
2,111,742	195,505	2,363,897
<u>2,119,172</u>	<u>1,167,351</u>	<u>4,641,462</u>
-	1,400	74,032
-	172,106	1,166,458
-	-	26,557
-	372,462	372,462
-	-	2,467,340
<u>-</u>	<u>545,968</u>	<u>4,106,849</u>
-	-	330
-	3,368	239,114
-	-	32,315
-	-	4,408,365
-	292,097	292,097
-	84,532	84,532
-	71,189	71,189
-	131,964	131,964
-	795,638	795,638
-	817,683	2,262,113
-	-	335,694
-	234,310	234,310
-	233,517	233,517
-	698,454	698,454
-	1,141,052	1,141,052
(2,119,172)	(161,260)	5,392,872
<u>(2,119,172)</u>	<u>4,342,544</u>	<u>16,353,556</u>
<u>\$ -</u>	<u>\$ 6,055,863</u>	<u>\$ 25,101,867</u>

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

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City of Northfield, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2022

	<u>Primary Government</u>
Amounts reported for governmental activities in the statement of net position are different because	
Total Fund Balances - Governmental Funds	\$ 16,353,556
Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	67,166,900
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	(1,165,273)
Bonds payable	(25,883,500)
Finance purchase agreements	(252,813)
Notes payable	(776,520)
Net pension liability	(13,364,983)
Other postemployment benefit liability	(1,486,454)
Bond premium, net of accumulated amortization	(901,704)
Investment in joint ventures are not financial resources, and therefore, are not reported in the funds	3,545,266
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	74,032
Special assessments receivable	1,166,458
Intergovernmental receivable	26,557
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	7,797,074
Deferred inflows of pension resources	(120,125)
Governmental funds do not report long-term amounts related to other postemployment benefits.	
Deferred inflows of other postemployment benefit resources	(364,860)
Deferred outflows of other postemployment benefit resources	171,979
Governmental funds do not report a liability for accrued interest until due and payable.	(279,167)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	<u>1,721,649</u>
Total Net Position - Governmental Activities	<u><u>\$ 53,428,072</u></u>

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

City of Northfield, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General	Debt Service	2019 Capital Project Fund	2020 Capital Project Fund	2021 Capital Project Fund	2022 Capital Project Fund
Revenues						
Taxes	\$ 8,606,565	\$ 2,533,714	\$ -	\$ -	\$ -	\$ -
Special assessments	-	314,699	-	-	131,433	-
Licenses and permits	850,749	-	-	-	-	-
Intergovernmental	5,496,701	-	-	-	-	-
Charges for services	1,483,704	-	-	-	-	-
Fines and forfeits	99,912	-	-	-	-	-
Investment earnings (loss)	(192,424)	(159,516)	(10,596)	(11,349)	(37,464)	(42,727)
Miscellaneous	456,584	81,982	-	-	-	-
Total Revenues	<u>16,801,791</u>	<u>2,770,879</u>	<u>(10,596)</u>	<u>(11,349)</u>	<u>93,969</u>	<u>(42,727)</u>
Expenditures						
Current						
General government	3,637,276	-	-	-	-	-
Public safety	5,940,834	-	-	-	-	-
Public works	3,321,806	-	-	-	-	-
Culture and recreation	3,028,777	-	-	-	-	-
Housing and economic development	2,850	104,160	-	-	-	-
Miscellaneous	214,130	-	-	-	-	-
Capital outlay						
General government	449,350	-	-	-	-	-
Public safety	-	-	-	-	-	270,667
Public works	1,331	-	-	-	1,125,798	4,663,597
Culture and recreation	10,803	-	-	-	-	-
Housing and economic development	-	-	-	-	-	-
Transit	-	-	-	-	-	-
Debt service						
Principal	191,480	2,415,644	-	-	-	-
Interest and other charges	13,978	633,138	-	-	-	-
Bond issuance costs	-	-	-	-	-	78,688
Total Expenditures	<u>16,812,615</u>	<u>3,152,942</u>	<u>-</u>	<u>-</u>	<u>1,125,798</u>	<u>5,012,952</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,824)</u>	<u>(382,063)</u>	<u>(10,596)</u>	<u>(11,349)</u>	<u>(1,031,829)</u>	<u>(5,055,679)</u>
Other Financing Sources (Uses)						
Sale of capital assets	-	-	-	-	-	-
Transfers in	50,000	-	-	-	-	1,200,000
Bonds issued	-	-	-	-	-	4,020,000
Bond premiums	-	-	-	-	-	87,840
Transfers out	(25,900)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>24,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,307,840</u>
Net Change in Fund Balances	13,276	(382,063)	(10,596)	(11,349)	(1,031,829)	252,161
Fund Balances, January 1	<u>9,804,481</u>	<u>4,790,428</u>	<u>(1,529,772)</u>	<u>633,291</u>	<u>1,837,725</u>	<u>(235,569)</u>
Fund Balances, December 31	<u>\$ 9,817,757</u>	<u>\$ 4,408,365</u>	<u>\$ (1,540,368)</u>	<u>\$ 621,942</u>	<u>\$ 805,896</u>	<u>\$ 16,592</u>

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

5th Street Redevelopment	Other Governmental Funds	Total
\$ -	\$ 2,364,253	\$ 13,504,532
-	1,333	447,465
-	-	850,749
-	238,074	5,734,775
37,808	630,630	2,152,142
-	-	99,912
-	(72,752)	(526,828)
-	90,768	629,334
<u>37,808</u>	<u>3,252,306</u>	<u>22,892,081</u>
-	477,705	4,114,981
-	-	5,940,834
-	-	3,321,806
-	569,048	3,597,825
-	430,732	537,742
-	25,985	240,115
-	22,042	471,392
-	125,710	396,377
-	336,158	6,126,884
-	19,292	30,095
2,156,980	-	2,156,980
-	12,557	12,557
-	53,557	2,660,681
-	7,251	654,367
-	-	78,688
<u>2,156,980</u>	<u>2,080,037</u>	<u>30,341,324</u>
<u>(2,119,172)</u>	<u>1,172,269</u>	<u>(7,449,243)</u>
-	22,103	22,103
-	137,803	1,387,803
-	-	4,020,000
-	-	87,840
-	(1,307,196)	(1,333,096)
-	(1,147,290)	4,184,650
(2,119,172)	24,979	(3,264,593)
-	4,317,565	19,618,149
<u>\$ (2,119,172)</u>	<u>\$ 4,342,544</u>	<u>\$ 16,353,556</u>

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

City of Northfield, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2022

	<u>Primary Government</u>
Amounts reported for governmental activities in the statement of activities are different because	
Net change in fund balances - governmental funds	\$ (3,264,593)
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	8,785,699
Depreciation expense	(4,241,447)
Net capital contributions from (to) business-type activities	(125,164)
The net effect of various miscellaneous transactions involving capital assets	
Gain on sale on trade in of capital assets	17,625
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.	(84,864)
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	2,660,681
Debt issued or incurred	(4,020,000)
Premium on bonds issued, net of amortization expense	(1,760)
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.	(25,033)
Long-term pension activity is not reported in governmental funds.	
Pension expense	(958,558)
Direct aid contributions	112,340
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	2,927
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	(258,928)
Federal grants	(1,133,366)
Refunds and reimbursements	(24,473)
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	16,318
Compensated absences	(156,628)
Internal service funds are used by management to charge the costs of various services to individual funds.	
The net revenues of certain of the internal activities of internal service funds are reported in governmental activities	<u>(22,748)</u>
Change in Net Position - Governmental Activities	<u>\$ (2,721,972)</u>

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

City of Northfield, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 8,573,618	\$ 8,573,618	\$ 8,606,565	\$ 32,947
Licenses and permits	569,875	569,875	850,749	280,874
Intergovernmental	5,262,525	5,262,525	5,496,701	234,176
Charges for services	1,463,982	1,463,982	1,483,704	19,722
Fines and forfeits	79,000	79,000	99,912	20,912
Investment earnings (loss)	120,000	120,000	(192,424)	(312,424)
Miscellaneous	139,813	139,813	456,584	316,771
Total Revenues	<u>16,208,813</u>	<u>16,208,813</u>	<u>16,801,791</u>	<u>592,978</u>
Expenditures				
Current				
General government	3,461,945	3,461,945	3,637,276	(175,331)
Public safety	5,797,138	5,797,138	5,940,834	(143,696)
Public works	3,147,262	3,147,262	3,321,806	(174,544)
Culture and recreation	2,864,075	2,864,075	3,028,777	(164,702)
Housing and economic development	-	-	2,850	(2,850)
Miscellaneous	913,428	913,428	214,130	699,298
Capital outlay				
General government	800	800	449,350	(448,550)
Public works	3,000	3,000	1,331	1,669
Culture and recreation	15,000	15,000	10,803	4,197
Debt service				
Principal	178,287	178,287	191,480	(13,193)
Interest and other	27,173	27,173	13,978	13,195
Total Expenditures	<u>16,408,108</u>	<u>16,408,108</u>	<u>16,812,615</u>	<u>(404,507)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(199,295)</u>	<u>(199,295)</u>	<u>(10,824)</u>	<u>188,471</u>
Other Financing Sources (Uses)				
Transfers in	660,767	660,767	50,000	(610,767)
Transfers out	(461,472)	(461,472)	(25,900)	435,572
Total Other Financing Sources (Uses)	<u>199,295</u>	<u>199,295</u>	<u>24,100</u>	<u>(175,195)</u>
Net Change in Fund Balances	-	-	13,276	13,276
Fund Balances, January 1	<u>9,804,481</u>	<u>9,804,481</u>	<u>9,804,481</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 9,804,481</u>	<u>\$ 9,804,481</u>	<u>\$ 9,817,757</u>	<u>\$ 13,276</u>

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

City of Northfield, Minnesota

Statement of Net Position

Proprietary Funds

December 31, 2022

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	601	602	604	609	603		
	Water	Wastewater	Storm Water	Liquor Store	Nonmajor Garbage	Total	
Assets							
Current Assets							
Cash and temporary investments	\$ 4,653,024	\$ 6,079,000	\$ 393,759	\$ 1,615,043	\$ 1,537,258	\$ 14,278,084	\$ 1,904,601
Receivables							
Interest	9,750	7,006	782	2,137	2,196	21,871	2,999
Accounts	310,841	918,623	111,997	38,596	128,795	1,508,852	5,492
Advance to other funds - current	25,885	-	-	-	-	25,885	-
Inventories	29,986	-	-	345,920	-	375,906	-
Prepaid items	6,658	8,907	1,092	3,981	407	21,045	21,673
Total Current Assets	5,036,144	7,013,536	507,630	2,005,677	1,668,656	16,231,643	1,934,765
Noncurrent Assets							
Special assessments receivable - noncurrent	-	15,305	-	-	-	15,305	-
Advance to other funds - noncurrent	2,281,362	-	-	-	-	2,281,362	-
Capital assets				-			
Land	281,454	5,250	803,014		-	1,089,718	-
Buildings	1,563,528	27,230,512	-	193,804	20,383	29,008,227	-
Infrastructure	11,732,621	12,589,944	8,827,855	56,835	-	33,207,255	-
Machinery, equipment and vehicles	712,315	1,270,511	403,410	111,847	132,001	2,630,084	385,597
Construction in progress	352,400	480,888	584,632	-	-	1,417,920	-
Less accumulated depreciation	(7,391,461)	(21,354,552)	(4,091,803)	(316,131)	(13,816)	(33,167,763)	(249,521)
Total Capital Assets	7,250,857	20,222,553	6,527,108	46,355	138,568	34,185,441	136,076
Total Noncurrent Assets	9,532,219	20,237,858	6,527,108	46,355	138,568	36,482,108	136,076
Total Assets	14,568,363	27,251,394	7,034,738	2,052,032	1,807,224	52,713,751	2,070,841
Deferred Outflows of Resources							
Deferred pension resources	141,806	147,792	32,318	109,598	7,980	439,494	87,248
Deferred other postemployment benefit resources	13,218	15,491	2,364	7,161	766	39,000	3,965
Total Deferred Outflows of Resources	155,024	163,283	34,682	116,759	8,746	478,494	91,213
Liabilities							
Current Liabilities							
Accounts payable	65,293	282,140	71,950	102,686	54,766	576,835	53,457
Due to other governments	798	-	-	30,765	7,391	38,954	-
Accrued interest payable	46	8,295	5,229	-	-	13,570	-
Accrued wages payable	13,154	15,856	2,484	10,298	817	42,609	6,856
Compensated absences payable - current portion	33,389	21,703	4,582	12,300	-	71,974	-
Financed purchase arrangement - current portion	2,788	25,095	-	-	-	27,883	-
Bonds payable - current portion	-	165,000	60,000	-	-	225,000	-
Total Current Liabilities	115,468	518,089	144,245	156,049	62,974	996,825	60,313
Noncurrent Liabilities							
Compensated absences payable, net of current portion	51,591	16,535	1,495	11,077	-	80,698	-
Bonds payable, net of current portion	-	656,198	598,371	-	-	1,254,569	-
Net pension liability	435,029	453,390	99,143	336,222	24,482	1,348,266	267,656
Other postemployment benefits liability	106,026	124,260	18,962	57,440	6,148	312,836	31,804
Total Noncurrent Liabilities	592,646	1,250,383	717,971	404,739	30,630	2,996,369	299,460
Total Liabilities	708,114	1,768,472	862,216	560,788	93,604	3,993,194	359,773
Deferred Inflows of Resources							
Deferred pension resources	6,130	6,390	1,397	4,738	345	19,000	3,772
Deferred other postemployment benefit resources	21,737	25,475	3,887	11,776	1,260	64,135	6,520
Total Deferred Inflows of Resources	27,867	31,865	5,284	16,514	1,605	83,135	10,292
Net Position							
Net investment in capital assets	7,248,069	19,376,260	5,868,737	46,355	138,568	32,677,989	136,076
Unrestricted	6,739,337	6,238,080	333,183	1,545,134	1,582,193	16,437,927	1,655,913
Total Net Position	\$ 13,987,406	\$ 25,614,340	\$ 6,201,920	\$ 1,591,489	\$ 1,720,761	\$ 49,115,916	\$ 1,791,989
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.						70,340	
Net position of business-type activities						\$ 49,186,256	

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, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	601	602	604	609	603	
	Water	Wastewater	Storm Water	Municipal Liquor Store	Nonmajor Garbage	
Operating Revenues						
Sales	\$ -	\$ -	\$ -	\$ 2,794,233	\$ -	\$ 2,794,233
Cost of sales	-	-	-	(2,032,144)	-	(2,032,144)
Gross Profit	-	-	-	762,089	-	762,089
Charges for services	2,098,434	5,287,297	1,113,821	-	981,340	9,480,892
Other income	32,148	20,558	4,587	3,722	7,243	68,258
Total Operating Revenues	2,130,582	5,307,855	1,118,408	765,811	988,583	10,311,239
Operating Expenses						
Personal services	623,318	636,028	128,600	432,957	54,124	1,875,027
Pension expense	61,441	67,889	17,175	42,670	5,336	194,511
Supplies	325,725	783,589	74,303	16,851	6,245	1,206,713
Other services and charges	446,743	596,128	323,808	155,783	852,541	2,375,003
Insurance	19,800	27,167	1,220	4,873	4,239	57,299
Utilities	189,910	416,717	-	17,563	428	624,618
Depreciation	519,171	1,266,222	359,315	1,923	6,708	2,153,339
Total Operating Expenses	2,186,108	3,793,740	904,421	672,620	929,621	8,486,510
Operating Income (Loss)	(55,526)	1,514,115	213,987	93,191	58,962	1,824,729
Nonoperating Revenues (Expenses)						
Intergovernmental	-	-	29,341	-	-	29,341
Investment income (loss)	(147,428)	(100,960)	(15,982)	(33,110)	(33,839)	(331,319)
Interest expense	(141)	(20,767)	(21,308)	-	-	(42,216)
Bond premium amortization	-	3,240	5,584	-	-	8,824
Total Nonoperating Revenues (Expenses)	(147,569)	(118,487)	(2,365)	(33,110)	(33,839)	(335,370)
Income Before Contributions and Transfers	(203,095)	1,395,628	211,622	60,081	25,123	1,489,359
Capital Contributions						
From other funds	126,096	146,620	90,457	-	(16,600)	346,573
To other funds	(70,165)	(35,768)	(115,476)	-	-	(221,409)
Transfers out	(1,585)	(507)	(2,615)	(50,000)	-	(54,707)
Change in Net Position	(148,749)	1,505,973	183,988	10,081	8,523	1,559,816
Net Position, January 1	14,136,155	24,108,367	6,017,932	1,581,408	1,712,238	47,556,100
Net Position, December 31	<u>\$ 13,987,406</u>	<u>\$ 25,614,340</u>	<u>\$ 6,201,920</u>	<u>\$ 1,591,489</u>	<u>\$ 1,720,761</u>	<u>\$ 49,115,916</u>
Change in net position as shown above						\$ 1,559,816
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						<u>7,638</u>
Change in net position of business-type activities						<u>\$ 1,567,454</u>

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

City of Northfield, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	601	602	604	609	603		
	Water	Wastewater	Storm Water	Municipal Liquor Store	Nonmajor Garbage	Total	
Cash Flows from Operating Activities							
Receipts from customers and users	\$ 2,068,177	\$ 5,131,012	\$ 1,100,183	\$ 2,783,896	\$ 974,904	\$ 12,058,172	\$ 1,337,845
Payments to suppliers and vendors	(1,006,030)	(1,877,750)	(407,448)	(2,242,756)	(897,457)	(6,431,441)	(664,762)
Payments to and on behalf of employees	(595,706)	(592,914)	(119,945)	(411,136)	(48,095)	(1,767,796)	(663,280)
Other receipts	32,148	20,558	4,587	3,722	7,243	68,258	-
Net Cash Provided (Used) by Operating Activities	498,589	2,680,906	577,377	133,726	36,595	3,927,193	9,803
Cash Flows from Noncapital Financing Activities							
Intergovernmental revenue	-	-	29,341	-	-	29,341	-
(Increase) decrease in advances to other funds	(2,085,857)	-	-	-	-	(2,085,857)	-
Transfers to other funds	(1,585)	(507)	(2,615)	(50,000)	-	(54,707)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(2,087,442)	(507)	26,726	(50,000)	-	(2,111,223)	-
Cash Flows from Capital and Related Financing Activities							
Acquisition of capital assets	(368,272)	(134,736)	(546,309)	-	-	(1,049,317)	(44,114)
Principal paid on revenue bonds payable	-	(160,000)	(120,000)	-	-	(280,000)	-
Principal paid on financed purchase arrangements payable	(2,728)	(24,556)	-	-	-	(27,284)	-
Interest paid	(184)	(22,863)	(19,150)	-	-	(42,197)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(371,184)	(342,155)	(685,459)	-	-	(1,398,798)	(44,114)
Cash Flows from Investing Activities							
Net investment loss on cash and investments	(148,325)	(103,554)	(15,470)	(33,293)	(33,989)	(334,631)	(31,412)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,108,362)	2,234,690	(96,826)	50,433	2,606	82,541	(65,723)
Cash and Cash Equivalents, January 1	6,761,386	3,844,310	490,585	1,564,610	1,534,652	14,195,543	1,970,324
Cash and Cash Equivalents, December 31	\$ 4,653,024	\$ 6,079,000	\$ 393,759	\$ 1,615,043	\$ 1,537,258	\$ 14,278,084	\$ 1,904,601
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Operating income (loss)	\$ (55,526)	\$ 1,514,115	\$ 213,987	\$ 93,191	\$ 58,962	\$ 1,824,729	\$ 16,002
Adjustments to reconcile operating income to net cash provided (used) by operating activities							
Depreciation	519,171	1,266,222	359,315	1,923	6,708	2,153,339	47,000
(Increase) decrease in assets							
Accounts receivable	(30,257)	(156,285)	(13,638)	(10,337)	(6,436)	(216,953)	(5,492)
Inventories	(11,209)	-	-	23,294	-	12,085	-
Prepaid items	977	(900)	(93)	(316)	(39)	(371)	(287)
(Increase) decrease in deferred outflows of resources							
Deferred pension resources	39,772	38,890	6,956	33,937	992	120,547	26,522
Deferred other postemployment benefit resources	3,964	4,339	780	1,334	(190)	10,227	3,975
Increase (decrease) in liabilities							
Accounts payable	47,546	14,640	9,151	2,873	(28,796)	45,414	14,420
Due to other governments	275	-	-	1,277	167	1,719	-
Accrued wages payable	3,073	4,852	504	2,748	218	11,395	(51,867)
Other postemployment benefits liability	(7,058)	(6,258)	(1,732)	1,527	2,341	(11,180)	(20,460)
Compensated absences payable	7,811	15,963	1,230	2,983	-	27,987	-
Net pension liability	197,718	209,408	47,814	148,631	12,757	616,328	118,966
Increase (decrease) in deferred inflows of resources							
Deferred pension resources	(211,575)	(217,435)	(45,691)	(167,355)	(10,412)	(652,468)	(132,634)
Deferred other postemployment benefit resources	(6,093)	(6,645)	(1,206)	(1,984)	323	(15,605)	(6,342)
Net Cash Provided (Used) by Operating Activities	\$ 498,589	\$ 2,680,906	\$ 577,377	\$ 133,726	\$ 36,595	\$ 3,927,193	\$ 9,803
Schedule of Noncash Investing Capital and Financing Activities							
Capital assets acquired on account	\$ -	\$ 159,406	\$ 46,741	\$ -	\$ -	\$ 206,147	\$ -
Capital assets contributed by (to) other funds	\$ 55,931	\$ 110,852	\$ (25,019)	\$ -	\$ (16,600)	\$ 125,164	\$ -
Amortization of bond premium, net	\$ -	\$ 3,241	\$ 5,585	\$ -	\$ -	\$ 8,826	\$ -

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

City of Northfield, Minnesota
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2022

	Private-Purpose Trust Fund	Custodial Fund
	851	
	Whittier Trust Fund	Deputy Registrar
Assets		
Cash and temporary investments	\$ 332,949	\$ -
Receivables		
Accrued interest	489	-
Total Assets	<u>\$ 333,438</u>	<u>\$ -</u>
Net Position		
Restricted		
Individuals and Other Governments	<u>\$ 333,438</u>	<u>\$ -</u>

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

City of Northfield, Minnesota
Statement of Changes Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2022

	Private-Purpose Trust Fund	Custodial Fund
	851	
	Whittier Trust Fund	Deputy Registrar
Additions		
Fees collected on behalf of the state	\$ -	\$ 3,919,950
Investment earnings (loss)	(7,500)	-
Total Additions	<u>(7,500)</u>	<u>3,919,950</u>
Deductions		
Current		
Culture and recreation	3,400	-
Payments to state	-	3,919,950
Total Deductions	<u>3,400</u>	<u>3,919,950</u>
Net Increase (Decrease) in Fiduciary Net Position	(10,900)	-
Net Position, January 1	<u>344,338</u>	<u>-</u>
Net Position, December 31	<u>\$ 333,438</u>	<u>\$ -</u>

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

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

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, 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.

Note 1: Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits, and claims and judgments, are recorded only when payment is due.

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

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

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

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

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 *2021 Capital Project fund* accounts for project costs and funding for the 2021 Street project.

The *2022 Capital Project fund* accounts for project cost and funding for the 2022 street project.

The *5th Street Redevelopment fund* accounts for project cost and funding for the 5th 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.

The *Liquor Store fund* accounts for the operation of the City's off-sale municipal liquor stores.

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 the activities of the Deputy Registrar.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are charges between the City's water, sewer and sanitation collection functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Deposits and Investments

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

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies and maturing in 270 days or less.

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

Note 1: Summary of Significant Accounting Policies (Continued)

8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

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

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

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

- Federal agency Bonds, Commercial Backed Securities and US Treasury securities of \$17,909,782 are valued using quoted market prices (Level 1 inputs)
- Commercial paper, Mortgage backed securities and Municipal securities of \$2,755,396 are valued using a matrix pricing model (Level 2 inputs)

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

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

- *Custodial Credit Risk* - For investments, custodial credit risk is the risk that in the event of a failure of the counterparty, the government would not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of December 31, 2022 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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

- *Interest Rate Risk* - In accordance with its investment policy, the City diversifies its investment portfolio to eliminate the risk of loss resulting from the over-concentration of assets in a specific maturity. The maturities selected shall provide for stability of income and reasonable liquidity.

Property Taxes

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

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

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2022. The City has no allowance for uncollectible accounts, as the City is generally able to certify amounts not collected to the County for collection as special assessments. All trade receivables for the Municipal Hospital are shown net of an allowance for uncollectible accounts.

Lease Receivable

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

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

Patient Receivables

The Municipal Hospital provides an allowance for uncollectible accounts using management's judgment. Acute-care patients are not required to provide collateral for services rendered. Nursing home residents are required to make a prepayment for the estimated monthly amount when Medicaid, Medicare or private insurance is not paying for room and board. Payment for services is required within 30 days of receipt of the invoice. Past due accounts are individually analyzed for collectability, and then turned over to collection agents. Accounts for which no payments have been received are analyzed and after approval are written off. In addition, an allowance is estimated for other accounts based on historical experience of the Municipal Hospital. At December 31, 2022, the allowance for uncollectible accounts was \$7,244,000.

Special Assessments

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

Note 1: Summary of Significant Accounting Policies (Continued)

Interfund Receivables and Payables

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

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

Inventories and Prepaid Items/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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Real Estate Held for Investment

The 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. During the year ended December 31, 2022, the Hospital sold the land for \$800,000, with gain on sale of assets of \$73,223.

Other Asset

The Hospital entered into a service agreement for a Meditech expense upgrade for \$300,000 during the year ended December 31, 2022. This upgrade commenced on June 28, 2022, and will continue for 24 months ending on June 28, 2024. This amount will be amortized over the life of the service period. At December 31, 2022, and December 31, 2021, accumulated amortization was \$75,000 and \$0, respectively.

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. The Minnesota Department of Health (MDH) also made available emergency relief funds. Total grant funds approved and received by the Hospital from these grants were approximately \$12,529,330. The HHS grant funds are subject to certain restrictions on eligible expenses or uses, and reporting requirements. Of the total amount received, \$1,268,938 and \$3,444,580 respectively, is reported as Noncapital Grants and Contributions in the statement of revenue, expenses, and changes in net position for the years ended December 31, 2022 and 2021, and the remaining \$0 and the remaining \$1,000,000 is reported as unearned revenue in the statement of net position at December 31, 2022 and 2021, respectively.

As part of the Coronavirus Aid, Relief and Economic Security (CARES) Act the Centers for Medicare & Medicaid Services (CMS) administered an Accelerated and Advanced Payment Program to provide additional relief funds to providers. During the year ended December 31, 2020, the Hospital received a total of advanced funds through the Accelerated and Advanced Payment Program of \$6,907,312. Recoupment of the funds began in June 2021 for the Hospital. As of December 31, 2022, and 2021 the Hospital had \$1,008,759 and \$5,855,518, respectively, that had yet to be recouped. This amount is reflected as Unearned Revenue in the statements of net position.

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has 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.

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, 2022. 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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

The total pension expense for the GERP, PEPFP and DCP is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Total
	GERP	PEPFP	DCP	
Pension Expense				
Primary Government	\$ 1,095,548	\$ 930,522	\$ 1,785	\$ 2,027,855
Discretely Present Component Units				
Economic Development Authority	16,454	-	-	16,454
Housing Redevelopment Authority	10,610	-	-	10,610
Municipal Hospital	7,885,400	-	-	7,885,400

Leases

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

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

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are an expense in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note 1: Summary of Significant Accounting Policies (Continued)

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has 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 and leases related to the deferred portion of the lease receivable.

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 whom are local residents and are insured under third-party payor agreements.

Contributions

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

Fund Balance

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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:

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General and special revenue funds except the Arts and Culture fund, Jefferson Square TIF fund, Utility Franchise Fee, Carbon Reduction Fund, Spring Creek TIF fund, Aurora TIF fund, Washington TIF fund, and Maple Brook TIF fund, which are not legally obligated to complete budgets. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

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

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

Note 2: Stewardship, Compliance and Accountability (Continued)

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 no budget amendments made during the year.

B. Excess of Expenditures Over Appropriations

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

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General	\$ 16,408,108	\$ 16,812,615	\$ 404,507
Special Revenue			
Community Resource Center	249,001	581,840	332,839
Motor Vehicle	244,601	252,194	7,593
Library Gift	12,500	40,888	28,388
Community Development Block Grant	65,000	238,074	173,074

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, 2022:

Fund	Amount
Major	
Capital Projects	
2019 Capital Project	\$ 1,540,368
5th Street Redevelopment	2,119,172
Nonmajor	
Special Revenue	
Washington TIF Fund	223
Capital Projects	
2023 Capital Project	155,950
2024 Capital Project	5,087

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

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

Note 3: Detailed Notes on all Funds

A. Deposits and Investments

Deposits

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

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

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the City's carrying amount of deposits was \$1,231,052 and the bank balance was \$1,523,995. The bank balance was covered by federal depository insurance totaling \$500,000. The remaining balance was collateralized with securities held by the pledging financial institution's trust department in the City's name.

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

Note 3: Detailed Notes on all Funds (Continued)

Investments

As of December 31, 2022, the City had the following investments that are insured or registered, or securities held by the city or it's agent in the City's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Pooled Investments at Amortized Costs					
4M Fund	N/A	less than 1 year	\$ 19,323,844		
Non-pooled Investments at Fair Value					
Commercial Paper	P-1	less than 1 year	1,185,021	\$ -	\$ 1,185,021
US Treasuries	Aaa	less than 1 year	2,962,739	2,962,739	
US Treasuries	Aaa	1 to 5 years	8,244,723	8,244,723	
Municipal Securities	Aa1	less than 1 year	64,475	-	64,475
Municipal Securities	Aa2	less than 1 year	48,211	-	48,211
Municipal Securities	Aaa	less than 1 year	131,709	-	131,709
Municipal Securities	Aa3	less than 1 year	4,927	-	4,927
Municipal Securities	Aa1	1 to 5 years	364,569	-	364,569
Municipal Securities	Aa2	1 to 5 years	121,776	-	121,776
Municipal Securities	Aa3	1 to 5 years	170,363	-	170,363
Municipal Securities	NR	1 to 5 years	62,134	-	62,134
Federal Agency Securities					
Mortgage Backed Securities	Aaa	1 to 5 years	41,787	-	41,787
Mortgage Backed Securities	Aaa	Greater than 5 years	409,053	-	409,053
Federal Collateralized					
Mortgage Securities	AA+	Greater than 5 years	151,371	-	151,371
Commerical Backed Securities	AA+	less than 1 year	308,050	308,050	-
Commerical Backed Securities	AA+	1 to 5 years	1,293,908	1,293,908	-
Federal Agency Bonds	Aaa	less than 1 year	4,891,381	4,891,381	-
Federal Agency Bonds	Aaa	1 to 5 years	208,981	208,981	-
Total Investments			\$ 39,989,022	\$ 17,909,782	\$ 2,755,396

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

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

N/A Indicates not applicable or available.

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

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 \$3,350.

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

	<u>Total</u>
Deposits - City Pooled Account	\$ 1,231,052
Investments - City Pooled Account	39,989,022
Cash on Hand	<u>3,350</u>
 Total	 <u><u>\$ 41,223,424</u></u>
 Cash and Investments - Primary Government	 \$ 38,343,144
Cash and Investments - Component Unit - EDA	1,645,130
Cash and Investments - Component Unit - HRA	902,201
Cash and Investments - Fiduciary Funds	<u>332,949</u>
 Total	 <u><u>\$ 41,223,424</u></u>

Component Unit - Municipal Hospital

Deposits

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

The Hospital's deposits in banks at December 31, 2022 were a carrying value of \$5,401,359 and were entirely covered by federal depository insurance or by collateral held by the Hospital's custodial bank in the Hospital's name.

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

Note 3: Detailed Notes on all Funds (Continued)

The Hospital had the following investments at December 31, 2022:

	Amount	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Federal Home Loan Bank	\$ 2,783,055	\$ -	\$ 2,783,055	\$ -
Federal National Mortgage Association	4,672,242	-	4,672,242	-
Federal Home Loan Mortgage Corp	2,274,488	-	2,274,488	-
Federal Farm Credit Bank	866,230	-	866,230	-
U.S. Treasury Notes	5,832,804	-	5,832,804	-
U.S. Government Obligations	3,557,963		3,557,963	-
Collateralized Mortgage Obligations	7,492,180		7,492,180	-
Certificate of Deposit	2,052,164	2,052,164	-	-
U.S. Equities	12,432,764	12,432,764	-	-
International Equities	5,899,987	5,899,987	-	-
Taxable Fixed Income	1,451,007	1,451,007	-	-
Other Assets	2,742,209	2,742,209	-	-
Private Equity Investments	2,330,024	-	-	2,330,024
Total	<u>\$ 54,387,117</u>	<u>\$ 24,578,131</u>	<u>\$ 27,478,962</u>	<u>\$ 2,330,024</u>

- Federal Home Loan Bank: Consists of discount notes and notes with interest rates of 1.00% to 1.05% maturing from 2024 to 2026 and have AA+ ratings by Standard & Poor's.
- Federal National Mortgage Association: Consists of discount notes and notes with interest rates ranging from 1.50% to 3.50% maturing from 2029 to 2039 and have AA+ ratings by Standard & Poor's.
- Federal Home Loan Mortgage Corp: Consists of discount notes with interest rates ranging from 1.50% to 2.50% maturing from 2031 to 2041 and have AA+ ratings by Standard & Poor's.
- Federal Farm Credit Bank: Consists of discount notes with interest rates ranging from 0.90% maturing in 2027 and have AA+ ratings by Standard & Poor's.
- US Treasury Notes: Consists of discount notes with interest rates ranging from -0% to 2.63% maturing from 2023 to 2025 and have AA+ ratings by Standard & Poor's.
- Certificates of Deposits (CD): Consists of deposits with interest rates ranging from 0.60% to 0.95% maturing in 2023.
- U.S. Government Obligations: Consists of discount notes with interest rates ranging from 0.85% to 5.00% maturing from 2023 to 2028 and have BBB – AA+ ratings from Standard & Poor's.
- Collateralized Mortgage Obligations: Consists of discounts notes with interest rates ranging from 3.17% to 3.77% maturing from 2024 to 2028 and have BBB – AA+ ratings by Standard & Poor's.

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

Note 3: Detailed Notes on all Funds (Continued)

- **Equity Investments:** Consists of common stocks of U.S. companies, American Depositary Receipts, U.S. dollar denominated foreign equity securities and foreign equity securities of foreign companies that are listed on a major domestic stock exchange or traded in the over-the-counter markets.
- **Alternative Investments:** Alternative investments include real estate, commodities, hedging strategies, and private equities.

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 is 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, 2022, 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, 2022 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	\$ 5,401,359
Investments	<u>54,387,117</u>
Total	<u><u>\$ 59,788,476</u></u>
Cash and Investments	\$ 59,445,950
Restricted Assets	<u>342,526</u>
Total	<u><u>\$ 59,788,476</u></u>

B. Receivables

The Hospital provides an allowance for uncollectible accounts based on the allowance method using management's judgment. Patients and residents are not required to provide collateral for services rendered. Payment for services is required within 30 days of receipt of the invoice. Past due accounts are individually analyzed for collectability, and then turned over to collection agents. Accounts for which no payments have been received are analyzed and after approval are written off. In addition, an allowance is estimated for other accounts based on the historical experience of the Hospital. At December 31, 2022, the allowance for uncollectible accounts was \$7,244,000.

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

Note 3: Detailed Notes on all Funds (Continued)

Patient Receivables

Patient receivables reported as current assets by the Hospital at December 31, 2022 consist of the following:

Receivable from Patients and their Insurance Carriers	\$ 22,146,854
Receivable from Medicare	3,773,298
Receivables from Medicaid	1,393,110
Total Patient Receivable	<u>27,313,262</u>
Less: Allowance For Doubtful Accounts	<u>(7,244,000)</u>
Patient Receivable, Net	<u><u>\$ 20,069,262</u></u>

There are other accounts receivable in the amount of \$111,606 for 2022.

Notes

The EDA - component unit has several business subsidy loans to local businesses. The terms of repayment vary with each loan. The total of these notes receivable for December 31, 2022 is \$360,238. There is an allowance for uncollectible accounts for \$43,298 on these loans.

Lease Receivable

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

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

Description	Issue Date	Discount Rate	Current Year Infow of Resources	Balance at Year End
Community Action Center- Building Space	07/01/22	2.19 %	\$ 40,862	\$ 81,100
Northfield Senior Citizens - Building Space	10/01/22	3.25	30,773	121,455
Three Rivers Community Action Inc. - Building Space	07/01/22	2.19	28,526	57,556
Rice Cuntty - Office Space	11/01/21	1.41	12,083	<u>115,970</u>
				<u><u>\$ 376,081</u></u>

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

Note 3: Detailed Notes on all Funds (Continued)

C. Capital Assets

Capital asset activity for primary government for the year ended December 31, 2022 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	4,286,581	6,138,979	(5,275,107)	5,150,453
Total Capital Assets not Being Depreciated	5,751,711	6,138,979	(5,275,107)	6,615,583
Capital Assets being Depreciated				
Buildings and improvements	27,003,563	3,296,963	-	30,300,526
Infrastructure	95,486,910	4,078,145	-	99,565,055
Machinery, equipment and vehicles	8,606,785	483,294	(168,600)	8,921,479
Total Capital Assets Being Depreciated	131,097,258	7,858,402	(168,600)	138,787,060
Less Accumulated Depreciation				
Buildings and improvements	(14,096,181)	(748,358)	-	(14,844,539)
Infrastructure	(53,989,484)	(2,985,953)	-	(56,975,437)
Machinery, equipment and vehicles	(5,894,155)	(554,136)	168,600	(6,279,691)
Total Accumulated Depreciation	(73,979,820)	(4,288,447)	168,600	(78,099,667)
Total Capital Assets being Depreciated, Net	57,117,438	3,569,955	-	60,687,393
Governmental Activities Capital Assets, Net	<u>\$ 62,869,149</u>	<u>\$ 9,708,934</u>	<u>\$ (5,275,107)</u>	<u>\$ 67,302,976</u>

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

Note 3: Detailed Notes on all Funds (Continued)

	Balance As Restated	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not being Depreciated				
Land	\$ 918,554	\$ 171,164	\$ -	\$ 1,089,718
Construction in progress	951,960	1,275,864	(809,904)	1,417,920
Total Capital Assets not Being Depreciated	<u>1,870,514</u>	<u>1,447,028</u>	<u>(809,904)</u>	<u>2,507,638</u>
Capital Assets being Depreciated				
Buildings and improvements	28,862,944	145,283	-	29,008,227
Infrastructure	32,709,831	497,424	-	33,207,255
Machinery, equipment, and vehicles	2,529,287	100,797	-	2,630,084
Total Capital Assets Being Depreciated	<u>64,102,062</u>	<u>743,504</u>	<u>-</u>	<u>64,845,566</u>
Less Accumulated Depreciation				
Buildings and improvements	(16,094,451)	(774,682)	-	(16,869,133)
Infrastructure	(13,514,096)	(1,206,942)	-	(14,721,038)
Machinery, equipment, and vehicles	(1,405,877)	(171,715)	-	(1,577,592)
Total Accumulated Depreciation	<u>(31,014,424)</u>	<u>(2,153,339)</u>	<u>-</u>	<u>(33,167,763)</u>
Total Capital Assets Being Depreciated, Net	<u>33,087,638</u>	<u>(1,409,835)</u>	<u>-</u>	<u>31,677,803</u>
Business-type Activities Capital Assets, Net	<u>\$ 34,958,152</u>	<u>\$ 37,193</u>	<u>\$ (809,904)</u>	<u>\$ 34,185,441</u>

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

Governmental Activities

General government	\$ 118,452
Public safety	544,268
Streets and highways, including depreciation of general infrastructure assets	2,691,467
Culture and recreation	832,423
Miscellaneous	54,837
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	<u>47,000</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,288,447</u>

Business-type Activities

Water	\$ 519,171
Sewer	1,266,222
Garbage	6,708
Storm Sewer	359,315
Municipal Liquor Store	<u>1,923</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 2,153,339</u>

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

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, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Municipal Hospital				
Capital Assets not being Depreciated				
Land	\$ 3,233,283	\$ -	\$ -	\$ 3,233,283
Construction in progress	26,840	394,265	-	421,105
Total Capital Assets not Being Depreciated	3,260,123	394,265	-	3,654,388
Capital Assets being Depreciated				
Land improvements	2,191,093	122,015	-	2,313,108
Buildings	73,308,983	97,923	-	73,406,906
Building equipment	3,750,474	102,771	-	3,853,245
Machinery and equipment	33,838,143	1,065,240	(173,480)	34,729,903
Leased facilities	538,381	63,981	-	602,362
Leased equipment	634,269	39,344	-	673,613
Other real estate	105,396	-	-	105,396
Total Capital Assets Being Depreciated	114,366,739	1,491,274	(173,480)	115,684,533
Less Accumulated Depreciation for				
Land improvements	(889,263)	(198,004)	-	(1,087,267)
Buildings	(42,131,938)	(3,446,059)	-	(45,577,997)
Machinery, equipment and vehicles	(30,828,506)	(2,067,144)	169,023	(32,726,627)
Leased facilities	(190,321)	(173,273)	-	(363,594)
Leased equipment	(378,228)	(219,074)	-	(597,302)
Other real estate	(105,396)	-	-	(105,396)
Total Accumulated Depreciation	(74,523,652)	(6,103,554)	169,023	(80,458,183)
Total Capital Assets Being Depreciated, Net	39,843,087	(4,612,280)	(4,457)	35,226,350
Municipal Hospital Capital Assets, Net	<u>\$ 43,103,210</u>	<u>\$ (4,218,015)</u>	<u>\$ (4,457)</u>	<u>\$ 38,880,738</u>

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

Note 3: Detailed Notes on all Funds (Continued)

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

	Beginning Balance	Increases	Decreases	Ending Balance
HRA				
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	(134,182)	(13,144)	-	(147,326)
Total Capital Assets being Depreciated, Net	227,710	(13,144)	-	214,566
HRA Capital Assets, Net	<u>\$ 284,704</u>	<u>\$ (13,144)</u>	<u>\$ -</u>	<u>\$ 271,560</u>

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

Discretely Presented Component Units	
Municipal Hospital	<u>\$ 6,103,554</u>
HRA	<u>\$ 13,144</u>

Construction Commitments

The City has active construction projects as of December 31, 2022. 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
Bluff View	\$ 1,280,856	\$ 143,549
2022 Mill & Overlay	4,666,778	7,820
Total	<u>\$ 5,947,633</u>	<u>\$ 151,370</u>

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances at December 31, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
Governmental		
General	Debt Service	\$ 54,881
	Nonmajor Governmental Funds	132,197
Total		<u>\$ 187,078</u>

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

Note 3: Detailed Notes on all Funds (Continued)

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, 2022 was \$56,650.

The Water fund loaned the City Facilities fund \$271,722 to cover the construction of the street department roof. The loan is to be paid back with semi-annual payments to be made on August 1 and February 1. Payments commenced on 2/1/2020, at an interest rate of 1.9 percent. The balance of these advances at December 31, 2022 was \$195,505. Additionally, the Water fund advanced \$2,111,742 to the 5th Street Redevelopment fund during 2022 for capital expenditures. There are no formal repayment terms, rather, dollars will be remitted upon future developer contributions.

Interfund Transfers

	Transfers In			Total
	General Fund	2022 Capital Projects Fund	Nonmajor Governmental Funds	
Transfers Out				
General fund	\$ -	\$ -	\$ 25,900	\$ 25,900
Nonmajor governmental funds	-	1,200,000	107,196	1,307,196
Water fund	-	-	1,585	1,585
Sewer fund	-	-	507	507
Storm water fund	-	-	2,615	2,615
Municipal Liquor Store fund	50,000	-	-	50,000
Total	<u>\$ 50,000</u>	<u>\$ 1,200,000</u>	<u>\$ 137,803</u>	<u>\$ 1,387,803</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the Debt Service fund to establish mandatory reserve accounts, 3) move unrestricted General fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. The following transfers were made during 2022:

- From the Liquor fund (\$50,000) to the General Fund.
- From the General fund (\$25,900), Carbon fund (\$2,850), Water Fund (\$1,585), Wastewater fund (\$507) and Stormwater fund (\$2,615) to the Arts and Culture Fund.
- From the Utility Franchise Fee fund (\$1,200,000) to the 2022 Capital Project Fund for project costs.
- From the Park fund (\$100,000) and Utility Franchise Fee Fund (\$4,346) to the Carbon Reduction Fund.

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

Note 3: Detailed Notes on all Funds (Continued)

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 2018A	\$ 4,195,000	3.00 - 3.30 %	06/07/18	02/01/39	\$ 3,715,000
G.O. Bonds of 2018B	240,000	3.00	10/11/18	02/01/29	180,000
G.O. Bonds of 2019A	4,450,000	2.10 - 4.00	10/10/19	02/01/33	4,120,000
G.O. Bonds of 2020A	1,370,000	1.00 - 3.00	07/23/20	02/01/31	1,265,000
G.O. Bonds of 2021A	2,710,000	1.00 - 2.00	09/09/21	02/01/32	2,710,000
G.O. Bonds of 2022A	4,020,000	3.00 - 4.00	08/04/22	02/01/35	4,020,000
Total General Obligation Bonds					<u><u>\$ 16,010,000</u></u>

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

Year Ending December 31	General Obligation Bonds Governmental Activities		
	Principal	Interest	Total
2023	\$ 910,000	\$ 413,223	\$ 1,323,223
2024	1,065,000	385,530	1,450,530
2025	1,295,000	353,755	1,648,755
2026	1,325,000	316,530	1,641,530
2027	1,365,000	277,430	1,642,430
2028 - 2032	6,835,000	873,919	7,708,919
2033 - 2037	2,665,000	246,568	2,911,568
2038 - 2039	550,000	18,315	568,315
Total	<u><u>\$ 16,010,000</u></u>	<u><u>\$ 2,885,270</u></u>	<u><u>\$ 18,895,270</u></u>

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

Note 3: Detailed Notes on all Funds (Continued)

General Obligation Tax Increment Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Tax Increment Bonds of 2002	\$ 140,000	3.20 - 5.40 %	08/01/02	07/31/27	\$ 33,500
G.O. Taxable Tax Increment Refunding Bonds of 2017B	460,000	1.55 - 2.60	09/07/17	02/01/25	180,000
Total General Obligation Tax Increment Bonds					<u>\$ 213,500</u>

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

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2023	\$ 67,000	\$ 5,664	\$ 72,664
2024	67,000	3,740	70,740
2025	67,000	1,816	68,816
2026	7,000	668	7,668
2027	5,500	296	5,796
Total	<u>\$ 213,500</u>	<u>\$ 12,184</u>	<u>\$ 225,684</u>

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

Note 3: Detailed Notes on all Funds (Continued)

G.O. Special Assessment (Improvement) Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. 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 2012A	965,000	0.50 - 2.15 %	07/12/12	02/01/23	\$ 95,000
G.O. Improvement Bonds of 2013A	830,000	2.00 - 3.50	08/08/13	02/01/24	170,000
G.O. Improvement Bonds of 2014A	1,205,000	2.00 - 2.50	09/03/14	02/01/25	375,000
G.O. Improvement Bonds of 2015A	1,595,000	2.00 - 2.15	11/03/15	02/01/26	660,000
G.O. Improvement Bonds of 2016C	795,000	1.55 - 2.00	09/15/16	02/01/27	415,000
G.O. Improvement Bonds of 2017A	945,000	2.00 - 2.25	09/07/17	02/01/28	570,000
G.O. Improvement Bonds of 2018B	1,470,000	3.00	10/11/18	02/01/29	1,075,000
G.O. Improvement Bonds of 2019A	1,885,000	2.10 - 4.00	10/10/19	02/01/30	1,555,000
G.O. Improvement Bonds of 2020A	2,990,000	1.00 - 3.00	07/23/20	02/01/31	2,750,000
G.O. Improvement Bonds of 2021A	1,545,000	1.00 - 2.00	09/09/21	02/01/33	1,545,000
Total G.O. Special Assessments Bonds					<u>\$ 9,210,000</u>

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 Governmental Activities		
	Principal	Interest	Total
2023	\$ 1,250,000	\$ 197,376	\$ 1,447,376
2024	1,330,000	162,555	1,492,555
2025	1,265,000	129,543	1,394,543
2026	1,155,000	99,144	1,254,144
2027	990,000	71,263	1,061,263
2028 - 2032	3,070,000	94,268	3,164,268
2033	150,000	900	150,900
Total	<u>\$ 9,210,000</u>	<u>\$ 755,049</u>	<u>\$ 9,965,049</u>

G.O. Revenue Bonds

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

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

Note 3: Detailed Notes on all Funds (Continued)

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Governmental					
G.O. EDA Public Project Revenue Refunding Bonds of 201	\$ 2,005,000	2.00 - 2.50 %	09/03/14	02/01/24	<u>\$ 450,000</u>
Business-type					
G.O. Utility Revenue Bonds of 2010A	887,100	0.65 - 6.30	12/28/10	02/01/26	235,000
G.O. Utility Revenue Bonds of 2016C	1,185,000	1.55 - 2.00	09/15/16	02/01/27	570,000
G.O. Utility Revenue Bonds of 2020A	665,000	1.00 - 3.00	07/23/20	02/01/31	615,000
Total Business-type					<u>1,420,000</u>
Total G.O. Revenue Bonds					<u><u>\$ 1,870,000</u></u>

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

Year Ending December 31	G.O. Revenue Bonds Governmental Activities			G.O. Revenue Bonds Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
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	-	-	-	240,000	11,626	251,626
2027	-	-	-	190,000	6,640	196,640
2028 - 2031	-	-	-	290,000	7,536	297,536
Total	<u>\$ 450,000</u>	<u>\$ 11,375</u>	<u>\$ 461,375</u>	<u>\$ 1,420,000</u>	<u>\$ 98,001</u>	<u>\$ 1,518,001</u>

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

	Water	Wastewater	Storm Water
Revenue	\$ 2,130,582	\$ 5,307,855	\$ 1,118,408
Principal and Interest	2,912	182,863	139,150
Percent of Revenue	0.1 %	3.4 %	12.4 %

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

Note 3: Detailed Notes on all Funds (Continued)

Notes Payable.

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Taxable Tax increment Note of 2006 - The Crossing	\$ 2,035,776	3.89 %	08/01/08	08/01/27	<u>\$ 776,520</u>

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

Year Ending December 31	Notes Payable Governmental Activities		
	Principal	Interest	Total
2023	\$ 165,115	\$ 25,022	\$ 190,137
2024	155,521	19,188	174,709
2025	161,582	13,127	174,709
2026	167,879	6,830	174,709
2027	126,423	1,268	127,691
Total	<u>\$ 776,520</u>	<u>\$ 65,435</u>	<u>\$ 841,955</u>

Financed Purchase Arrangements

The Energy Improvements were 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					
Energy Improvements	\$ 2,414,139	3.88 %	03/28/08	08/01/23	\$ 252,813
Business-type					
Energy Improvements	204,170	3.88	03/28/08	08/01/23	<u>27,883</u>
Total Financed Purchase Arrangements					<u>\$ 280,696</u>

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

Year Ending December 31	Financed Purchase Arrangements Business-type Activities			Financed Purchase Arrangements Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	<u>\$ 27,883</u>	<u>\$ 826</u>	<u>\$ 28,709</u>	<u>\$ 252,813</u>	<u>\$ 8,295</u>	<u>\$ 261,108</u>

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

Note 3: Detailed Notes on all Funds (Continued)

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 12,680,000	\$ 4,020,000	\$ (690,000)	\$ 16,010,000	\$ 910,000
General obligation special assessment bonds	10,530,000	-	(1,320,000)	9,210,000	1,250,000
General obligation tax increment bonds	275,500	-	(62,000)	213,500	67,000
General obligation revenue bonds	665,000	-	(215,000)	450,000	220,000
Plus amounts for unamortized premiums	899,943	87,840	(86,079)	901,704	-
Total Bonds Payable	<u>25,050,443</u>	<u>4,107,840</u>	<u>(2,373,079)</u>	<u>26,785,204</u>	<u>2,447,000</u>
Financed Purchase Arrangements	497,850	-	(245,037)	252,813	252,813
Notes from Direct Borrowings and Direct Placements	905,164	-	(128,644)	776,520	165,115
Compensated Absences Payable	<u>1,008,646</u>	<u>710,365</u>	<u>(553,738)</u>	<u>1,165,273</u>	<u>423,248</u>
Governmental Activity Long-term Liabilities	<u>\$ 27,462,103</u>	<u>\$ 4,818,205</u>	<u>\$ (3,300,498)</u>	<u>\$ 28,979,810</u>	<u>\$ 3,288,176</u>

The City's outstanding notes from direct borrowings and direct placements related to governmental activities of \$776,520 contain a provision that in an event of default, the City shall find feasible and responsible parties who will assume the obligation of making or completing the minimum improvements as specified by the development plan. The City will reimburse the developer, its successors or transferee in the amount of the purchase price paid by the developer less any amounts the City is required to pay to the holder of any mortgage encumbering the parcel. Upon resale of the parcel, the proceeds should first be applied to reimburse the City for all costs and expenses incurred, second to reimburse the developer up to amounts allowed by the development plan, followed by any remaining balance being retained by the City.

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

Note 3: Detailed Notes on all Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type Activities					
Bonds Payable					
General obligation					
revenue bonds	\$ 1,700,000	\$ -	\$ (280,000)	\$ 1,420,000	\$ 225,000
Financed Purchase Arrangements	55,167	-	(27,284)	27,883	27,883
Plus amounts for					
unamortized premiums	68,393	-	(8,824)	59,569	-
Total Bonds Payable	<u>1,823,560</u>	<u>-</u>	<u>(316,108)</u>	<u>1,507,452</u>	<u>252,883</u>
Compensated Absences					
Payable	<u>124,685</u>	<u>115,884</u>	<u>(87,897)</u>	<u>152,672</u>	<u>71,974</u>
Business-type Activity					
Long-term Liabilities	<u>\$ 1,948,245</u>	<u>\$ 115,884</u>	<u>\$ (404,005)</u>	<u>\$ 1,660,124</u>	<u>\$ 324,857</u>

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, 2022, the total conduit debt issued for issues outstanding totaled \$9,288,462.

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	\$ 4,940,000
Hospital Revenue Bonds of 2016	25,000,000	2.56	08/05/16	08/01/31	15,594,404
Hospital Revenue Bonds of 2022	25,000,000	2.56	08/05/16	08/01/31	<u>5,980,000</u>
					<u>\$ 26,514,404</u>

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

Note 3: Detailed Notes on all Funds (Continued)

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

Year Ending December 31	Revenue Bonds		
	Component Unit - Municipal Hospital		
	Principal	Interest	Total
2023	\$ 12,796,393	\$ 755,573	\$ 13,551,966
2024	8,622,175	642,631	9,264,806
2025	3,984,958	564,722	4,549,680
2026	184,616	388,910	573,526
2027	189,400	324,688	514,088
2027 - 2031	736,860	638,808	1,375,668
Total	<u>\$ 26,514,402</u>	<u>\$ 3,315,332</u>	<u>\$ 29,829,734</u>

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

	Hospital
Revenue	\$ 119,703,666
Principal and Interest	3,267,910
Percent of Revenue	2.73 %

The revenue bonds loan agreement places limits on the incurrence of additional borrowings and requires the Hospital to satisfy certain measures of financial performance. The Hospital is required to meet certain financial covenants related to the outstanding bonds. The Hospital was not in compliance with the debt service coverage ratio as of December 31, 2022. The Hospital is working with the lenders and has received bank waivers and agreements from most of the lenders. Some additional debt has been classified as current because of this along with the outstanding balance on the debt that has not been waived for potential accelerated debt payments.

Leases Payable – Municipal Hospital

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

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

Year Ending December 31	Leases		
	Component Unit - Municipal Hospital		
	Principal	Interest	Total
2023	\$ 167,137	\$ 6,037	\$ 173,174
2024	60,735	3,422	64,157
2025	48,876	1,954	50,830
2026	43,305	615	43,920
Total	<u>\$ 320,053</u>	<u>\$ 12,028</u>	<u>\$ 332,081</u>

Right-to-use assets acquired through outstanding leases are shown in Note 3C. There were no impairment losses in 2022.

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

Note 3: Detailed Notes on all Funds (Continued)

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Component Unit Activities-					
Municipal Hospital					
Bonds Payable					
Revenue bonds	\$ 22,661,415	\$ 5,980,000	\$ (2,127,013)	\$ 26,514,402	\$ 12,796,393
Leased Assets	610,039	103,325	(393,311)	320,053	167,137
Component Unit					
Long-term Liabilities	<u>\$ 23,271,454</u>	<u>\$ 6,083,325</u>	<u>\$ (2,520,324)</u>	<u>\$ 26,834,455</u>	<u>\$ 12,963,530</u>

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). 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 the average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when the age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, the normal retirement age is the age for unreduced Social Security benefits capped at 66.

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

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

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

Police and Fire Plan Benefits

Benefits for 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 the 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 equals at least 90.

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

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2022, 2021 and 2020 were \$489,886, \$437,897, and \$429,525 respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

The discretely presented component unit – Municipal Hospital had contributions of approximately \$3,867,000 and \$3,739,000 and \$3,266,000 for the years ending December 31, 2022, 2021 and 2020, respectively

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2022, 2021 and 2020 were \$460,425, 398,926, and \$406,257, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

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

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

D. Pension costs

General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of \$60,952,576 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 \$1,787,032. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.7146 at the end of the measurement period and 0.7116 for the beginning of the period.

City's Proportionate Share of the Net Pension Liability	\$ 60,952,576
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>1,787,032</u>
Total	<u><u>\$ 62,739,608</u></u>

For the year ended December 31, 2022, the City recognized pension expense of \$8,577,914 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$238,845 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, 2022, the City reported its proportionate share of the General Employees Fund's deferred outflows of resources and deferred inflows of resources, related to pension from the following sources:

	Primary Government Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 52,181	\$ 64,136
Changes in Actuarial Assumptions	1,363,204	23,907
Net Difference Between Projected and Actual Earnings on Plan Investments	182,059	-
Changes in Proportion	175,429	-
Contributions Paid to PERA Subsequent to the Measurement Date	<u>263,539</u>	<u>-</u>
Total	<u><u>\$ 2,036,412</u></u>	<u><u>\$ 88,043</u></u>

The \$263,539 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ 695,860
2023	593,689
2024	(169,689)
2025	564,970

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

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

At December 31, 2022, 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	
	Authority		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 Actual Experience	\$ 773	\$ 951	\$ 763	\$ 938	\$ 455,409	\$ 582,420
Changes in Actuarial Assumptions	20,188	354	19,926	349	12,339,206	221,749
Net Difference Between Projected and Actual Earnings on Plan Investments	2,696	-	2,661	-	945,704	-
Changes in Proportion	2,598	-	2,564	-	2,293,626	721,129
Contributions to GERP Subsequent To the Measurement Date	3,903	-	3,852	-	2,037,602	-
Total	<u>\$ 30,158</u>	<u>\$ 1,305</u>	<u>\$ 29,766</u>	<u>\$ 1,287</u>	<u>\$ 18,071,547</u>	<u>\$ 1,525,298</u>

The \$3,903, \$3,852, and \$2,037,602 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Component Units		
	Economic Development Authority	Housing Redevelopment Authority	Municipal Hospital
2023	\$ 10,305	\$ 10,171	5,044,066
2024	8,792	8,678	5,506,579
2025	(2,513)	(2,480)	(972,938)
2026	8,366	8,258	4,930,940

Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$8,733,671 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.2007 at the end of the measurement period and 0.1862 for the beginning of the period.

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

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

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

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized negative pension expense of \$856,538 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$73,984 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$18,063 for the year ended December 31, 2022, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2022, the City reported its proportionate share of 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	\$ 519,146	\$ 7,369
Changes in Actuarial Assumptions	5,029,646	72,166
Net Difference Between Projected and Actual Earnings on Plan Investments	283,279	-
Changes in Proportion	203,005	48,770
Contributions Paid to PERA Subsequent to the Measurement Date	252,328	-
Total	<u>\$ 6,287,404</u>	<u>\$ 128,305</u>

The \$252,328 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ 1,191,850
2024	1,167,448
2025	1,037,981
2026	1,782,832
2027	726,660

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

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

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of 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 weighing the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

F. Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

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

Actuarial assumptions used in the June 30, 2022 valuation was 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 valuation.

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

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

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

G. Discount Rate

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

H. Pension Liability Sensitivity

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

	City Proportionate Share of NPL		
	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Fund			
Primary government	\$ 9,867,834	\$ 6,247,234	\$ 3,277,784
Component Unit - EDA	146,137	92,518	48,542
Component Unit - HRA	144,236	91,315	47,911
Component Unit - Municipal Hospital	86,119,577	54,521,509	28,606,214
	City Proportionate Share of NPL		
	1 Percent Decrease (4.40%)	Current (5.40%)	1 Percent Increase (6.40%)
Police and Fire Fund - Primary Government	13,217,291	8,733,671	5,108,933

I. Pension Plan Fiduciary Net Position

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

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

Note 5: Public Employees Defined Contribution Plan (Defined Contribution Plan)

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

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

Total contributions made by the City during the fiscal year 2022 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,785	\$ 1,785	5.00 %	5.00 %	5.00 %

The City and council member's contributions to the DCP plan for the years ending December 31, 2022, 2021 and 2020 were \$1,785, \$1,915, and \$2,429, 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	11
Spouses Receiving Payments	5
Active Plan Members	94
Total Plan Members	110

B. Funding Policy

Contribution requirements are also negotiated between the City and union representatives. The City does not contribute to the cost of current-year premiums for eligible retired plan members and their spouses. For the year ended December 31, 2022, the City's average contribution rate was 40.58 percent of covered-employee payroll. For the year 2022, the City directly contributed \$0 to the Plan, while implicit contributions totaled \$118,852.

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

Note 6: Postemployment Benefits Other Than Pensions (Continued)

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$1,875,291 was measured as of January 1, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of January 1, 2022, of which the primary government, HRA and EDA portions were calculated at \$1,831,094, \$16,614 and \$27,583, respectively.

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

Discount Rate	2.00%
20-Year Municipal Bond Yield	2.00%
Inflation Rate	2.00%
Salary Increases	Varies by service and employee classification
Medical Trend Rate	6.25% in 2022 grading to 5.00% over 6 years, then

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

The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.

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

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at January 1, 2021	\$ 1,891,612
Changes for the Year:	
Service cost	91,274
Interest	38,207
Differences between expected and actual experience	-
Changes in assumptions or other inputs	-
Benefit payments	(145,802)
Net Changes	(16,321)
Balances at January 1, 2022	\$ 1,875,291
Primary Government	\$ 1,831,094
Component Unit - EDA	16,614
Component Unit - HRA	27,583
Total OPEB Obligation	\$ 1,875,291

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

Note 6: Postemployment Benefits Other Than Pensions (Continued)

Since the prior measurement date, the following assumption changed:

- There were no changes in assumption since the prior measurement date.
-

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 (1.00 percent) or one percentage point higher (3.00 percent) than the current discount rate:

	1 Percent Decrease (1%)	Current (2%)	1 Percent Increase (3%)
Primary government	\$ 1,938,274	\$ 1,831,094	\$ 1,727,953
Component Unit - EDA	17,586	16,614	15,678
Component Unit - HRA	29,198	27,583	26,029

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 (5.25 percent decreasing to 4.00 percent) or one percentage-point higher (7.25 percent decreasing to 6.00 percent) than the current cost trend rate:

	1 Percent Decrease (5.25% Decreasing to 4%)	Healthcare Cost Trend Rates (6.25% Decreasing to 5%)	1 Percent Increase (7.25% Decreasing to 6%)
Primary Government	\$ 1,667,543	\$ 1,831,094	\$ 2,017,214
Component Unit - EDA	15,130	16,614	18,303
Component Unit - HRA	25,119	27,583	30,387

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

For the year ended December 31, 2022, the City recognized OPEB expense of \$76,327. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Units			
			Economic Development Authority		Housing Redevelopment 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	\$ 98,796	\$ 30,497	\$ 896	\$ 277	\$ 1,488	\$ 459
Net Difference Between Projected and Actual Earnings on Plan Investments	-	331,567	-	3,008	-	4,995
Contributions to OPEB Subsequent to the Measurement Date	116,148	-	1,054	-	1,750	-
Total	<u>\$ 214,944</u>	<u>\$ 362,064</u>	<u>\$ 1,950</u>	<u>\$ 3,285</u>	<u>\$ 3,238</u>	<u>\$ 5,454</u>

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

Note 6: Postemployment Benefits Other Than Pensions

Deferred outflows of resources totaling \$118,952 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, 2023. 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
2023	\$ (51,902)	\$ (471)	\$ (782)
2024	(51,902)	(471)	(782)
2025	(51,902)	(471)	(782)
2026	(46,044)	(471)	(782)
2027	(61,518)	(505)	(838)

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, 2022 was \$6,566,522 and is included with Accrued Payroll and Benefits.

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.

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

Note 7: Commitments and Contingent Liabilities (Continued)

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

Healthcare Legislation and Regulation

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

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

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

Note 8: Net Patient Service Revenue

A. Medicare

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

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

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

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

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

Note 8: Net Patient Service Revenue (Continued)

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

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

B. Medicaid

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

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

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

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

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

Other

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

Laws and regulations governing Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Changes in estimated settlement amounts resulted in net patient and resident service revenue increasing by approximately \$161,000 and \$108,000 for the years ended December 31, 2022 and 2021, respectively.

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

Note 8: Net Patient Service Revenue (Continued)

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

	2022	2021
Total Patient and Resident Revenues	\$ 297,023,362	\$ 271,396,945
Contractual Adjustments		
Medicare	(56,949,528)	(50,820,321)
Medicaid	(3,424,851)	(3,111,867)
Commercial / HMO's	(101,785,793)	(86,890,546)
Provision of bad debts	(2,991,801)	(1,754,547)
Other	(13,331,186)	(12,548,866)
Total Contractual Adjustments	<u>(178,483,159)</u>	<u>(155,126,147)</u>
Net Patient and Resident Revenues	<u>\$ 118,540,203</u>	<u>\$ 116,270,798</u>

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.

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, 2022.

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

Note 9: Other Information (Continued)

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, 2022, 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 2022 was \$3,300,605 for LGA. This accounted for 22.1 percent of General fund revenues.

G. Joint Powers Agreement

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

Funding is provided by the communities at a ratio of 72.8 percent for Northfield, 6.0 percent for Dundas and 21.2 percent for Rural Fire. The percentages will be updated every two years.

The net position of NAFRS as of December 31, 2022 was \$4,872,548. 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, 2022, 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 \$505,551 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.1799) and has a maximum duration of December 31, 2037. The calculation of taxes abated during the fiscal year is noted in the chart below.

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

Note 9: Other Information (Continued)

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.

Lost revenue as it relates to tax abatements for the year ended December 31, 2022, 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%	\$ 10,000	\$ 3,841
Spring Creek TIF	50.947%	31,387	15,991
Aurora Pharmaceutical TIF	58.161%	46,122	<u>26,825</u>
Total			<u>\$ 46,657</u>

Note 10: Change in Accounting Principles

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTHFIELD
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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

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 Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.7146 %	\$ 60,952,576	\$ 1,787,032	\$ 62,739,608	\$ 60,073,922	101.5 %	76.7 %
06/30/21	0.7116	30,388,509	927,963	31,316,472	59,622,002	51.0	87.0
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	52,532,689	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	598,475	47,537,548	51,298,616	91.5	75.9
06/30/16	0.7125	57,859,590	755,451	58,615,041	48,384,386	119.6	68.9
06/30/15	0.6637	34,396,380	-	34,396,380	44,097,901	78.0	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available. There are no assets accumulated in a GASB - compliant trust

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/22	\$ 4,356,886	\$ 4,356,886	\$ -	\$ 60,522,975	7.2 %
12/31/21	4,176,897	4,176,897	-	59,829,788	7.0
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	-	51,299,443	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.

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

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

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

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

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

Changes in Plan Provisions

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

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

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

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

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

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

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

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

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

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.2007 %	\$ 8,733,671	\$ 381,412	\$ 9,115,083	\$ 2,437,503	358.3 %	70.5 %
06/30/21	0.1862	1,437,267	64,625	1,501,892	2,200,536	65.3	93.7
06/30/20	0.1936	2,551,855	60,099	2,611,954	2,184,797	116.8	87.2
06/30/19	0.1873	1,993,998	-	1,993,998	1,976,819	100.9	89.3
06/30/18	0.1800	1,918,615	-	1,918,615	1,897,321	101.1	88.8
06/30/17	0.1690	2,281,701	-	2,281,701	1,731,626	131.8	85.4
06/30/16	0.1760	7,063,186	-	7,063,186	1,697,313	416.1	63.9
06/30/15	0.1720	1,954,322	-	1,954,322	1,536,019	127.2	86.6

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available. There are no assets accumulated in a GASB - compliant trust

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

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/22	\$ 460,425	\$ 460,425	\$ -	\$ 2,601,272	17.70 %
12/31/21	398,926	398,926	-	2,253,819	17.70
12/31/20	406,257	406,257	-	2,295,239	17.70
12/31/19	350,130	350,130	-	2,065,665	16.95
12/31/18	315,132	315,132	-	1,945,261	16.20
12/31/17	294,689	294,689	-	1,819,069	16.20
12/31/16	273,813	273,813	-	1,690,205	16.20
12/31/15	265,741	265,741	-	1,640,377	16.20

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, 2022

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

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

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

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

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

2018 - The mortality projection scale was changed from MP-2016 to MP-2017.

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

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

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

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

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

Changes in Plan Provisions

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

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

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

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

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

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

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

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

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

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

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 91,274	\$ 88,616	\$ 100,849	\$ 84,014	\$ 90,105
Interest	38,207	67,861	84,327	73,255	71,092
Differences between expected and actual experien	-	(494,523)	-	31,873	-
Changes in assumptions	-	54,482	108,962	(72,876)	-
Benefit payments	(145,802)	(151,411)	(170,090)	(98,299)	(80,972)
Net Change in Total OPEB Liability	(16,321)	(434,975)	124,048	17,967	80,225
Total OPEB Liability - Beginning	1,891,612	2,326,587	2,202,539	2,184,572	2,104,347
Total OPEB Liability - Ending	<u>\$ 1,875,291</u>	<u>\$ 1,891,612</u>	<u>\$ 2,326,587</u>	<u>\$ 2,202,539</u>	<u>\$ 2,184,572</u>
Primary Government	\$ 1,831,094	\$ 1,858,873	\$ 2,293,876	\$ 2,164,581	\$ 2,144,983
Component Unit - EDA	16,614	15,956	20,521	19,609	20,348
Component Unit - HRA	27,583	16,783	12,190	18,349	19,241
Total OPEB Obligation	<u>\$ 1,875,291</u>	<u>\$ 1,891,612</u>	<u>\$ 2,326,587</u>	<u>\$ 2,202,539</u>	<u>\$ 2,184,572</u>
Covered-Employee Payroll	\$ 7,223,133	\$ 6,266,456	\$ 5,733,488	\$ 5,733,488	\$ 5,733,488
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	25.96 %	30.19 %	40.58 %	38.42 %	38.10 %

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available. There are no assets accumulated in a GASB-compliant trust.

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

Notes to the Required Supplementary Information - Total OPEB Liability and Related Ratios

Changes in Actuarial Funding Method

2022- No changes noted.

2021 - No changes noted.

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

2022- No changes noted.

2021 - The health care trend rates were changed to better anticipate short term and long term medical increases. The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP - 2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale. The retirement and withdrawal rates for non-public safety employees were updated. The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and employee classification. The inflation rate changed from 2.50% to 2.00%. The discount rate was changed from 2.90% to 2.00%. These changes increased the liability \$54,482.

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-2016 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%.

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF NORTHFIELD
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of Northfield, Minnesota
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
Assets			
Cash and temporary investments	\$ 2,558,069	\$ 2,454,705	\$ 5,012,774
Receivables			
Interest	3,759	2,704	6,463
Delinquent taxes	1,400	-	1,400
Accounts	290,952	-	290,952
Leases	376,081	-	376,081
Special assessments	-	172,106	172,106
Intergovernmental	81,980	4,152	86,132
Advance to other funds	56,650	-	56,650
Prepaid items	3,368	-	3,368
Land held for resale	-	49,937	49,937
Total Assets	\$ 3,372,259	\$ 2,683,604	\$ 6,055,863
Liabilities			
Accounts payable	\$ 330,067	\$ 195,610	\$ 525,677
Contracts payable	-	2,681	2,681
Due to other governments	62,867	-	62,867
Deposits payable	-	241,009	241,009
Accrued wages payable	7,415	-	7,415
Due to other funds	53,202	78,995	132,197
Advance from other funds	-	195,505	195,505
Total Liabilities	453,551	713,800	1,167,351
Deferred Inflows of Resources			
Unavailable revenue			
Taxes	1,400	-	1,400
Special assessments	-	172,106	172,106
Deferred lease resources	372,462	-	372,462
Total Deferred Inflows of Resources	373,862	172,106	545,968
Fund Balances			
Nonspendable			
Prepaid items	3,368	-	3,368
Restricted			
Library	292,097	-	292,097
Arts and culture	84,532	-	84,532
Redevelopment and housing	71,189	-	71,189
Carbon reduction	131,964	-	131,964
Utility franchise fees	795,638	-	795,638
Capital projects	-	817,683	817,683
Committed			
Community resource center operations	234,310	-	234,310
Motor vehicle operations	233,517	-	233,517
Communications	698,454	-	698,454
Assigned			
Capital projects	-	1,141,052	1,141,052
Unassigned	(223)	(161,037)	(161,260)
Total Fund Balances	2,544,846	1,797,698	4,342,544
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,372,259	\$ 2,683,604	\$ 6,055,863

City of Northfield, Minnesota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2022

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
Revenues			
Taxes			
Property taxes	\$ 195,280	\$ 609,147	\$ 804,427
Tax increment	222,278	-	222,278
Franchise fees	1,337,548	-	1,337,548
Special assessments	-	1,333	1,333
Intergovernmental			
Federal	238,074	-	238,074
Charges for services			
General government	248,816	-	248,816
Culture and recreation	-	19,285	19,285
Communication	38,673	-	38,673
Culture and recreation	323,856	-	323,856
Investment earnings (loss)	(22,552)	(50,200)	(72,752)
Miscellaneous			
Other	45,728	1,222	46,950
Contributions and donations	19,345	-	19,345
Refunds and reimbursements	-	24,473	24,473
Total Revenues	<u>2,647,046</u>	<u>605,260</u>	<u>3,252,306</u>
Expenditures			
Current			
General government	477,705	-	477,705
Culture and recreation	559,956	9,092	569,048
Housing and economic development	430,732	-	430,732
Miscellaneous	25,985	-	25,985
Capital outlay			
General government	-	22,042	22,042
Public safety	-	125,710	125,710
Public works	-	336,158	336,158
Culture and recreation	19,292	-	19,292
Transit	-	12,557	12,557
Debt service			
Principal	53,557	-	53,557
Interest and other charges	3,045	4,206	7,251
Total Expenditures	<u>1,570,272</u>	<u>509,765</u>	<u>2,080,037</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,076,774</u>	<u>95,495</u>	<u>1,172,269</u>
Other Financing Sources (Uses)			
Sale of capital assets	-	22,103	22,103
Transfers in	137,803	-	137,803
Transfers out	(1,207,196)	(100,000)	(1,307,196)
Total Other Financing Sources (Uses)	<u>(1,069,393)</u>	<u>(77,897)</u>	<u>(1,147,290)</u>
Net Change in Fund Balances	7,381	17,598	24,979
Fund Balances, January 1	<u>2,537,465</u>	<u>1,780,100</u>	<u>4,317,565</u>
Fund Balances, December 31	<u>\$ 2,544,846</u>	<u>\$ 1,797,698</u>	<u>\$ 4,342,544</u>

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NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

Communication - accounts for the use of franchise fees.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Northfield, Minnesota
Nonmajor Special Revenue Funds (Continued on the Following Pages)
Combining Balance Sheet
December 31, 2022

	211	215	229	240	241	242
	Community Resource Center	Motor Vehicle Fund	Communication Fund	Library Gift Fund	G.W. Bunday Fund	Scriver Memorial Fund
Assets						
Cash and temporary investments	\$ 304,772	\$ 280,698	\$ 641,554	\$ 49,322	\$ 24,113	\$ 140,174
Receivables						
Interest	395	599	909	85	35	205
Delinquent taxes	373	-	-	-	-	-
Accounts	-	(1,573)	-	-	-	-
Leases	376,081	-	-	-	-	-
Intergovernmental	123	-	58,532	-	-	-
Advance to other funds	-	-	-	-	-	-
Prepaid items	-	2,545	823	-	-	-
Total Assets	\$ 681,744	\$ 282,269	\$ 701,818	\$ 49,407	\$ 24,148	\$ 140,379
Liabilities						
Accounts payable	\$ 74,599	\$ 280	\$ 209	\$ 2,552	\$ -	\$ -
Due to other governments	-	40,844	-	-	-	-
Accrued wages payable	-	5,083	2,332	-	-	-
Due to other funds	-	-	-	-	-	-
Total Liabilities	74,599	46,207	2,541	2,552	-	-
Deferred Inflows of Resources						
Unavailable revenue						
Taxes	373	-	-	-	-	-
Deferred lease resources	372,462	-	-	-	-	-
Total Deferred Inflows of Resources	372,835	-	-	-	-	-
Fund Balances						
Nonspendable						
Prepaid items	-	2,545	823	-	-	-
Restricted						
Library	-	-	-	46,855	24,148	140,379
Arts and culture	-	-	-	-	-	-
Redevelopment and housing	-	-	-	-	-	-
Carbon reduction	-	-	-	-	-	-
Utility franchise fees	-	-	-	-	-	-
Communications	-	-	698,454	-	-	-
Committed						
Community resource center operations	234,310	-	-	-	-	-
Motor vehicle operations	-	233,517	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	234,310	236,062	699,277	46,855	24,148	140,379
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 681,744	\$ 282,269	\$ 701,818	\$ 49,407	\$ 24,148	\$ 140,379

243	244	245	246	250	271	270
L.J. Gustafson Fund	Myrtle Houston Fund	C.C. Cloherty Endowed Book Fund	Arts and Culture Fund	Community Development Block Grant Fund	Jefferson Square TIF Fund	Master Development TIF Fund
\$ 27,650	\$ 40,916	\$ 12,081	\$ 84,420	\$ -	\$ 18,135	\$ 18,450
41	60	18	112	-	21	-
-	-	-	-	-	-	1,027
-	-	-	-	-	-	-
-	-	-	-	23,325	-	-
-	-	-	-	-	-	56,650
-	-	-	-	-	-	-
<u>\$ 27,691</u>	<u>\$ 40,976</u>	<u>\$ 12,099</u>	<u>\$ 84,532</u>	<u>\$ 23,325</u>	<u>\$ 18,156</u>	<u>\$ 76,127</u>
\$ 51	\$ -	\$ -	\$ -	\$ 18,769	\$ 4,636	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	4,139	-	49,063
<u>51</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,908</u>	<u>4,636</u>	<u>49,063</u>
-	-	-	-	-	-	1,027
-	-	-	-	-	-	-
-	-	-	-	-	-	1,027
-	-	-	-	-	-	-
27,640	40,976	12,099	-	-	-	-
-	-	-	84,532	-	-	-
-	-	-	-	417	13,520	26,037
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>27,640</u>	<u>40,976</u>	<u>12,099</u>	<u>84,532</u>	<u>417</u>	<u>13,520</u>	<u>26,037</u>
<u>\$ 27,691</u>	<u>\$ 40,976</u>	<u>\$ 12,099</u>	<u>\$ 84,532</u>	<u>\$ 23,325</u>	<u>\$ 18,156</u>	<u>\$ 76,127</u>

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City of Northfield, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet (Continued)
December 31, 2022

	255 Utility Franchise Fee Fund	257 Carbon Reduction Fund	385 Spring Creek TIF Fund	386 Aurora TIF Fund	387 Washington TIF Fund	388 Maple Brook TIF Fund	Total
Assets							
Cash and temporary investments	\$ 649,193	\$ 137,481	\$ 40,107	\$ 34,095	\$ 21,737	\$ 33,171	\$ 2,558,069
Receivables							
Interest	1,096	116	37	15	6	9	3,759
Delinquent taxes	-	-	-	-	-	-	1,400
Accounts	292,525	-	-	-	-	-	290,952
Leases	-	-	-	-	-	-	376,081
Intergovernmental	-	-	-	-	-	-	81,980
Advance to other funds	-	-	-	-	-	-	56,650
Prepaid items	-	-	-	-	-	-	3,368
Total Assets	\$ 942,814	\$ 137,597	\$ 40,144	\$ 34,110	\$ 21,743	\$ 33,180	\$ 3,372,259
Liabilities							
Accounts payable	\$ 125,153	\$ 5,633	\$ 18,241	\$ 26,804	\$ 21,966	\$ 31,174	\$ 330,067
Due to other governments	22,023	-	-	-	-	-	62,867
Accrued wages payable	-	-	-	-	-	-	7,415
Due to other funds	-	-	-	-	-	-	53,202
Total Liabilities	147,176	5,633	18,241	26,804	21,966	31,174	453,551
Deferred Inflows of Resources							
Unavailable revenue							
Taxes	-	-	-	-	-	-	1,400
Lease receivable	-	-	-	-	-	-	372,462
Total Deferred Inflows of Resources	-	-	-	-	-	-	373,862
Fund Balances							
Nonspendable							
Prepaid items	-	-	-	-	-	-	3,368
Restricted							
Library	-	-	-	-	-	-	292,097
Arts and culture	-	-	-	-	-	-	84,532
Redevelopment and housing	-	-	21,903	7,306	-	2,006	71,189
Carbon reduction	-	131,964	-	-	-	-	131,964
Utility franchise fees	795,638	-	-	-	-	-	795,638
Communications	-	-	-	-	-	-	698,454
Committed							
Community resource center operations	-	-	-	-	-	-	234,310
Motor vehicle operations	-	-	-	-	-	-	233,517
Unassigned	-	-	-	-	(223)	-	(223)
Total Fund Balances	795,638	131,964	21,903	7,306	(223)	2,006	2,544,846
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 942,814	\$ 137,597	\$ 40,144	\$ 34,110	\$ 21,743	\$ 33,180	\$ 3,372,259

City of Northfield, Minnesota
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
(Continued on the Following Pages)
For the Year Ended December 31, 2022

	211 Community Resource Center	215 Motor Vehicle Fund	229 Communication Fund	240 Library Gift Fund	241 G.W. Bunday Fund	242 Scriver Memorial Fund
Revenues						
Taxes						
Property taxes	\$ 195,280	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment	-	-	-	-	-	-
Franchise fees	-	-	195,943	-	-	-
Intergovernmental						
Federal	-	-	-	-	-	-
Charges for services						
General government	-	248,816	-	-	-	-
Communication	-	-	38,673	-	-	-
Culture and recreation	323,856	-	-	-	-	-
Investment earnings (loss)	(4,879)	(9,597)	(12,853)	(1,525)	(538)	(3,138)
Miscellaneous						
Contributions and donations	-	-	-	19,245	-	-
Other	45,884	(156)	-	-	-	-
Total Revenues	<u>560,141</u>	<u>239,063</u>	<u>221,763</u>	<u>17,720</u>	<u>(538)</u>	<u>(3,138)</u>
Expenditures						
Current						
General government	-	252,194	225,511	-	-	-
Culture and recreation	505,946	-	-	40,888	-	732
Housing and economic development	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay						
Culture and recreation	19,292	-	-	-	-	-
Debt service						
Principal	53,557	-	-	-	-	-
Interest and other charges	3,045	-	-	-	-	-
Total Expenditures	<u>581,840</u>	<u>252,194</u>	<u>225,511</u>	<u>40,888</u>	<u>-</u>	<u>732</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(21,699)</u>	<u>(13,131)</u>	<u>(3,748)</u>	<u>(23,168)</u>	<u>(538)</u>	<u>(3,870)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(21,699)	(13,131)	(3,748)	(23,168)	(538)	(3,870)
Fund Balances, January 1	<u>256,009</u>	<u>249,193</u>	<u>703,025</u>	<u>70,023</u>	<u>24,686</u>	<u>144,249</u>
Fund Balances, December 31	<u>\$ 234,310</u>	<u>\$ 236,062</u>	<u>\$ 699,277</u>	<u>\$ 46,855</u>	<u>\$ 24,148</u>	<u>\$ 140,379</u>

243	244	245	246	250	271	270
L.J. Gustafson Fund	Myrtle Houston Fund	C.C. Cloherty Endowed Book Fund	Arts and Culture Fund	Community Development Block Grant Fund	Jefferson Square TIF Fund	Master Development TIF Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	10,302	-
-	-	-	-	-	-	-
-	-	-	-	238,074	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(624)	(919)	(271)	(848)	-	(506)	3,000
-	-	100	-	-	-	-
-	-	-	-	-	-	-
<u>(624)</u>	<u>(919)</u>	<u>(171)</u>	<u>(848)</u>	<u>238,074</u>	<u>9,796</u>	<u>3,000</u>
-	-	-	-	-	-	-
266	-	174	11,950	-	-	-
-	-	-	-	238,074	10,161	-
-	500	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>266</u>	<u>500</u>	<u>174</u>	<u>11,950</u>	<u>238,074</u>	<u>10,161</u>	<u>-</u>
<u>(890)</u>	<u>(1,419)</u>	<u>(345)</u>	<u>(12,798)</u>	<u>-</u>	<u>(365)</u>	<u>3,000</u>
-	-	-	33,457	-	-	-
-	-	-	-	-	-	-
-	-	-	<u>33,457</u>	<u>-</u>	<u>-</u>	<u>-</u>
(890)	(1,419)	(345)	20,659	-	(365)	3,000
<u>28,530</u>	<u>42,395</u>	<u>12,444</u>	<u>63,873</u>	<u>417</u>	<u>13,885</u>	<u>23,037</u>
<u>\$ 27,640</u>	<u>\$ 40,976</u>	<u>\$ 12,099</u>	<u>\$ 84,532</u>	<u>\$ 417</u>	<u>\$ 13,520</u>	<u>\$ 26,037</u>

City of Northfield, Minnesota
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended December 31, 2022

	255 Utility Franchise Fee Fund	257 Carbon Reduction Fund	385 Spring Creek TIF Fund	386 Aurora TIF Fund	387 Washington TIF Fund	388 Maple Brook TIF Fund	Total
Revenues							
Taxes							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,280
Tax increment	-	-	40,537	59,565	46,245	65,629	222,278
Franchise fees	1,141,605	-	-	-	-	-	1,337,548
Intergovernmental							
Federal	-	-	-	-	-	-	238,074
Charges for services							
General government	-	-	-	-	-	-	248,816
Communication	-	-	-	-	-	-	38,673
Culture and recreation	-	-	-	-	-	-	323,856
Investment earnings (loss)	16,438	(3,143)	(1,705)	(1,000)	(182)	(262)	(22,552)
Miscellaneous							
Contributions and donations	-	-	-	-	-	-	19,345
Other	-	-	-	-	-	-	45,728
Total Revenues	<u>1,158,043</u>	<u>(3,143)</u>	<u>38,832</u>	<u>58,565</u>	<u>46,063</u>	<u>65,367</u>	<u>2,647,046</u>
Expenditures							
Current							
General government	-	-	-	-	-	-	477,705
Culture and recreation	-	-	-	-	-	-	559,956
Housing and economic development	-	-	19,277	54,499	45,386	63,335	430,732
Miscellaneous	-	25,485	-	-	-	-	25,985
Capital outlay							
Culture and recreation	-	-	-	-	-	-	19,292
Debt service							
Principal	-	-	-	-	-	-	53,557
Interest and other charges	-	-	-	-	-	-	3,045
Total Expenditures	<u>-</u>	<u>25,485</u>	<u>19,277</u>	<u>54,499</u>	<u>45,386</u>	<u>63,335</u>	<u>1,570,272</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,158,043</u>	<u>(28,628)</u>	<u>19,555</u>	<u>4,066</u>	<u>677</u>	<u>2,032</u>	<u>1,076,774</u>
Other Financing Sources (Uses)							
Transfers in	-	104,346	-	-	-	-	137,803
Transfers out	(1,204,346)	(2,850)	-	-	-	-	(1,207,196)
Total Other Financing Sources (Uses)	<u>(1,204,346)</u>	<u>101,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,069,393)</u>
Net Change in Fund Balances	(46,303)	72,868	19,555	4,066	677	2,032	7,381
Fund Balances, January 1	<u>841,941</u>	<u>59,096</u>	<u>2,348</u>	<u>3,240</u>	<u>(900)</u>	<u>(26)</u>	<u>2,537,465</u>
Fund Balances, December 31	<u>\$ 795,638</u>	<u>\$ 131,964</u>	<u>\$ 21,903</u>	<u>\$ 7,306</u>	<u>\$ (223)</u>	<u>\$ 2,006</u>	<u>\$ 2,544,846</u>

City of Northfield, Minnesota
Community Resource Center
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2022
With Comparative Actual Amounts for Year Ended December 31, 2021

	2022			2021
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Taxes				
Property taxes	\$ 195,156	\$ 195,280	\$ 124	\$ 196,465
Charges for services				
Culture and recreation	-	323,856	323,856	-
Investment earnings (loss)	1,000	(4,879)	(5,879)	(3,370)
Miscellaneous				
Contributions and donations	-	-	-	9,770
Other	56,603	45,884	(10,719)	56,603
Total Revenues	<u>252,759</u>	<u>560,141</u>	<u>307,382</u>	<u>259,468</u>
Expenditures				
Current				
Culture and recreation				
Supplies	-	157,039	(157,039)	-
Other services and charges	149,900	348,907	(199,007)	162,740
Capital outlay				
Culture and recreation	42,500	19,292	23,208	3,477
Debt service				
Principal	49,116	53,557	(4,441)	50,536
Interest and other charges	7,485	3,045	4,440	6,066
Total Expenditures	<u>249,001</u>	<u>581,840</u>	<u>(332,839)</u>	<u>222,819</u>
Net Change in Fund Balances	3,758	(21,699)	(25,457)	36,649
Fund Balances, January 1	<u>256,009</u>	<u>256,009</u>	<u>-</u>	<u>219,360</u>
Fund Balances, December 31	<u>\$ 259,767</u>	<u>\$ 234,310</u>	<u>\$ (25,457)</u>	<u>\$ 256,009</u>

City of Northfield, Minnesota
Motor Vehicle Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2022
With Comparative Actual Amounts for Year Ended December 31, 2021

	Final	2022 Actual	Variance with	2021 Actual
	Budget	Amounts	Final Budget	Amounts
Revenues				
Charges for services				
General government	\$ 210,000	\$ 248,816	\$ 38,816	\$ 245,312
Investment earnings (loss)	1,800	(9,597)	(11,397)	(6,183)
Miscellaneous	-	(156)	(156)	164
Total Revenues	<u>211,800</u>	<u>239,063</u>	<u>27,263</u>	<u>239,293</u>
Expenditures				
Current				
General government				
Personal services	217,120	226,020	(8,900)	199,497
Supplies	2,500	1,956	544	821
Other services and charges	24,981	24,218	763	23,867
Capital outlay				
General government	-	-	-	45,817
Total Expenditures	<u>244,601</u>	<u>252,194</u>	<u>(7,593)</u>	<u>270,002</u>
Net Change in Fund Balances	(32,801)	(13,131)	19,670	(30,709)
Fund Balances, January 1	<u>249,193</u>	<u>249,193</u>	-	<u>279,902</u>
Fund Balances, December 31	<u>\$ 216,392</u>	<u>\$ 236,062</u>	<u>\$ 19,670</u>	<u>\$ 249,193</u>

City of Northfield, Minnesota
Communication Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2022
With Comparative Actual Amounts for Year Ended December 31, 2021

	2022			2021
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Taxes				
Franchise fees	\$ 186,000	\$ 195,943	\$ 9,943	\$ 187,916
Charges for service	46,000	38,673	(7,327)	61,221
Investment earnings (loss)	10,000	(12,853)	(22,853)	(8,714)
Total Revenues	<u>242,000</u>	<u>221,763</u>	<u>(20,237)</u>	<u>240,423</u>
Expenditures				
Current				
General government				
Personal services	133,753	134,531	(778)	110,706
Supplies	6,700	5,341	1,359	5,682
Other services and charges	187,033	85,639	101,394	114,797
Capital outlay				
General government	20,000	-	20,000	18,534
Total Expenditures	<u>347,486</u>	<u>225,511</u>	<u>121,975</u>	<u>249,719</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(105,486)</u>	<u>(3,748)</u>	<u>101,738</u>	<u>(9,296)</u>
Other Financing Sources (Uses)				
Transfers out	<u>(46,267)</u>	<u>-</u>	<u>46,267</u>	<u>-</u>
Net Change in Fund Balances	(151,753)	(3,748)	148,005	(9,296)
Fund Balances, January 1	<u>703,025</u>	<u>703,025</u>	<u>-</u>	<u>712,321</u>
Fund Balances, December 31	<u><u>\$ 551,272</u></u>	<u><u>\$ 699,277</u></u>	<u><u>\$ 148,005</u></u>	<u><u>\$ 703,025</u></u>

City of Northfield, Minnesota
Library Gift Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2022
With Comparative Actual Amounts for Year Ended December 31, 2021

	2022			2021
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings (loss)	\$ 500	\$ (1,525)	\$ (2,025)	\$ (913)
Contributions and donations	12,000	19,245	7,245	31,111
Total Revenues	12,500	17,720	5,220	30,198
Expenditures				
Current				
Culture and recreation				
Other services and charges	12,500	40,888	(28,388)	30,505
Net Change in Fund Balances	-	(23,168)	(23,168)	(307)
Fund Balances, January 1	70,023	70,023	-	70,330
Fund Balances, December 31	\$ 70,023	\$ 46,855	\$ (23,168)	\$ 70,023

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

	2022			2021
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings (loss)	\$ 150	\$ (538)	\$ (688)	\$ (330)
Expenditures				
Current				
Culture and recreation				
Other services and charges	4,000	-	4,000	-
Net Change in Fund Balances	(3,850)	(538)	3,312	(330)
Fund Balances, January 1	24,686	24,686	-	25,016
Fund Balances, December 31	<u>\$ 20,836</u>	<u>\$ 24,148</u>	<u>\$ 3,312</u>	<u>\$ 24,686</u>

City of Northfield, Minnesota
 Scriver Memorial Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended December 31, 2022
 With Comparative Actual Amounts for Year Ended December 31, 2021

	Final Budget	2022 Actual Amounts	Variance with Final Budget	2021 Actual Amounts
Revenues				
Investment earnings (loss)	\$ 750	\$ (3,138)	\$ (3,888)	\$ (1,934)
Expenditures				
Current				
Culture and recreation				
Other services and charges	750	732	18	750
Net Change in Fund Balances	-	(3,870)	(3,870)	(2,684)
Fund Balances, January 1	144,249	144,249	-	146,933
Fund Balances, December 31	\$ 144,249	\$ 140,379	\$ (3,870)	\$ 144,249

City of Northfield, Minnesota
L.J. Gustafson Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2022
With Comparative Actual Amounts for Year Ended December 31, 2021

	Final Budget	2022 Actual Amounts	Variance with Final Budget	2021 Actual Amounts
Revenues				
Investment earnings (loss)	\$ 200	\$ (624)	\$ (824)	\$ (390)
Expenditures				
Current				
Culture and recreation				
Other services and charges	1,500	266	1,234	919
Net Change in Fund Balances	(1,300)	(890)	410	(1,309)
Fund Balances, January 1	28,530	28,530	-	29,839
Fund Balances, December 31	<u>\$ 27,230</u>	<u>\$ 27,640</u>	<u>\$ 410</u>	<u>\$ 28,530</u>

City of Northfield, Minnesota
Myrtle Houston Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2022
With Comparative Actual Amounts for Year Ended December 31, 2021

	2022			2021
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings (loss)	\$ 250	\$ (919)	\$ (1,169)	\$ (569)
Expenditures				
Current				
Miscellaneous				
Other services and charges	1,000	500	500	167
Net Change in Fund Balances	(750)	(1,419)	(669)	(736)
Fund Balances, January 1	42,395	42,395	-	43,131
Fund Balances, December 31	<u>\$ 41,645</u>	<u>\$ 40,976</u>	<u>\$ (669)</u>	<u>\$ 42,395</u>

City of Northfield, Minnesota
C.C. Cloherty Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2022
With Comparative Actual Amounts for Year Ended December 31, 2021

	Final Budget	2022 Actual Amounts	Variance with Final Budget	2021 Actual Amounts
Revenues				
Investment earnings (loss)	\$ 200	\$ (271)	\$ (471)	\$ (167)
Expenditures				
Current				
Culture and recreation				
Other services and charges	200	174	26	169
Net Change in Fund Balances	-	(345)	(345)	(336)
Fund Balances, January 1	12,444	12,444	-	12,780
Fund Balances, December 31	\$ 12,444	\$ 12,099	\$ (345)	\$ 12,444

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

	Final Budget	2022 Actual Amounts	Variance with Final Budget	2021 Actual Amounts
Revenues				
Intergovernmental				
Federal	\$ 65,000	\$ 238,074	\$ 173,074	\$ 70,975
Expenditures				
Current				
Housing and economic development				
Other services and charges	65,000	238,074	(173,074)	70,912
Net Change in Fund Balances	-	-	-	63
Fund Balances, January 1	417	417	-	354
Fund Balances, December 31	\$ 417	\$ 417	\$ -	\$ 417

City of Northfield, Minnesota
Master Development Tax Increment Financing Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2022
With Comparative Actual Amounts for Year Ended December 31, 2021

	2022			2021
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings (loss)	\$ 3,000	\$ 3,000	\$ -	\$ 2,550
Expenditures				
Current				
Housing and economic development				
Other services and charges	-	-	-	694
Capital outlay				
Housing and economic development	-	-	-	43,205
Total Expenditures	-	-	-	43,899
Net Change in Fund Balances	3,000	3,000	-	(41,349)
Fund Balances, January 1	23,037	23,037	-	64,386
Fund Balances, December 31	<u>\$ 26,037</u>	<u>\$ 26,037</u>	<u>\$ -</u>	<u>\$ 23,037</u>

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NONMAJOR CAPITAL PROJECT FUNDS

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

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

2023 Capital Project - accounts for projects to be financed by a future 2023 bond issue.

2024 Capital Project - accounts for projects to be financed by a future 2024 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.

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, 2022

	419	424	425	451	453 Fire Replacement Fund	454 City Facilities Fund
	2018 Capital Project Fund	2023 Capital Project Fund	2024 Capital Project Fund	Park Fund		
Assets						
Cash and temporary investments	\$ 58,785	\$ -	\$ -	\$ 418,876	\$ 77,748	\$ 218,122
Receivables						
Interest	86	-	-	591	113	275
Special assessments						
Noncurrent	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
Total Assets	<u>\$ 58,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 419,467</u>	<u>\$ 77,861</u>	<u>\$ 218,397</u>
Liabilities						
Accounts payable	\$ -	\$ 78,704	\$ 5,087	\$ 263	\$ -	\$ 8,803
Contracts payable	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Due to other funds	-	77,246	-	-	-	-
Advance from other funds	-	-	-	-	-	195,505
Total Liabilities	<u>-</u>	<u>155,950</u>	<u>5,087</u>	<u>263</u>	<u>-</u>	<u>204,308</u>
Deferred Inflows of Resources						
Unavailable revenue						
Special assessments	-	-	-	-	-	-
Fund Balances						
Restricted						
Capital projects	-	-	-	419,204	-	-
Assigned						
Capital projects	58,871	-	-	-	77,861	14,089
Unassigned	-	(155,950)	(5,087)	-	-	-
Total Fund Balance	<u>58,871</u>	<u>(155,950)</u>	<u>(5,087)</u>	<u>419,204</u>	<u>77,861</u>	<u>14,089</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 58,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 419,467</u>	<u>\$ 77,861</u>	<u>\$ 218,397</u>

455 Equipment and Vehicle Replacement	456 Hauberg Park	460 Public Safety Center Project	475 Capital Reserve Fund	Total
\$ 471,558	\$ 9,563	\$ 397,900	\$ 802,153	\$ 2,454,705
-	13	579	1,047	2,704
-	-	-	172,106	172,106
-	-	-	4,152	4,152
-	-	-	49,937	49,937
<u>\$ 471,558</u>	<u>\$ 9,576</u>	<u>\$ 398,479</u>	<u>\$ 1,029,395</u>	<u>\$ 2,683,604</u>
\$ 1,042	\$ -	\$ -	\$ 101,711	\$ 195,610
-	-	-	2,681	2,681
-	-	-	241,009	241,009
1,749	-	-	-	78,995
-	-	-	-	195,505
<u>2,791</u>	<u>-</u>	<u>-</u>	<u>345,401</u>	<u>713,800</u>
-	-	-	172,106	172,106
-	-	398,479	-	817,683
468,767	9,576	-	511,888	1,141,052
-	-	-	-	(161,037)
<u>468,767</u>	<u>9,576</u>	<u>398,479</u>	<u>511,888</u>	<u>1,797,698</u>
<u>\$ 471,558</u>	<u>\$ 9,576</u>	<u>\$ 398,479</u>	<u>\$ 1,029,395</u>	<u>\$ 2,683,604</u>

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, 2022

	419	424	425	451	453	454
	2018 Capital Project Fund	2023 Capital Project Fund	2024 Capital Project Fund	Park Fund	Fire Replacement Fund	City Facilities Fund
Revenues						
Taxes						
Property taxes	\$ -	\$ -	\$ -	\$ 103,265	\$ -	\$ 75,990
Special assessments	-	-	-	-	-	-
Charges for services						
Culture and recreation	-	-	-	19,285	-	-
Investment earnings (loss)	(1,310)	-	-	(7,702)	(1,733)	(4,854)
Miscellaneous						
Other	-	-	-	-	-	-
Refunds and reimbursements	-	-	-	24,473	-	-
Total Revenues	<u>(1,310)</u>	<u>-</u>	<u>-</u>	<u>139,321</u>	<u>(1,733)</u>	<u>71,136</u>
Expenditures						
Current						
Culture and recreation	-	-	-	9,092	-	-
Capital outlay						
General government	-	-	-	-	-	22,042
Public safety	-	-	-	-	-	-
Public works	-	155,950	5,087	-	-	289
Transit	-	-	-	-	-	12,557
Debt service						
Interest and other	-	-	-	-	-	4,206
Total Expenditures	<u>-</u>	<u>155,950</u>	<u>5,087</u>	<u>9,092</u>	<u>-</u>	<u>39,094</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,310)</u>	<u>(155,950)</u>	<u>(5,087)</u>	<u>130,229</u>	<u>(1,733)</u>	<u>32,042</u>
Other Financing Sources (Uses)						
Sale of capital assets	-	-	-	-	-	-
Transfers out	-	-	-	(100,000)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,310)	(155,950)	(5,087)	30,229	(1,733)	32,042
Fund Balances, January 1	<u>60,181</u>	<u>-</u>	<u>-</u>	<u>388,975</u>	<u>79,594</u>	<u>(17,953)</u>
Fund Balances, December 31	<u>\$ 58,871</u>	<u>\$ (155,950)</u>	<u>\$ (5,087)</u>	<u>\$ 419,204</u>	<u>\$ 77,861</u>	<u>\$ 14,089</u>

455 Equipment and Vehicle Replacement	456 Hauberg Park	460 Public Safety Center Project	475 Capital Reserve Fund	Total
\$ 344,295	\$ -	\$ -	\$ 85,597	\$ 609,147
-	-	-	1,333	1,333
-	-	-	-	19,285
(10,821)	(181)	(8,870)	(14,729)	(50,200)
-	1,222	-	-	1,222
-	-	-	-	24,473
<u>333,474</u>	<u>1,041</u>	<u>(8,870)</u>	<u>72,201</u>	<u>605,260</u>
-	-	-	-	9,092
-	-	-	-	22,042
125,710	-	-	-	125,710
54,941	-	-	119,891	336,158
-	-	-	-	12,557
-	-	-	-	4,206
<u>180,651</u>	<u>-</u>	<u>-</u>	<u>119,891</u>	<u>509,765</u>
<u>152,823</u>	<u>1,041</u>	<u>(8,870)</u>	<u>(47,690)</u>	<u>95,495</u>
22,103	-	-	-	22,103
-	-	-	-	(100,000)
<u>22,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(77,897)</u>
174,926	1,041	(8,870)	(47,690)	17,598
<u>293,841</u>	<u>8,535</u>	<u>407,349</u>	<u>559,578</u>	<u>1,780,100</u>
<u>\$ 468,767</u>	<u>\$ 9,576</u>	<u>\$ 398,479</u>	<u>\$ 511,888</u>	<u>\$ 1,797,698</u>

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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, 2022 and 2021

	2022	2021
Assets		
Cash and temporary investments	\$ 9,785,799	\$ 10,090,316
Receivables		
Interest	10,598	10,045
Delinquent taxes	71,897	65,248
Accounts	142,006	82,626
Intergovernmental	228,939	1,230,707
Due from other funds	187,078	320,020
Inventories	330	450
Prepaid items	235,746	122,349
	<u>235,746</u>	<u>122,349</u>
Total Assets	<u>\$ 10,662,393</u>	<u>\$ 11,921,761</u>
Liabilities		
Accounts payable	\$ 382,854	\$ 651,469
Contracts payable	-	14,524
Due to other governments	-	2,255
Deposits payable	121,763	47,054
Accrued wages payable	241,565	176,807
Total Liabilities	<u>746,182</u>	<u>892,109</u>
Deferred Inflows of Resources		
Unavailable revenue		
Taxes	71,897	65,248
Intergovernmental	26,557	1,159,923
	<u>26,557</u>	<u>1,159,923</u>
Total Deferred Inflows of Resources	<u>98,454</u>	<u>1,225,171</u>
Fund Balances		
Nonspendable		
Inventories	330	450
Prepaid items	235,746	122,349
Restricted		
Police forfeitures	32,315	37,129
Committed		
Capital projects	335,694	785,044
Unassigned	9,213,672	8,859,509
	<u>9,213,672</u>	<u>8,859,509</u>
Total Fund Balances	<u>9,817,757</u>	<u>9,804,481</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 10,662,393</u>	<u>\$ 11,921,761</u>

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

	2022				2021
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes					
Property taxes	\$ 8,427,518	\$ 8,427,518	\$ 8,425,519	\$ (1,999)	\$ 7,404,234
Hotel-motel tax	146,100	146,100	181,046	34,946	147,947
Total taxes	8,573,618	8,573,618	8,606,565	32,947	7,552,181
Licenses and permits					
Business	87,375	87,375	84,642	(2,733)	9,114
Nonbusiness	482,500	482,500	766,107	283,607	788,052
Total licenses and permits	569,875	569,875	850,749	280,874	797,166
Intergovernmental					
Federal					
ARPA	1,097,428	1,097,428	1,133,366	35,938	1,133,366
Other	-	-	10,929	10,929	38,868
State					
Local government aid	3,300,605	3,300,605	3,300,605	-	3,269,418
Property tax credits	-	-	359	359	326
PERA aid	14,049	14,049	-	(14,049)	-
Street maintenance aid	205,000	205,000	250,193	45,193	218,207
Fire aid	179,651	179,651	193,455	13,804	185,651
Police aid	236,493	236,493	250,226	13,733	239,699
Other state aid	25,008	25,008	152,417	127,409	13,900
County					
Library aid	192,239	192,239	192,239	-	194,239
Highway	12,052	12,052	12,912	860	12,536
Total intergovernmental	5,262,525	5,262,525	5,496,701	234,176	5,306,210
Charges for services					
General government	886,528	886,528	889,974	3,446	863,517
Public safety	67,304	67,304	67,671	367	67,516
Streets and highways	198,850	198,850	157,538	(41,312)	86,433
Culture and recreation	311,300	311,300	368,521	57,221	353,084
Total charges for services	1,463,982	1,463,982	1,483,704	19,722	1,370,550
Fines and forfeits	79,000	79,000	99,912	20,912	71,543
Investment earnings (loss)	120,000	120,000	(192,424)	(312,424)	(112,618)
Miscellaneous					
Contributions and donations	129,813	129,813	430,509	300,696	331,906
Other	10,000	10,000	26,075	16,075	31,180
Total miscellaneous	139,813	139,813	456,584	316,771	363,086
Total Revenues	16,208,813	16,208,813	16,801,791	592,978	15,351,836

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

	2022			2021
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final		
Expenditures				
Current				
General government				
Mayor and Council				
Personal services	\$ 78,432	\$ 78,432	\$ 74,976	\$ 73,542
Supplies	1,630	1,630	1,245	999
Other services and charges	277,332	277,332	431,248	198,520
Total Mayor and Council	357,394	357,394	507,469	273,061
City clerk				
Personal services	193,084	193,084	143,096	232,324
Supplies	1,300	1,300	3,835	453
Other services and charges	35,326	35,326	19,859	13,537
Total City Clerk	229,710	229,710	166,790	246,314
Administration				
Personal services	326,654	326,654	369,296	303,672
Supplies	4,000	4,000	2,047	906
Other services and charges	301,341	301,341	301,424	451,065
Total administration	631,995	631,995	672,767	755,643
Finance				
Personal services	476,548	476,548	489,930	455,450
Supplies	3,500	3,500	2,927	2,686
Other services and charges	141,682	141,682	187,899	133,862
Total finance	621,730	621,730	680,756	591,998
Elections				
Personal services	19,378	19,378	44,279	-
Supplies	-	-	3,018	-
Other services and charges	-	-	12,238	2,988
Total elections	19,378	19,378	59,535	2,988
Human resources				
Personal services	441,198	441,198	529,861	435,512
Supplies	2,497	2,497	2,677	1,311
Other services and charges	247,676	247,676	204,152	188,373
Total human resources	691,371	691,371	736,690	625,196
Community development				
Personal services	305,862	305,862	206,105	116,247
Supplies	5,500	5,500	2,631	811
Other services and charges	134,345	134,345	45,958	26,521
Total community development	445,707	445,707	254,694	143,579

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

	2022				2021
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (Continued)					
General government (Continued)					
City Hall operations					
Supplies	\$ 46,500	\$ 46,500	\$ 58,195	\$ (11,695)	\$ 35,125
Other services and charges	76,943	76,943	83,341	(6,398)	64,076
Total City Hall operations	123,443	123,443	141,536	(18,093)	99,201
Planning and zoning					
Personal services	172,005	172,005	251,376	(79,371)	171,458
Supplies	500	500	140	360	-
Other services and charges	14,358	14,358	11,169	3,189	11,857
Total planning and zoning	186,863	186,863	262,685	(75,822)	183,315
Insurance	154,354	154,354	154,354	-	154,354
Total General Government	3,461,945	3,461,945	3,637,276	(175,331)	3,075,649
Public safety					
Police protection					
Personal services	4,140,912	4,140,912	4,324,238	(183,326)	3,645,398
Supplies	223,000	223,000	190,330	32,670	189,475
Other services and charges	444,997	444,997	414,081	30,916	391,954
Total police protection	4,808,909	4,808,909	4,928,649	(119,740)	4,226,827
Fire protection					
Personal services	179,651	179,651	193,455	(13,804)	185,651
Other services and charges	364,000	364,000	435,859	(71,859)	364,719
Total fire protection	543,651	543,651	629,314	(85,663)	550,370
Building inspection					
Personal services	404,181	404,181	357,032	47,149	335,523
Supplies	6,000	6,000	6,781	(781)	3,718
Other services and charges	34,397	34,397	19,058	15,339	22,236
Total building inspection	444,578	444,578	382,871	61,707	361,477
Total Public Safety	5,797,138	5,797,138	5,940,834	(143,696)	5,138,674
Public works					
Engineering					
Personal services	633,148	633,148	545,192	87,956	477,593
Supplies	13,000	13,000	11,464	1,536	6,769
Other services and charges	130,903	130,903	91,437	39,466	100,905
Total engineering	777,051	777,051	648,093	128,958	585,267
Streets					
Personal services	957,327	957,327	1,062,235	(104,908)	887,037
Supplies	198,500	198,500	253,641	(55,141)	192,413
Other services and charges	563,860	563,860	694,644	(130,784)	510,150
Total streets	1,719,687	1,719,687	2,010,520	(290,833)	1,589,600

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

	2022			2021
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final		
Expenditures (Continued)				
Current (Continued)				
Public works (Continued)				
Street lighting				
Supplies	\$ 35,000	\$ 35,000	\$ 53,981	\$ 29,564
Other services and charges	230,000	230,000	288,295	231,452
Total street lighting	265,000	265,000	342,276	261,016
Facilities				
Personal services	249,670	249,670	222,765	221,298
Supplies	49,700	49,700	10,746	7,367
Other services and charges	86,154	86,154	87,406	93,662
Total facilities	385,524	385,524	320,917	322,327
Total Public Works	3,147,262	3,147,262	3,321,806	2,758,210
Culture and recreation				
Ice arena				
Personal services	114,800	114,800	123,210	121,334
Supplies	35,400	35,400	51,259	72,874
Other services and charges	98,427	98,427	121,084	105,855
Total ice arena	248,627	248,627	295,553	300,063
Swimming pool				
Personal services	126,464	126,464	115,263	115,769
Supplies	54,100	54,100	65,190	41,566
Other services and charges	41,837	41,837	40,903	37,120
Total swimming pool	222,401	222,401	221,356	194,455
General parks				
Personal services	231,681	231,681	168,308	174,064
Supplies	60,000	60,000	57,196	54,913
Other services and charges	276,600	276,600	352,006	240,077
Total general parks	568,281	568,281	577,510	469,054
Recreation administration				
Personal services	118,494	118,494	121,207	109,996
Other services and charges	145,644	145,644	144,482	140,317
Total recreation administration	264,138	264,138	265,689	250,313
Library				
Personal services	1,105,998	1,105,998	1,190,005	1,102,829
Supplies	49,400	49,400	42,893	46,986
Other services and charges	405,230	405,230	435,771	395,112
Total library	1,560,628	1,560,628	1,668,669	1,544,927
Total Culture and Recreation	2,864,075	2,864,075	3,028,777	2,758,812
Housing and economic development				
Other services and charges	-	-	2,850	-

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

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (Continued)					
Miscellaneous					
Unallocated					
Other services and charges	\$ 913,428	\$ 913,428	\$ 214,130	\$ 699,298	\$ 142,558
Total Current	16,183,848	16,183,848	16,145,673	38,175	13,873,903
Capital outlay					
General government	800	800	449,350	(448,550)	374,506
Public safety	-	-	-	-	156,451
Public works	3,000	3,000	1,331	1,669	-
Culture and recreation	15,000	15,000	10,803	4,197	9,521
Total capital outlay	18,800	18,800	461,484	(442,684)	540,478
Debt service					
Principal	178,287	178,287	191,480	(13,193)	185,268
Interest and other charges	27,173	27,173	13,978	13,195	20,192
Total debt service	205,460	205,460	205,458	2	205,460
Total Expenditures	16,408,108	16,408,108	16,812,615	(404,507)	14,619,841
Excess (Deficiency) of Revenues Over (Under) Expenditures	(199,295)	(199,295)	(10,824)	188,471	731,995
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	-	7,338
Transfers in	660,767	660,767	50,000	(610,767)	75,000
Transfers out	(461,472)	(461,472)	(25,900)	435,572	(44,027)
Total Other Financing Sources (Uses)	199,295	199,295	24,100	(175,195)	38,311
Net Change in Fund Balances	-	-	13,276	13,276	770,306
Fund Balances, January 1	9,804,481	9,804,481	9,804,481	-	9,034,175
Fund Balances, December 31	\$ 9,804,481	\$ 9,804,481	\$ 9,817,757	\$ 13,276	\$ 9,804,481

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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, 2022

	311	312	313	314	315	316
	2010A Bonds Fund	2011A Bonds Fund	2012A Bonds Fund	2013A Bonds Fund	2014A Bonds Fund	2015A Bonds Fund
Assets						
Cash and temporary investments	\$ -	\$ 14,577	\$ 112,095	\$ 160,249	\$ 250,101	\$ 328,022
Receivables						
Interest	-	34	107	210	301	379
Delinquent taxes	-	-	-	-	-	-
Special assessments						
Current	-	-	1,684	11,362	72,794	80,359
Delinquent	-	-	-	918	15	-
Intergovernmental	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 14,611</u>	<u>\$ 113,886</u>	<u>\$ 172,739</u>	<u>\$ 323,211</u>	<u>\$ 408,760</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 575	\$ 238	\$ -
Due to other funds	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>575</u>	<u>238</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue						
Taxes	-	-	-	-	-	-
Special assessments	-	-	1,684	12,203	72,805	80,359
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>1,684</u>	<u>12,203</u>	<u>72,805</u>	<u>80,359</u>
Fund Balances						
Restricted						
Debt service	-	14,611	112,202	159,961	250,168	328,401
Unassigned	-	-	-	-	-	-
Total Fund Balance	<u>-</u>	<u>14,611</u>	<u>112,202</u>	<u>159,961</u>	<u>250,168</u>	<u>328,401</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ -</u>	<u>\$ 14,611</u>	<u>\$ 113,886</u>	<u>\$ 172,739</u>	<u>\$ 323,211</u>	<u>\$ 408,760</u>

317	318	319	320	321	322	352 2014A (2006A) Public Project Revenue Refunding Bonds
2016C Bonds Fund	2017A Bonds Fund	2018B Bonds Fund	2019A Bonds Fund	2020A Bonds Fund	2021A Bonds Fund	
\$ 391,123	\$ 226,725	\$ 260,622	\$ 290,568	\$ 953,334	\$ 161,500	\$ 232,099
556	275	205	186	1,062	114	142
-	-	-	-	-	-	-
33,768	109,045	81,820	313,076	253,581	-	-
-	1,002	-	191	98	35,005	-
-	-	-	-	-	-	-
<u>\$ 425,447</u>	<u>\$ 337,047</u>	<u>\$ 342,647</u>	<u>\$ 604,021</u>	<u>\$ 1,208,075</u>	<u>\$ 196,619</u>	<u>\$ 232,241</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ 238
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	100	238
-	-	-	-	-	-	-
33,768	110,047	81,820	313,096	253,565	35,005	-
<u>33,768</u>	<u>110,047</u>	<u>81,820</u>	<u>313,096</u>	<u>253,565</u>	<u>35,005</u>	<u>-</u>
391,679	227,000	260,827	290,925	954,510	161,514	232,003
-	-	-	-	-	-	-
<u>391,679</u>	<u>227,000</u>	<u>260,827</u>	<u>290,925</u>	<u>954,510</u>	<u>161,514</u>	<u>232,003</u>
\$ 425,447	\$ 337,047	\$ 342,647	\$ 604,021	\$ 1,208,075	\$ 196,619	\$ 232,241

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City of Northfield, Minnesota
Debt Service Funds
Combining Balance Sheet (Continued)
December 31, 2022

	354	356	357	358	379	381	382	
	2012 COPS Debt Fund	2016 Equipment Certificates	2018A NAFRS Debt Service	2021 Equipment Certificates	2017B Refunding TIF Bonds	Hiley Neff TIF Bonds	Riverfront TIF Bonds	Total
Assets								
Cash and temporary investments	\$ 314,276	\$ 6,122	\$ 452,319	\$ 55,200	\$ 136,405	\$ 90	\$ 203,738	\$ 4,549,165
Receivables								
Interest	120	24	517	25	116	7	155	4,535
Delinquent taxes	-	-	-	-	727	-	8	735
Special assessments								
Current	-	-	-	-	-	-	-	957,489
Delinquent	-	-	-	-	-	-	-	37,229
Intergovernmental	-	-	-	-	3,702	-	13,043	16,745
Total Assets	\$ 314,396	\$ 6,146	\$ 452,836	\$ 55,225	\$ 140,950	\$ 97	\$ 216,944	\$ 5,565,898
Liabilities								
Accounts payable	\$ -	\$ -	\$ 475	\$ -	\$ 575	\$ -	\$ 48,714	\$ 50,915
Due to other funds	-	-	-	-	-	54,881	-	54,881
Advance from other funds	-	-	-	-	56,650	-	-	56,650
Total Liabilities	-	-	475	-	57,225	54,881	48,714	162,446
Deferred Inflows of Resources								
Unavailable revenue								
Taxes	-	-	-	-	727	-	8	735
Special assessments	-	-	-	-	-	-	-	994,352
Total Deferred Inflows of Resources	-	-	-	-	727	-	8	995,087
Fund Balances								
Restricted								
Debt service	314,396	6,146	452,361	55,225	82,998	-	168,222	4,463,149
Unassigned	-	-	-	-	-	(54,784)	-	(54,784)
Total Fund Balance	314,396	6,146	452,361	55,225	82,998	(54,784)	168,222	4,408,365
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 314,396	\$ 6,146	\$ 452,836	\$ 55,225	\$ 140,950	\$ 97	\$ 216,944	\$ 5,565,898

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, 2022

	311	312	313	314	315	316
	2010A Bonds Fund	2011A Bonds Fund	2012A Bonds Fund	2013A Bonds Fund	2014A Bonds Fund	2015A Bonds Fund
Revenues						
Taxes						
Property taxes	\$ -	\$ -	\$ 50,000	\$ 25,000	\$ 45,000	\$ 95,000
Tax increment	-	-	-	-	-	-
Special assessments	-	2,495	24,073	12,346	40,559	32,174
Investment earnings (loss)	-	(5,293)	(4,974)	(6,363)	(9,034)	(11,611)
Miscellaneous	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>(2,798)</u>	<u>69,099</u>	<u>30,983</u>	<u>76,525</u>	<u>115,563</u>
Expenditures						
Current						
Housing and economic development	-	-	-	-	-	-
Debt service						
Principal	-	130,000	95,000	85,000	120,000	160,000
Interest and other charges	-	2,861	8,446	8,084	12,702	15,931
Total Expenditures	<u>-</u>	<u>132,861</u>	<u>103,446</u>	<u>93,084</u>	<u>132,702</u>	<u>175,931</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(135,659)</u>	<u>(34,347)</u>	<u>(62,101)</u>	<u>(56,177)</u>	<u>(60,368)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	<u>(46,488)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(46,488)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(46,488)	(135,659)	(34,347)	(62,101)	(56,177)	(60,368)
Fund Balances, January 1	<u>46,488</u>	<u>150,270</u>	<u>146,549</u>	<u>222,062</u>	<u>306,345</u>	<u>388,769</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ 14,611</u>	<u>\$ 112,202</u>	<u>\$ 159,961</u>	<u>\$ 250,168</u>	<u>\$ 328,401</u>

317	318	319	320	321	322	352 2014A (2006A) Public Project Revenue Refunding Bonds
2016C Bonds Fund	2017A Bonds Fund	2018B Bonds Fund	2019A Bonds Fund	2020A Bonds Fund	2021A Bonds Fund	
\$ 15,000	\$ 52,000	\$ 180,000	\$ 214,047	\$ 375,343	\$ 139,700	\$ 230,000
-	-	-	-	-	-	-
11,969	29,369	38,184	74,807	47,992	731	-
(11,530)	(7,749)	(9,186)	(10,758)	(30,390)	(1,860)	(9,661)
-	-	-	-	-	-	-
<u>15,439</u>	<u>73,620</u>	<u>208,998</u>	<u>278,096</u>	<u>392,945</u>	<u>138,571</u>	<u>220,339</u>
-	-	-	-	-	-	-
80,000	95,000	160,000	215,000	345,000	-	215,000
9,159	18,669	40,849	57,307	100,133	58,824	16,236
<u>89,159</u>	<u>113,669</u>	<u>200,849</u>	<u>272,307</u>	<u>445,133</u>	<u>58,824</u>	<u>231,236</u>
<u>(73,720)</u>	<u>(40,049)</u>	<u>8,149</u>	<u>5,789</u>	<u>(52,188)</u>	<u>79,747</u>	<u>(10,897)</u>
-	-	-	-	-	46,488	-
-	-	-	-	-	-	-
-	-	-	-	-	<u>46,488</u>	-
(73,720)	(40,049)	8,149	5,789	(52,188)	126,235	(10,897)
465,399	267,049	252,678	285,136	1,006,698	35,279	242,900
<u>\$ 391,679</u>	<u>\$ 227,000</u>	<u>\$ 260,827</u>	<u>\$ 290,925</u>	<u>\$ 954,510</u>	<u>\$ 161,514</u>	<u>\$ 232,003</u>

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

	354	356	357	358	379	381	382	
	2012 COPS Debt Fund	2016 Equipment Certificates	2018A NAFRS Debt Service	2021 Equipment Certificates	2017B Refunding TIF Bonds	Hiley Neff TIF Bonds	Riverfront TIF Bonds	Total
Revenues								
Taxes								
Property taxes	\$ 416,073	\$ -	\$ 185,000	\$ 62,339	\$ -	\$ -	\$ -	\$ 2,084,502
Tax increment	-	-	-	-	128,248	21,106	299,858	449,212
Special assessments	-	-	-	-	-	-	-	314,699
Investment earnings (loss)	(8,991)	(5,024)	(14,366)	(295)	(4,287)	(288)	(7,856)	(159,516)
Miscellaneous	-	-	81,982	-	-	-	-	81,982
Total Revenues	<u>407,082</u>	<u>(5,024)</u>	<u>252,616</u>	<u>62,044</u>	<u>123,961</u>	<u>20,818</u>	<u>292,002</u>	<u>2,770,879</u>
Expenditures								
Current								
Housing and economic development	-	-	-	-	-	-	104,160	104,160
Debt service								
Principal	230,000	130,000	165,000	-	55,000	7,000	128,644	2,415,644
Interest and other	101,060	1,500	119,783	6,819	10,272	3,042	41,461	633,138
Total Expenditures	<u>331,060</u>	<u>131,500</u>	<u>284,783</u>	<u>6,819</u>	<u>65,272</u>	<u>10,042</u>	<u>274,265</u>	<u>3,152,942</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>76,022</u>	<u>(136,524)</u>	<u>(32,167)</u>	<u>55,225</u>	<u>58,689</u>	<u>10,776</u>	<u>17,737</u>	<u>(382,063)</u>
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	-	46,488
Transfers out	-	-	-	-	-	-	-	(46,488)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	76,022	(136,524)	(32,167)	55,225	58,689	10,776	17,737	(382,063)
Fund Balances, January 1	<u>238,374</u>	<u>142,670</u>	<u>484,528</u>	<u>-</u>	<u>24,309</u>	<u>(65,560)</u>	<u>150,485</u>	<u>4,790,428</u>
Fund Balances, December 31	<u>\$ 314,396</u>	<u>\$ 6,146</u>	<u>\$ 452,361</u>	<u>\$ 55,225</u>	<u>\$ 82,998</u>	<u>\$ (54,784)</u>	<u>\$ 168,222</u>	<u>\$ 4,408,365</u>

INTERNAL SERVICE FUNDS

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

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

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

City of Northfield, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2022

	701 Technology	705 Insurance	Total
Assets			
Current Assets			
Cash and temporary investments	\$ 795,642	\$ 1,108,959	\$ 1,904,601
Receivables			
Interest	1,327	1,672	2,999
Accounts	-	5,492	5,492
Prepaid items	1,166	20,507	21,673
Total Current Assets	798,135	1,136,630	1,934,765
Noncurrent Assets			
Capital assets			
Machinery and equipment	385,597	-	385,597
Less accumulated depreciation	(249,521)	-	(249,521)
Total Capital Assets	136,076	-	136,076
Total Assets	934,211	1,136,630	2,070,841
Deferred Outflows of Resources			
Deferred pension resources	78,559	8,689	87,248
Deferred other postemployment benefit resources	3,170	795	3,965
Total Deferred Outflows of Resources	81,729	9,484	91,213
Liabilities			
Current Liabilities			
Accounts payable	45,330	8,127	53,457
Accrued wages payable	6,555	301	6,856
Total Current Liabilities	51,885	8,428	60,313
Noncurrent Liabilities			
Net pension liability	241,000	26,656	267,656
Other postemployment benefits liability	25,428	6,376	31,804
Total Noncurrent Liabilities	266,428	33,032	299,460
Total Liabilities	318,313	41,460	359,773
Deferred Inflows of Resources			
Deferred pension resources	3,396	376	3,772
Deferred other postemployment benefit resources	5,213	1,307	6,520
Total Deferred Inflows of Resources	8,609	1,683	10,292
Net Position			
Net investment in capital assets	136,076	-	136,076
Unrestricted	552,942	1,102,971	1,655,913
Total Net Position	\$ 689,018	\$ 1,102,971	\$ 1,791,989

City of Northfield, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	701 <u>Technology</u>	705 <u>Insurance</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 691,083	\$ 650,841	\$ 1,341,924
Other income	1,056	357	1,413
Total Operating Revenues	<u>692,139</u>	<u>651,198</u>	<u>1,343,337</u>
Operating Expenses			
Personal services	319,093	282,347	601,440
Supplies	73,357	-	73,357
Other services and charges	280,219	325,319	605,538
Depreciation	47,000	-	47,000
Total Operating Expenses	<u>719,669</u>	<u>607,666</u>	<u>1,327,335</u>
Operating Income (Loss)	(27,530)	43,532	16,002
Nonoperating Revenues			
Investment income (loss)	<u>(13,285)</u>	<u>(17,827)</u>	<u>(31,112)</u>
Change in Net Position	(40,815)	25,705	(15,110)
Net Position, January 1	<u>729,833</u>	<u>1,077,266</u>	<u>1,807,099</u>
Net Position, December 31	<u><u>\$ 689,018</u></u>	<u><u>\$ 1,102,971</u></u>	<u><u>\$ 1,791,989</u></u>

City of Northfield, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2022

	701 Technology	705 Insurance	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 692,139	\$ 645,706	\$ 1,337,845
Payments to suppliers and vendors	(347,218)	(317,544)	(664,762)
Payments to and on behalf of employees	(311,047)	(352,233)	(663,280)
Net Cash Provided (Used) by Operating Activities	33,874	(24,071)	9,803
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(44,114)	-	(44,114)
Cash Flows from Investing Activities			
Net investment loss on cash and investments	(13,426)	(17,986)	(31,412)
Net Increase (Decrease) in Cash and Cash Equivalents	(23,666)	(42,057)	(65,723)
Cash and Cash Equivalents, January 1	819,308	1,151,016	1,970,324
Cash and Cash Equivalents, December 31	<u>\$ 795,642</u>	<u>\$ 1,108,959</u>	<u>\$ 1,904,601</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (27,530)	\$ 43,532	\$ 16,002
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	47,000	-	47,000
(Increase) decrease in assets			
Accounts receivable	-	(5,492)	(5,492)
Prepaid items	65	(352)	(287)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	24,233	2,289	26,522
Deferred other postemployment benefit resources	1,206	2,769	3,975
Increase (decrease) in liabilities			
Accounts payable	6,293	8,127	14,420
Accrued wages payable	1,051	(52,918)	(51,867)
Net pension liability	106,657	12,309	118,966
Other postemployment benefits liability	(3,377)	(17,083)	(20,460)
(Increase) decrease in deferred inflows of resources			
Deferred pension resources	(119,848)	(12,786)	(132,634)
Deferred other postemployment benefit resources	(1,876)	(4,466)	(6,342)
Net Cash Provided (Used) by Operating Activities	<u>\$ 33,874</u>	<u>\$ (24,071)</u>	<u>\$ 9,803</u>

COMPONENT UNITS

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

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

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

City of Northfield, Minnesota
Discretely Presented Component Unit - Economic Development Authority
Combining Balance Sheet - Governmental Funds
December 31, 2022

Assets	
Cash and temporary investments	\$ 1,645,130
Receivables	
Interest	570
Delinquent taxes	1,837
Notes, net of allowances	360,238
Intergovernmental	2,375
Prepaid items	1,009
Land held for resale	<u>213,234</u>
 Total Assets	 <u><u>\$ 2,224,393</u></u>
 Liabilities	
Accounts payable	\$ 57,359
Accrued wages payable	<u>2,453</u>
Total Liabilities	<u>59,812</u>
 Deferred Inflows of Resources	
Unavailable revenue	
Taxes	<u>1,837</u>
 Fund Balances	
Nonspendable	
Prepaid items	1,009
Land held for resale	213,234
Assigned	
Economic recovery	43,093
Unassigned	<u>1,905,408</u>
 Total Fund Balances	 <u>2,162,744</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u><u>\$ 2,224,393</u></u>
 Total Fund Balances - Governmental Funds	 \$ 2,162,744
 Amounts reported for governmental activities in the statement of net position are different because	
 Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liability	(92,518)
Other postemployment benefit liability	(16,614)
 Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	1,837
 Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of resources	30,158
Deferred inflows of resources	(1,305)
 Governmental funds do not report long-term amounts related to other postemployment benefits.	
Deferred inflows of other postemployment benefit resources	(3,285)
Deferred outflows of other postemployment benefit resources	<u>1,950</u>
 Total Net Position - Governmental Activities	 <u><u>\$ 2,082,967</u></u>

City of Northfield, Minnesota
Discretely Presented Component Unit - Economic Development Authority
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Continued on the Following Pages
Governmental Funds
For the Year Ended December 31, 2022

Revenues	
Taxes	\$ 300,349
Investment earnings (loss)	(3,742)
Miscellaneous	15,742
Total Revenues	<u>312,349</u>
Expenditures	
Current	
Economic development	
Personal services	125,459
Other services and charges	175,345
Total Expenditures	<u>300,804</u>
Net Change in Fund Balances	11,545
Fund Balances, January 1	<u>2,151,199</u>
Fund Balances, December 31	<u><u>\$ 2,162,744</u></u>
Amounts reported for governmental activities in the statement of activities are different because	
Net change in fund balances - governmental funds	\$ 11,545
Long-term pension activity is not reported in governmental funds.	
Pension expense	(9,304)
Direct aid contributions	405
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	30
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Other postemployment benefit costs	<u>(490)</u>
Change in Net Position - Governmental Activities	<u><u>\$ 2,186</u></u>

City of Northfield, Minnesota
Discretely Presented Component Unit - Housing Redevelopment Authority
Combining Balance Sheet - Governmental Funds
December 31, 2022

Assets		
Cash and temporary investments	\$	902,201
Receivables		
Interest		1,415
Delinquent taxes		1,869
Intergovernmental		2,423
Prepaid items		2,014
Land held for resale		287,679
		<hr/>
Total Assets	\$	<u>1,197,601</u>
Liabilities		
Accounts payable	\$	2,217
Deposits payable		700
Accrued wages payable		2,765
Total Liabilities		<u>5,682</u>
Deferred Inflows of Resources		
Unavailable revenue		
Taxes		1,869
		<hr/>
Fund Balances		
Nonspendable		
Land held for resale		287,679
Prepaid items		2,014
Unassigned		900,357
		<hr/>
Total Fund Balances		<u>1,190,050</u>
		<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$	<u>1,197,601</u>
Total Fund Balances - Governmental Funds		\$ 1,190,050
 Amounts reported for governmental activities in the statement of net position are different because		
 Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.		
		271,560
 Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Net pension liability		(91,315)
Other postemployment benefit liability		(27,583)
 Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.		
Delinquent property taxes receivable		1,869
 Governmental funds to not report long-term amounts related to pensions.		
Deferred outflows of resources		29,766
Deferred inflows of resources		(1,287)
 Governmental funds do not report long-term amounts related to other postemployment benefits.		
Deferred inflows of other postemployment benefit resources		(5,454)
Deferred outflows of other postemployment benefit resources		3,238
		<hr/>
Total Net Position - Governmental Activities	\$	<u>1,370,844</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, 2022

Revenues	
Taxes	\$ 306,485
Charges for services	37,800
Investment earnings (loss)	(34,393)
Payment from primary government	2,850
Miscellaneous	1,350
Total Revenues	<u>314,092</u>
Expenditures	
Current	
Housing and economic development	
Personal services	134,465
Supplies	410
Other services and charges	980,075
Total Expenditures	<u>1,114,950</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(800,858)
Other Financing Sources (Uses)	
Proceeds on sale of land trust property	<u>222,040</u>
Net Change in Fund Balances	(578,818)
Fund Balances, January 1	<u>1,768,868</u>
Fund Balances, December 31	<u><u>\$ 1,190,050</u></u>
Amounts reported for governmental activities in the statement of activities are different because	
Net change in fund balances - governmental funds	\$ (578,818)
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	(3,553)
Direct aid contributions	400
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	31
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Other postemployment benefit costs	<u>(11,436)</u>
Change in Net Position - Governmental Activities	<u><u>\$ (606,520)</u></u>

City of Northfield, Minnesota
Discretely Presented Component Unit - Municipal Hospital
Statement of Net Position
For the Year Ended December 31, 2022

Assets	
Current Assets	
Cash and cash equivalents	\$ 2,736,019
Current portion of noncurrent cash and cash equivalents	872,688
Patient receivable, less allowance for uncollectible accounts \$7,244,000	20,069,262
Accounts receivable - other	111,606
Inventories	2,353,165
Prepaid items	1,236,157
Total Current Assets	<u>27,378,897</u>
Noncurrent Cash and Investments	
Internally Designated for Health Benefits	872,688
Internally Designated for Capital Improvements	55,837,243
Restricted by Bond Agreement	342,526
Less current portion of noncurrent cash and investments	(872,688)
Total Noncurrent Cash and Investments	<u>56,179,769</u>
Other Assets	<u>280,820</u>
Capital Assets, Net	<u>38,880,738</u>
Total Assets	<u>122,720,224</u>
Deferred Outflows of Resources	
Deferred pension resources	18,071,547
Loss on refunding	346,434
Total Deferred Outflows of Resources	<u>18,417,981</u>
Liabilities	
Current Liabilities	
Current maturities of long-term debt	12,963,530
Accounts payable, trade	4,528,721
Accrued payroll and benefits	8,508,219
Accrued interest payable	109,630
Unearned revenue	1,055,495
Third party payor settlements payable	354,072
Total Current Liabilities	<u>27,519,667</u>
Noncurrent Liabilities	
Long-term debt, less current maturities	13,870,925
Net pension liability	54,521,509
Total Noncurrent Liabilities	<u>68,392,434</u>
Total Liabilities	<u>95,912,101</u>
Deferred Inflows of Resources	
Deferred pension resources	<u>1,525,298</u>
Net Position	
Net investment in capital assets	12,046,283
Restricted by bond agreement	342,526
Unrestricted	<u>31,311,997</u>
Total Net Position	<u>\$ 43,700,806</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, 2022

Operating Revenues	
Net patient and resident service revenue	\$ 118,540,203
Other revenues	1,163,463
Total Operating Revenues	<u>119,703,666</u>
Operating Expenses	
Salaries and wages	58,950,701
Employee benefits	18,391,262
Supplies and drugs	19,822,781
Purchased services	18,167,559
Utilities	1,508,686
Other	6,170,671
Depreciation and amortization	6,103,555
Interest	793,347
Taxes and surcharges	2,476,792
Total Operating Expenses	<u>132,385,354</u>
Operating Income (Loss)	<u>(12,681,688)</u>
Nonoperating Revenues (Expenses)	
Investment income	(6,707,917)
Noncapital Grants and Contributions	1,341,994
Gain (loss) on the sale/disposal of capital assets	68,917
Miscellaneous	(200,587)
Total Nonoperating Revenues (Expenses)	<u>(5,497,593)</u>
Capital Grants and Contributions	<u>35,850</u>
Change in Net Position	(18,143,431)
Net Position, January 1	<u>61,844,237</u>
Net Position, December 31	<u>\$ 43,700,806</u>

City of Northfield, Minnesota
Discretely Presented Component Unit - Municipal Hospital
Statement of Cash Flows
For the Year Ended December 31, 2022

Cash Flows from Operating Activities	
Cash received from patients and third party payors	\$ 112,565,659
Cash paid to employees	(82,562,069)
Cash paid to suppliers	(44,311,075)
Other receipts and payments, net	1,181,937
Net Cash Provided by Operating Activities	<u>(13,125,548)</u>
Cash Flows from Noncapital Financing Activities	
Unrestricted gifts and grants	1,341,994
Miscellaneous losses	(200,587)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,141,407</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from sale of land	800,000
Purchase of capital assets	(1,782,064)
Proceeds from issuance of long-term debt	5,980,000
Principal payments on long-term debt	(2,520,323)
Capital grants and contributions	35,850
Interest payments on long-term debt	(747,587)
Net Cash Used by Capital and Related Financing Activities	<u>1,765,876</u>
Cash Flows from Investing Activities	
(Increase) decrease in noncurrent cash and investments	16,698,130
Investment income	(6,527,461)
Net Cash Provided (Used) by Investing Activities	<u>10,170,669</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(47,596)
Cash and Cash Equivalents, January 1	<u>2,783,615</u>
Cash and Cash Equivalents, December 31	<u>\$ 2,736,019</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating income (loss)	\$ (12,681,688)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	6,103,555
Interest	793,347
Provision for bad debt expense	2,991,801
Amortization of deferred loss on refinancing	40,362
(Increase) decrease in assets	
Patient receivables	(9,049,634)
Inventories, prepaids and other receivables	(18,231)
(Increase) decrease in deferred outflows of resources	
Deferred pension resources	579,694
Increase (decrease) in liabilities	
Accounts payable	466,854
Third-party payor settlements payable	83,289
Accrued expenses	(5,220,106)
Net pension liability	27,472,490
(Increase) decrease in deferred inflows of resources	
Deferred pension resources	(24,687,281)
Net Cash Provided by Operating Activities	<u>\$ (13,125,548)</u>
Schedule of Noncash Investing Capital and Financing Activities	
Capital assets acquired by lease obligation	<u>\$ 103,325</u>

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

	Total 2022	Total 2021	Percent Increase (Decrease)	
Revenues				
Taxes	\$ 13,504,532	\$ 11,952,739	12.98	%
Special assessments	447,465	436,211	2.58	
Licenses and permits	850,749	797,166	6.72	
Intergovernmental	5,734,775	6,080,037	(5.68)	
Charges for services	2,152,142	1,782,808	20.72	
Fines and forfeits	99,912	71,543	39.65	
Investment earnings (loss)	(526,828)	(274,855)	91.67	
Miscellaneous	629,334	531,760	18.35	
Total Revenues	<u>\$ 22,892,081</u>	<u>\$ 21,377,409</u>	7.09	%
Per Capita	<u>\$ 1,114</u>	<u>\$ 1,028</u>	8.35	%
Expenditures				
Current				
General government	\$ 4,114,981	\$ 3,531,019	16.54	%
Public safety	5,940,834	5,138,674	15.61	
Public works	3,321,806	2,758,210	20.43	
Culture and recreation	3,597,825	3,023,449	19.00	
Housing and economic development	537,742	399,931	34.46	
Miscellaneous	240,115	142,725	68.24	
Capital outlay				
General government	471,392	438,857	7.41	
Public safety	396,377	156,451	153.36	
Public works	6,126,884	3,818,325	60.46	
Culture and recreation	30,095	207,980	(85.53)	
Housing and economic development	2,156,980	43,205	4,892.43	
Transit	12,557	-	N/A	
Debt service				
Principal	2,660,681	2,110,172	26.09	
Interest and other charges	654,367	745,952	(12.28)	
Issuance costs	78,688	-	N/A	
Total Expenditures	<u>\$ 30,341,324</u>	<u>\$ 22,514,950</u>	34.76	%
Per Capita	<u>\$ 1,477</u>	<u>\$ 1,083</u>	36.35	%
Total Long-term Indebtedness	<u>\$ 26,912,833</u>	<u>\$ 25,553,514</u>	5.32	%
Per Capita	<u>\$ 1,310</u>	<u>\$ 1,229</u>	6.56	
General Fund Balance - December 31	<u>\$ 9,817,757</u>	<u>\$ 9,804,481</u>	0.14	%
Per Capita	<u>\$ 478</u>	<u>\$ 472</u>	1.32	

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

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STATISTICAL SECTION (UNAUDITED)

CITY OF NORTHFIELD
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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STATISTICAL SECTION (UNAUDITED)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

City of Northfield, Minnesota
Net Position by Component
2013 - 2022
(Accrual Basis of Accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
Governmental Activities					
Net investment in capital assets	\$ 41,300,947	\$ 39,434,081	\$ 37,588,910	\$ 36,036,469	\$ 35,086,458
Restricted	6,982,652	7,419,113	4,982,397	5,454,996	5,615,513
Unrestricted	5,144,473	9,296,850	6,306,493	7,225,012	8,200,388
Total Governmental Activities Net Position	<u>53,428,072</u>	<u>56,150,044</u>	<u>48,877,800</u>	<u>48,716,477</u>	<u>48,902,359</u>
Business-type Activities					
Net investment in capital assets	32,677,989	32,891,088	28,248,889	25,470,459	24,721,543
Unrestricted	16,508,267	14,727,714	14,356,086	13,947,708	12,362,466
Total Business-type Activities Net Position	<u>49,186,256</u>	<u>47,618,802</u>	<u>42,604,975</u>	<u>39,418,167</u>	<u>37,084,009</u>
Primary Government					
Net investment in capital assets	73,978,936	72,325,169	65,837,799	61,506,928	59,808,001
Restricted	6,982,652	7,419,113	4,982,397	5,454,996	5,615,513
Unrestricted	21,652,740	24,024,564	20,662,579	21,172,720	20,562,854
Total Primary Government Net Position	<u>\$102,614,328</u>	<u>\$103,768,846</u>	<u>\$ 91,482,775</u>	<u>\$ 88,134,644</u>	<u>\$ 85,986,368</u>

Table 1

Fiscal Year				
2017	2016	2015	2014	2013
\$ 35,941,654	\$ 31,622,817	\$ 28,034,313	\$ 28,503,588	\$ 27,190,260
4,603,145	5,167,449	9,688,690	8,043,606	6,364,734
5,780,200	7,439,855	11,570,050	11,028,546	12,178,898
46,324,999	44,230,121	49,293,053	47,575,740	45,733,892
23,301,761	21,436,632	20,687,495	20,110,058	17,944,934
11,431,459	10,789,829	10,006,206	8,758,812	9,314,970
34,733,220	32,226,461	30,693,701	28,868,870	27,259,904
59,243,415	53,059,449	48,721,808	48,613,646	45,135,194
4,603,145	5,167,449	9,688,690	8,043,606	6,364,734
17,211,659	18,229,684	21,576,256	19,787,358	21,493,868
<u>\$ 81,058,219</u>	<u>\$ 76,456,582</u>	<u>\$ 79,986,754</u>	<u>\$ 76,444,610</u>	<u>\$ 72,993,796</u>

City of Northfield, Minnesota
Changes in Net Position (Continued on the Following Pages)
2013 - 2022
(Accrual Basis of Accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
Expenses					
Governmental activities					
General government	\$ 4,569,897	\$ 4,491,926	\$ 2,930,109	\$ 2,778,597	\$ 2,583,745
Public safety	7,336,398	5,110,574	5,884,599	4,336,925	3,850,606
Public works/streets	6,287,000	4,928,177	5,272,769	5,017,361	5,183,024
Culture and recreation	4,434,800	3,646,866	3,691,317	3,307,807	3,050,928
Housing and economic development	594,722	375,633	126,751	226,477	188,361
Transit	54,837	25,938	25,938	25,938	25,938
Miscellaneous	240,115	89,529	190,537	121,480	132,307
Interest on long-term debt	672,008	695,457	736,814	669,303	521,233
Total governmental activities expenses	<u>24,189,777</u>	<u>19,364,100</u>	<u>18,858,834</u>	<u>16,483,888</u>	<u>15,536,142</u>
Business-type activities					
Water	2,184,043	1,726,354	1,631,940	1,539,698	1,655,023
Wastewater	3,807,882	3,783,972	4,175,037	4,710,701	3,244,493
Garbage	929,018	835,774	840,429	954,165	742,024
Storm water drainage	920,017	727,063	743,286	581,240	458,757
Municipal Liquor Store	2,703,643	2,553,893	2,799,519	2,764,049	2,939,174
Total Business-type Activities Expenses	<u>10,544,603</u>	<u>9,627,056</u>	<u>10,190,211</u>	<u>10,549,853</u>	<u>9,039,471</u>
Total Primary Government Expenses	<u>\$ 34,734,380</u>	<u>\$ 28,991,156</u>	<u>\$ 29,049,045</u>	<u>\$ 27,033,741</u>	<u>\$ 24,575,613</u>
Program Revenues					
Governmental Activities					
Charges for services					
Licenses and permits	\$ -	\$ 633,539	\$ 572,386	\$ 627,896	\$ 859,249
Other public works	171,151	202,482	133,824	145,827	110,099
Parks and recreation	391,475	287,100	366,083	432,403	441,206
Other activities	2,508,362	1,210,107	1,304,158	1,044,846	991,258
Operating grants and contributions	1,702,417	2,866,949	1,641,596	919,115	872,076
Capital grants and contributions	215,549	3,308,340	1,936,637	1,548,732	1,617,174
Total Governmental Activities	<u>4,988,954</u>	<u>8,508,517</u>	<u>5,954,684</u>	<u>4,718,819</u>	<u>4,891,062</u>
Program Revenues	<u>4,988,954</u>	<u>8,508,517</u>	<u>5,954,684</u>	<u>4,718,819</u>	<u>4,891,062</u>
Business-type Activities					
Charges for services					
Water	2,130,582	2,214,235	2,010,971	2,049,922	2,103,303
Wastewater	5,307,855	4,886,287	4,641,574	4,538,992	4,378,493
Municipal Liquor Store	2,797,955	2,806,155	2,914,301	2,907,451	3,064,270
Other activities	2,107,186	1,974,963	1,905,471	1,826,453	1,780,512
Capital grants and contributions	-	334,321	-	1,649,099	-
Operating grants and contributions	29,341	-	221,425	15,405	18,079
Total Business-type Activities	<u>12,372,919</u>	<u>12,215,961</u>	<u>11,693,742</u>	<u>12,987,322</u>	<u>11,344,657</u>
Program Revenues	<u>12,372,919</u>	<u>12,215,961</u>	<u>11,693,742</u>	<u>12,987,322</u>	<u>11,344,657</u>
Total Primary Government Program Revenues	<u>\$ 17,361,873</u>	<u>\$ 20,724,478</u>	<u>\$ 17,648,426</u>	<u>\$ 17,706,141</u>	<u>\$ 16,235,719</u>

Table 2

Fiscal Year				
2017	2016	2015	2014	2013
\$ 2,542,003	\$ 2,452,348	\$ 2,329,667	\$ 2,471,488	\$ 2,522,007
5,195,075	4,064,654	3,700,747	3,373,344	2,940,591
4,642,307	4,488,113	4,482,892	4,376,670	3,909,751
2,934,423	2,842,634	3,179,054	2,795,216	2,898,557
282,094	151,088	454,921	259,475	79,429
53,658	25,938	123,541	48,029	333,134
112,509	150,623	221,322	119,087	121,764
582,762	709,534	770,748	668,675	694,881
<u>16,344,831</u>	<u>14,884,932</u>	<u>15,262,892</u>	<u>14,111,984</u>	<u>13,500,114</u>
1,544,092	1,457,422	1,400,876	1,224,605	1,185,334
3,120,760	3,091,885	3,203,623	3,255,031	3,069,492
715,898	692,840	672,044	668,627	828,181
404,546	442,311	689,699	444,145	429,193
2,935,516	2,944,079	2,973,798	2,860,049	2,694,832
<u>8,720,812</u>	<u>8,628,537</u>	<u>8,940,040</u>	<u>8,452,457</u>	<u>8,207,032</u>
<u>\$ 25,065,643</u>	<u>\$ 23,513,469</u>	<u>\$ 24,202,932</u>	<u>\$ 22,564,441</u>	<u>\$ 21,707,146</u>
\$ 679,474	\$ 428,765	\$ 396,898	\$ 464,599	\$ 420,768
199,106	338,914	299,695	263,374	292,863
466,522	555,673	543,223	782,784	823,926
990,659	1,033,774	1,050,895	1,030,637	1,049,087
1,085,300	908,187	825,775	815,995	690,287
2,790,632	1,854,869	1,743,405	1,081,129	2,331,344
<u>6,211,693</u>	<u>5,120,182</u>	<u>4,859,891</u>	<u>4,438,518</u>	<u>5,608,275</u>
2,069,419	2,109,788	2,174,773	2,254,872	2,244,788
4,276,262	4,260,147	3,840,957	3,781,043	3,602,649
3,148,215	3,076,452	3,160,587	3,080,768	2,918,912
1,747,036	1,673,271	1,602,410	1,565,371	1,436,992
527,156	-	-	-	79,561
7,500	16,011	6,839	8,805	-
<u>11,775,588</u>	<u>11,135,669</u>	<u>10,785,566</u>	<u>10,690,859</u>	<u>10,282,902</u>
<u>\$ 17,987,281</u>	<u>\$ 16,255,851</u>	<u>\$ 15,645,457</u>	<u>\$ 15,129,377</u>	<u>\$ 15,891,177</u>

City of Northfield, Minnesota
Changes in Net Position (Continued)
2013 - 2022
(accrual basis of accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
Program Revenues - Continued					
Net (expense)/revenue					
Governmental activities	\$(19,200,823)	\$(10,855,583)	\$(12,904,150)	\$(11,765,069)	\$(10,645,080)
Business-type activities	1,828,316	2,588,905	1,503,531	2,437,469	2,305,186
Total Primary Government Net Expense	<u>\$(17,372,507)</u>	<u>\$ (8,266,678)</u>	<u>\$(11,400,619)</u>	<u>\$ (9,327,600)</u>	<u>\$ (8,339,894)</u>
General Revenues and Other					
Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 12,027,538	\$ 10,314,775	\$ 9,343,724	\$ 8,861,136	\$ 8,211,742
Franchise taxes	1,337,548	191,478	197,626	201,452	200,007
Hotel/motel taxes	181,046	94,748	179,686	125,994	116,745
Unrestricted grants and contributions	3,450,210	3,254,785	3,079,906	3,344,284	3,649,679
Investment earnings	(526,828)	251,495	378,618	258,412	78,011
Miscellaneous	79,794	103,704	76,432	136,840	77,029
Contributions of capital assets	(125,164)	-	-	(111,265)	-
Transfers	54,707	1,549,994	153,192	45,000	35,000
Total Governmental Activities	<u>16,478,851</u>	<u>15,760,979</u>	<u>13,409,184</u>	<u>12,861,853</u>	<u>12,368,213</u>
Business-type Activities					
Investment earnings (loss)	(331,319)	257,669	391,992	203,058	80,603
Gain on sale of capital assets	-	18,071	-	16,666	-
Transfers of capital assets	125,164	-	-	111,265	-
Transfers	(54,707)	(1,549,994)	(153,192)	(45,000)	(35,000)
Extraordinary item - impairment gain on fire and flood damage net of insurance recovery	-	-	1,444,477	-	-
Total Business-type Activities	<u>(260,862)</u>	<u>(1,274,254)</u>	<u>1,683,277</u>	<u>285,989</u>	<u>45,603</u>
Total Primary Government	<u>\$ 16,217,989</u>	<u>\$ 14,486,725</u>	<u>\$ 15,092,461</u>	<u>\$ 13,147,842</u>	<u>\$ 12,413,816</u>
Changes in Net Position					
Governmental activities	\$ (2,721,972)	\$ 4,905,396	\$ 505,034	\$ 1,096,784	\$ 1,723,133
Business-type activities	1,567,454	1,314,651	3,186,808	2,723,458	2,350,789
Total Primary Government	<u>\$ (1,154,518)</u>	<u>\$ 6,220,047</u>	<u>\$ 3,691,842</u>	<u>\$ 3,820,242</u>	<u>\$ 4,073,922</u>

Table 2 (Continued)

Fiscal Year				
2017	2016	2015	2014	2013
<u>\$(10,133,138)</u>	<u>\$ (9,764,750)</u>	<u>\$(10,403,001)</u>	<u>\$ (9,673,466)</u>	<u>\$ (7,891,839)</u>
<u>3,054,776</u>	<u>2,507,132</u>	<u>1,845,526</u>	<u>2,238,402</u>	<u>2,075,870</u>
<u><u>\$ (7,078,362)</u></u>	<u><u>\$ (7,257,618)</u></u>	<u><u>\$ (8,557,475)</u></u>	<u><u>\$ (7,435,064)</u></u>	<u><u>\$ (5,815,969)</u></u>
\$ 8,080,765	\$ 7,748,248	\$ 7,896,765	\$ 8,497,671	\$ 7,667,910
206,945	194,015	195,174	187,314	174,403
116,895	95,264	92,993	82,123	89,505
3,539,565	3,161,620	3,093,285	2,428,140	2,628,918
100,699	87,347	381,593	(260,663)	232,998
58,147	49,407	280,486	60,428	197,900
-	-	-	176,462	(134,314)
125,000	125,000	180,018	343,839	173,005
<u>12,228,016</u>	<u>11,460,901</u>	<u>12,120,314</u>	<u>11,515,314</u>	<u>11,030,325</u>
104,139	50,587	159,323	(109,135)	73,282
-	-	-	-	-
(527,156)	-	-	(176,462)	134,314
(125,000)	(125,000)	(180,018)	(343,839)	(173,005)
-	-	-	-	-
<u>(548,017)</u>	<u>(74,413)</u>	<u>(20,695)</u>	<u>(629,436)</u>	<u>34,591</u>
<u><u>\$ 11,679,999</u></u>	<u><u>\$ 11,386,488</u></u>	<u><u>\$ 12,099,619</u></u>	<u><u>\$ 10,885,878</u></u>	<u><u>\$ 11,064,916</u></u>
\$ 2,094,878	\$ 1,696,151	\$ 1,717,313	\$ 1,841,848	\$ 3,138,486
<u>2,506,759</u>	<u>2,432,719</u>	<u>1,824,831</u>	<u>1,608,966</u>	<u>2,110,461</u>
<u><u>\$ 4,601,637</u></u>	<u><u>\$ 4,128,870</u></u>	<u><u>\$ 3,542,144</u></u>	<u><u>\$ 3,450,814</u></u>	<u><u>\$ 5,248,947</u></u>

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City of Northfield, Minnesota
Governmental Activities Tax Revenues by Source
2013 - 2022
(Accrual Basis of Accounting)

Table 3

Fiscal Year	General Property Taxes	Tax Increment Taxes	Hotel- Motel Tax	Franchise Tax	Total
2022	\$ 11,359,699	\$ 667,839	\$ 181,046	\$ 1,337,548	\$ 13,546,132
2021	9,836,441	478,334	94,748	191,478	10,601,001
2020	8,961,746	381,978	179,686	197,626	9,721,036
2019	8,519,918	341,218	125,994	201,452	9,188,582
2018	7,878,710	333,032	116,745	200,007	8,528,494
2017	7,758,176	322,589	116,895	206,945	8,404,605
2016	7,488,485	259,763	95,264	194,015	8,037,527
2015	7,619,913	276,852	92,993	195,174	8,184,932
2014	7,668,451	829,220	82,123	187,314	8,767,108
2013	6,797,332	870,578	89,505	174,403	7,931,818

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

	Fiscal Year				
	2022	2021	2020	2019	2018
General Fund					
Nonspendable	\$ 236,076	\$ 115,374	\$ 106,932	\$ 93,737	\$ 103,591
Restricted	32,315	13,815	13,520	9,137	6,733
Committed	335,694	74,000	71,742	71,742	71,742
Assigned	-	-	-	-	-
Unassigned	9,213,672	8,830,986	7,924,356	7,796,388	7,466,114
Total General Fund	<u>\$ 9,817,757</u>	<u>\$ 9,034,175</u>	<u>\$ 8,116,550</u>	<u>\$ 7,971,004</u>	<u>\$ 7,648,180</u>
All Other Governmental Funds					
Nonspendable	\$ 3,368	\$ 2,363	\$ 1,679	\$ 609	\$ 2,316
Restricted	8,045,898	6,407,991	5,028,837	6,811,822	6,055,095
Committed	1,166,281	1,209,220	1,164,691	1,079,664	1,165,600
Assigned	1,141,052	1,841,754	1,603,298	1,468,808	1,508,874
Unassigned	(3,820,800)	(2,264,400)	(1,812,606)	(503,057)	(272,495)
Total All Other Governmental Funds	<u>\$ 6,535,799</u>	<u>\$ 7,196,928</u>	<u>\$ 5,985,899</u>	<u>\$ 8,857,846</u>	<u>\$ 8,459,390</u>

Table 4

Fiscal Year				
2017	2016	2015	2014	2013
\$ 115,936	\$ 99,115	\$ 93,337	\$ 98,503	\$ 77,534
6,491	6,491	6,604	5,054	4,651
71,742	-	-	-	-
-	-	-	-	252,397
7,121,262	6,790,550	6,790,550	6,936,896	6,368,330
<u>\$ 7,315,431</u>	<u>\$ 6,896,156</u>	<u>\$ 6,890,491</u>	<u>\$ 7,040,453</u>	<u>\$ 6,702,912</u>
\$ 2,881	\$ 2,731	\$ 3,005	\$ 3,194	\$ 678
6,266,885	6,803,989	10,844,573	11,747,582	14,797,894
888,424	46,056	89,816	89,816	87,023
1,745,125	4,533,124	4,231,212	3,707,962	4,343,051
(228,172)	(314,233)	(64,163)	(188,835)	(713,593)
<u>\$ 8,675,143</u>	<u>\$ 11,071,667</u>	<u>\$ 15,104,443</u>	<u>\$ 15,359,719</u>	<u>\$ 18,515,053</u>

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Revenues					
Taxes	\$ 13,504,532	\$ 10,538,215	\$ 9,699,385	\$ 9,146,642	\$ 8,501,718
Licenses, fees and permits	850,749	633,539	572,386	627,896	859,249
Fines and forfeits	99,912	61,562	88,415	111,751	98,171
Charges for services	2,152,142	1,681,087	1,672,511	1,521,326	1,454,847
Special assessments	447,465	1,393,145	672,538	593,867	580,762
Intergovernmental	5,734,775	8,526,994	4,494,474	5,485,051	4,544,279
Investment earnings	(526,828)	251,495	378,618	258,412	78,011
Miscellaneous	629,334	478,249	821,265	502,536	499,889
Total Revenues	<u>22,892,081</u>	<u>23,564,286</u>	<u>18,399,592</u>	<u>18,247,481</u>	<u>16,616,926</u>
Expenditures					
Current:					
General government	4,114,981	4,397,954	2,925,655	2,745,528	2,433,481
Public safety	5,940,834	4,944,085	4,972,264	4,372,987	4,291,893
Public works	3,321,806	2,684,042	2,681,829	2,566,496	2,489,659
Culture and recreation	3,597,825	2,747,671	2,802,266	2,509,446	2,400,275
Transit	-	-	-	-	-
Housing and economic development	537,742	375,633	126,751	226,944	185,895
Nondepartmental	240,115	89,529	190,537	121,480	131,058
Capital Outlay:					
General government	471,392	-	42,625	112,841	88,705
Public safety	396,377	278,938	753,082	3,572,030	193,330
Public works	6,126,884	9,088,261	4,953,492	4,024,319	1,655,893
Culture and recreation	30,095	120,282	155,829	408,464	767,291
Transit	12,557	-	-	-	-
Housing and economic development	2,156,980	172,856	271,726	-	21,506
Debt Service:					
Principal	2,660,681	2,131,280	1,906,622	2,314,653	2,744,125
Interest and other	654,367	672,680	770,521	532,805	562,336
Issuance fees	78,688	-	-	97,032	4,725
Total Expenditures	<u>30,341,324</u>	<u>27,703,211</u>	<u>22,553,199</u>	<u>23,605,025</u>	<u>17,970,172</u>
Revenues over (under) expenditures	<u>(7,449,243)</u>	<u>(4,138,925)</u>	<u>(4,153,607)</u>	<u>(5,357,544)</u>	<u>(1,353,246)</u>
Other Financing Sources (Uses):					
Bonds issued	4,020,000	4,360,000	6,335,000	5,905,000	1,405,000
Bond premium/(discount)	87,840	316,937	266,698	66,784	12,778
Transfers in	1,387,803	1,759,625	1,200,378	484,780	880,683
Transfers out	(1,333,096)	(209,631)	(1,047,186)	(439,780)	(845,683)
Payment to refunded bond escrow agent	-	-	(5,020,000)	-	-
Sale of capital assets	22,103	40,648	36,027	62,040	17,464
Capital contributions	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>4,184,650</u>	<u>6,267,579</u>	<u>1,770,917</u>	<u>6,078,824</u>	<u>1,470,242</u>
Net Change in Fund Balances	<u>\$ (3,264,593)</u>	<u>\$ 2,128,654</u>	<u>\$ (2,382,690)</u>	<u>\$ 721,280</u>	<u>\$ 116,996</u>
Debt service as a percentage of noncapital expenditures	15.4%	15.5%	17.9%	21.3%	17.6%

Table 5

Fiscal Year				
2017	2016	2015	2014	2013
\$ 8,405,183	\$ 7,978,678	\$ 8,164,634	\$ 8,727,871	\$ 7,890,230
679,474	428,765	396,898	464,599	420,768
82,032	113,521	114,273	119,442	117,177
1,561,121	1,767,392	1,701,689	1,695,092	1,746,420
668,700	725,693	777,420	601,262	833,269
6,458,670	3,733,577	4,309,972	3,638,115	4,574,760
100,699	87,347	381,593	(260,663)	227,060
549,765	1,254,913	628,366	659,955	701,845
<u>18,505,644</u>	<u>16,089,886</u>	<u>16,474,845</u>	<u>15,645,673</u>	<u>16,511,529</u>
2,408,862	2,341,517	2,138,242	2,440,340	2,537,743
4,070,750	4,017,614	3,459,404	3,335,072	3,324,670
2,381,026	2,231,624	2,338,145	2,329,237	1,881,458
2,281,839	2,238,545	2,216,064	2,244,441	2,197,931
-	-	91,916	55,832	324,524
282,094	125,427	447,826	259,733	98,709
112,509	150,623	221,322	119,087	121,764
22,006	32,139	109,919	842,984	302,372
765,063	107,144	2,758,586	3,420,227	750,649
4,257,931	2,182,288	3,363,651	1,630,427	2,629,590
2,853,881	1,347,464	416,770	105,920	54,816
27,720	-	5,687	1,508	42,331
-	79,010	172,139	55,365	-
2,043,881	2,285,015	2,138,563	2,089,482	1,975,412
572,068	749,072	738,364	719,926	613,358
28,594	33,736	28,815	31,149	72,534
<u>22,108,224</u>	<u>17,921,218</u>	<u>20,645,413</u>	<u>19,680,730</u>	<u>16,927,861</u>
<u>(3,602,580)</u>	<u>(1,831,332)</u>	<u>(4,170,568)</u>	<u>(4,035,057)</u>	<u>(416,332)</u>
1,425,000	1,925,000	3,210,000	830,000	7,740,000
45,554	35,574	-	-	(14,773)
1,499,964	1,422,634	3,550,128	2,032,902	2,015,008
(1,374,964)	(1,297,634)	(3,730,110)	(1,689,063)	(1,742,003)
-	(2,560,000)	108,626	27,116	-
25,337	-	57,747	16,309	1,029
-	-	-	-	-
<u>1,620,891</u>	<u>(474,426)</u>	<u>3,196,391</u>	<u>1,217,264</u>	<u>7,999,261</u>
<u>\$ (1,981,689)</u>	<u>\$ (2,305,758)</u>	<u>\$ (974,177)</u>	<u>\$ (2,817,793)</u>	<u>\$ 7,582,929</u>

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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	
2022	\$ 13,631,599	\$ 4,405,435	\$ 241,595	\$18,278,629	56.661 %	\$ 1,658,005,700	1.10	%
2021	12,778,158	4,150,117	225,069	17,153,344	58.161	1,566,037,200	1.10	
2020	11,921,696	3,960,955	221,365	16,104,016	53.220	1,474,689,900	1.09	
2019	11,104,755	3,751,027	228,755	15,084,537	57.160	1,387,176,300	1.09	
2018	10,533,222	3,580,397	210,583	14,324,202	55.670	1,322,187,500	1.08	
2017	9,673,963	3,485,445	200,569	13,359,977	57.550	1,230,567,100	1.09	
2016	9,364,921	3,461,187	192,895	13,019,003	56.750	1,202,202,700	1.08	
2015	8,648,275	3,294,362	186,430	12,129,067	59.785	1,134,820,400	1.07	
2014	9,705,601	4,919,269	287,213	14,912,083	61.901	1,393,512,713	1.07	
2013	9,227,358	4,127,738	214,631	13,569,727	50.947	1,139,637,251	1.19	

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
2022	45.90 %	10.76 %	56.66 %	35.69 %	4.17 %	39.86 %
2021	47.26	10.90	58.16	35.17	4.37	39.54
2020	45.74	10.48	56.22	35.29	4.23	39.52
2019	46.04	11.12	57.16	35.70	4.56	40.26
2018	43.93	11.74	55.67	35.15	4.80	39.95
2017	45.97	11.67	57.64	35.80	5.08	40.88
2016	45.37	11.38	56.75	33.27	5.59	38.86
2015	47.80	11.99	59.79	32.78	5.62	38.40
2014	54.28	7.62	61.90	32.95	5.31	38.26
2013	45.18	6.07	51.25	29.44	4.93	34.37

Source: Rice County Auditor/Treasurer

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

Table 7

Overlapping Rates									
School Districts		Other Districts		Total Direct Rates		Total Overlapping Rates		Total Direct and Overlapping Rates	
Total School		Special Districts							
29.96	%	3.37	%	56.66	%	73.19	%	129.85	%
30.47		3.39		58.16		73.40		131.56	
31.22		3.45		56.22		74.19		130.41	
33.15		3.40		57.16		76.81		133.97	
30.94		3.42		55.67		74.31		129.98	
32.90		3.66		57.64		77.44		135.08	
34.06		3.65		56.75		76.57		133.32	
36.41		4.07		59.79		78.88		138.67	
38.44		4.21		61.90		80.91		142.81	
33.58		4.10		51.25		72.05		123.31	

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

Table 8

Taxpayer	2022			2013		
	Taxable Tax Capacity	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Malt-O-Meal / Post	\$ 468,217	1	2.56 %	\$ 467,468	1	3.44 %
Xcel Energy	316,660	2	1.73	211,708	4	1.56
McLane Minnesota, Inc.	213,838	3	1.17	218,860	3	1.61
Strobel & Werner	175,254	4	0.96			
Hidden Valley Apartments Ltd.	137,012	5	0.75	96,902	9	0.71
Northfield Hotel Properties, LLC	122,700	6	0.67			
Target/Dayton Hudson Corp	118,368	7	0.65	157,812	5	1.16
Community Resource Bank	112,684	8	0.62	135,240	6	1.00
Cardinal CG Company	111,656	9	0.61			
Allina Health System	103,210	10	0.56	116,710	8	0.86
St Olaf College				357,456	2	2.63
Hayzin LLC				133,296	7	0.98
Northfield Crossings LLC				94,703	10	0.70
Total	<u>\$ 1,879,599</u>		<u>10.28 %</u>	<u>\$ 1,990,155</u>		<u>14.67 %</u>

Source: City of Northfield Financial Records

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

Table 9

Fiscal Year Ended December 31,	Taxes Levied For The Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2022	\$ 10,067,146	\$ 10,035,663	99.70 %	\$ -	\$ 10,035,663	99.70 %
2021	9,709,177	9,655,352	99.40	41,632	9,696,984	99.90
2020	8,849,117	8,807,734	99.50	36,025	8,843,759	99.90
2019	8,437,869	8,341,974	98.90	92,947	8,434,921	100.00
2018	7,797,481	7,727,970	99.10	68,036	7,796,006	100.00
2017	7,655,738	7,608,047	99.40	46,093	7,654,140	100.00
2016	7,411,661	7,356,097	99.30	53,327	7,409,424	100.00
2015	7,345,288	7,293,692	99.30	48,285	7,341,977	100.00
2014	7,345,288	7,263,683	98.90	78,671	7,342,354	100.00
2013	6,770,991	6,617,593	97.70	152,334	6,769,927	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	Governmental Activities							Total Governmental Activities
	General Obligation Bonds	Improvement Bonds	Tax Increment Bonds	General Obligation Revenue Bonds	Certificates of Participation	Financed Purchase Arrangement	Notes Payable	
2022	\$ 16,360,705	\$ 9,620,985	\$ 213,500	\$ 463,423	\$ -	\$ 379,404	\$ 776,520	\$ 27,814,537
2021	10,498,070	10,616,444	337,500	896,845	-	883,262	932,448	24,164,569
2020	9,336,704	8,657,985	399,500	1,108,557	-	961,057	1,038,813	21,502,616
2019	5,099,232	7,783,696	461,000	1,315,268	5,020,000	1,152,418	1,149,587	21,981,201
2018	861,313	7,534,079	527,500	1,516,979	5,295,000	1,361,046	1,256,212	18,352,129
2017	1,161,208	7,731,644	584,000	1,713,691	5,565,000	1,561,305	1,380,677	19,697,525
2016	829,477	7,782,977	665,000	1,912,113	5,835,000	1,752,398	1,487,176	20,264,141
2015	1,124,477	7,469,341	741,000	4,222,113	6,100,000	1,939,668	1,587,157	23,183,756
2014	1,319,477	7,344,192	957,000	2,295,000	6,280,000	2,110,367	1,695,694	22,001,730
2013	1,504,477	7,779,657	1,163,000	-	6,280,000	2,281,898	1,794,319	20,803,351

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

* Information not available at the time of the audit

Table 10

Percentage of Tax Capacity	Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	Sewer/Storm and Water Bonds	Lease Payable	Total Business-Type Activities			
152 %	\$ 1,479,569	\$ 27,883	\$ 1,507,452	\$ 29,321,989	*	1,410
141	3,204,565	81,424	3,285,989	27,450,558	11.69 %	1,339
134	3,975,633	106,691	4,082,324	25,584,940	11.80	1,253
146	5,673,965	131,006	5,804,971	27,786,172	10.56	1,362
128	7,628,978	154,405	7,783,383	26,135,512	10.55	1,281
147	9,434,988	176,922	9,611,910	29,309,435	8.99	1,442
156	10,619,687	198,592	10,818,279	31,082,420	8.32	1,531
191	12,093,323	219,444	12,312,767	35,496,523	6.85	1,762
148	14,083,250	236,387	14,319,637	36,321,367	6.18	1,783
153	16,878,177	255,697	17,133,874	37,937,225	5.96	1,851

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

Table 11

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2022	\$ 16,360,705	\$ 1,962,965	\$ 14,397,740	0.87 %	\$ 693
2021	10,498,070	1,909,368	8,588,702	0.55	419
2020	9,336,704	821,425	8,515,279	0.58	417
2019	5,099,232	105,043	4,994,189	0.36	245
2018	861,313	116,197	745,116	0.06	37
2017	1,161,208	454,243	706,965	0.06	35
2016	829,477	475,708	353,769	0.03	17
2015	1,124,477	449,986	674,491	0.06	33
2014	1,319,477	333,779	985,698	0.07	48
2013	1,504,477	318,796	1,185,681	0.10	58

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, 2022

Table 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
School District			
ISD No. 659	\$ 51,015,000	52.16 %	\$ 26,609,424
Rice County	20,965,000	21.45	<u>4,496,993</u>
Subtotal - Overlapping Debt			31,106,417
City Direct Debt			<u>27,814,537</u>
Total Direct and Overlapping Debt			<u><u>\$ 58,920,954</u></u>

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

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Debt Limit	\$ 49,740,171	\$ 46,981,116	\$ 44,240,697	\$ 41,615,289	\$ 39,665,625
Total Net Debt Applicable to Limit	<u>12,790,187</u>	<u>10,629,468</u>	<u>9,664,323</u>	<u>9,825,000</u>	<u>6,125,000</u>
Legal Debt Margin	<u><u>\$ 36,949,984</u></u>	<u><u>\$ 36,351,648</u></u>	<u><u>\$ 34,576,374</u></u>	<u><u>\$ 31,790,289</u></u>	<u><u>\$ 33,540,625</u></u>

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

Table 13

2017	2016	2015	2014	2013
\$ 36,917,013	\$ 36,066,081	\$ 34,044,612	\$ 41,805,381	\$ 34,189,118
12,176,500	11,771,000	8,710,000	9,870,000	10,195,000
<u>\$ 24,740,513</u>	<u>\$ 24,295,081</u>	<u>\$ 25,334,612</u>	<u>\$ 31,935,381</u>	<u>\$ 23,994,118</u>

Legal Debt Margin Calculation for Fiscal Year 2022

Total Estimated Market Value	<u>\$ 1,658,005,700</u>
Debt Limit (3% of Total Assessed Value)	<u>49,740,171</u>
Debt Applicable to Limit:	
General Obligation Bonds	<u>12,790,187</u>
Legal Debt Margin	<u>\$ 36,949,984</u>

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

Year	Utility Revenue Bonds					
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2022	\$ 10,111,358	\$ 5,410,258	\$ 4,701,100	\$ 1,456,171	\$ 60,317	3.10
2021	10,059,369	4,821,526	5,237,843	1,474,488	82,853	3.36
2020	9,890,968	5,250,437	4,640,531	1,679,488	102,543	2.60
2019	8,447,387	5,515,177	2,932,210	1,939,062	150,864	1.40
2018	8,217,766	4,066,046	4,151,720	1,794,062	200,148	2.08
2017	8,132,625	3,787,027	4,345,598	2,408,636	212,826	1.66
2016	7,958,662	3,665,992	4,292,670	2,018,636	258,250	1.89
2015	7,721,254	3,872,724	3,848,530	2,003,023	302,909	1.67
2014	7,518,539	3,379,949	4,138,590	1,923,636	592,809	1.64
2013	7,451,758	3,081,683	4,370,075	1,638,540	1,068,520	1.61

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

Table 14

Improvement Bonds								
Special Assessment Collections	Debt Service		Coverage	Tax Increment Collections	Debt Service		Coverage	
	Principal	Interest			Principal	Interest		
\$ 314,699	\$ 1,210,085	\$ 235,939	0.22	\$ 543,172	\$ 186,606	\$ 54,907	2.25	
1,044,160	1,385,512	173,064	0.67	472,334	181,460	54,536	2.00	
366,219	1,090,512	175,847	0.29	373,911	172,274	61,432	1.60	
432,991	1,240,938	137,382	0.31	339,982	567,625	55,927	0.55	
575,626	1,145,938	164,316	0.44	334,418	640,965	86,963	0.46	
579,120	896,364	164,586	0.55	334,785	187,499	96,734	1.18	
479,986	1,201,364	148,689	0.36	281,750	175,981	105,206	1.00	
370,432	1,266,364	175,941	0.26	276,852	182,091	103,562	0.97	
433,146	1,286,364	257,825	0.28	829,220	304,625	171,981	1.74	
497,084	1,124,460	202,619	0.37	867,919	368,884	139,591	1.71	

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

Table 15

Fiscal Year	Population	Households	Personal Income	Per Capita Personal Income	Unemployment Rate
2022	20,790	6,723	*	*	2.70 %
2021	20,494	6,564	\$ 3,209,215	\$ 47,839	4.20
2020	20,426	6,522	3,019,915	45,092	3.20
2019	20,398	6,492	2,933,428	44,096	2.20
2018	20,405	6,461	2,756,600	41,787	3.50
2017	20,320	6,361	2,635,830	40,167	3.30
2016	20,303	6,414	2,585,391	39,532	4.70
2015	20,146	6,341	2,431,411	37,320	4.30
2014	20,373	6,308	2,245,742	34,524	6.10
2013	20,501	6,298	2,261,892	34,877	6.30

*Information not available

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

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

Table 16

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment (a)	Employees	Rank	Percentage of Total City Employment
ISD 659	1,091	1	3.06 %	500	5	2.17 %
Northfield Hospital	779	2	2.19	542	4	2.35
St Olaf College	777	3	2.18	830	2	3.60
Carleton College	750	4	2.11	690	3	2.99
Post Consumer Products	650	5	1.83	861	1	3.73
McLane Minnesota Inc.	500	6	1.40	450	6	1.95
Multek Flexible Circuits	450	7	1.26	430	7	1.87
Taylor Truck Line, Inc.	360	8	1.01	175	9	0.76
Three Links Care Center	250	9	0.70	180	8	0.78
Lutheran Home - The Cannon Valley	250	10	0.70			
Cardinal CG				140	11	0.61
Alina Medical Center				150	10	0.65
Total	<u>5,857</u>		<u>1645.22 %</u>	<u>4,948</u>		<u>2146.36 %</u>

Source: Minnesota Department of Employment and Economic Development

Note a: Total employment is for Rice County.

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

Function	Full-time Equivalent Employees (a) as of December 31				
	2022	2021	2020	2019	2018
General Government					
Management services	5.3	4.1	3.0	3.0	3.0
Finance	3.9	4.0	4.0	4.0	4.0
Human resources	4.2	3.7	3.6	2.6	2.6
Community development	2.2	1.1	1.1	0.7	0.7
Planning	1.1	1.9	1.9	1.4	1.4
Building inspections	2.8	3.6	3.6	4.2	4.2
Information technology	3.0	3.0	3.0	3.2	3.2
Police					
Officers	23.0	23.0	23.0	22.0	22.0
Civilians	7.0	7.2	5.0	6.0	6.0
Public Works					
Engineering	5.2	5.0	4.6	4.8	4.8
Streets and park maintenance	12.7	13.2	13.3	10.5	10.5
Economic Development	1.0	1.2	1.2	1.2	1.2
Housing	1.0	1.1	1.1	1.1	1.1
Buildings and Recreation Facilities	4.0	4.0	3.4	3.1	3.1
Library	13.9	13.6	13.1	11.8	11.8
Motor Vehicle	3.0	3.0	3.2	3.2	3.2
Community/Wellness Center	-	-	-	-	0.0
Water	7.2	6.1	5.4	6.8	6.8
Wastewater	5.6	7.1	8.8	6.9	6.9
Refuse	1	1	1	1	1
Storm Water	1.0	1.4	1.4	0.4	0.4
Transit	-	-	-	-	-
Liquor Operations	6.4	6.4	7.0	7.0	7.0
Total	<u>114.0</u>	<u>114.7</u>	<u>111.8</u>	<u>104.9</u>	<u>104.9</u>

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.

Table 17

Full-time Equivalent Employees (c) as of December 31				
2017	2016	2015	2014	2013
3.0	3.0	3.0	3.5	3.3
4.0	4.0	4.0	4.0	4.0
2.6	3.0	3.0	2.5	2.1
1.1	1.1	1.5	1.5	1.5
1.6	1.3	1.3	1.3	0.3
2.6	2.5	2.5	2.5	2.0
3.2	3.2	3.2	2.2	2.2
22.0	22.0	22.0	22.0	21.0
5.0	5.0	5.0	5.0	5.0
4.3	4.5	4.5	4.5	4.5
8.6	9.0	9.0	8.3	8.3
1.7	0.8	0.5	0.5	0.5
0.5	0.7	0.7	0.7	0.7
3.4	3.0	3.0	3.0	2.5
11.5	12.2	12.0	11.5	11.0
2.6	2.6	2.6	2.6	2.1
0.0	0.0	0.0	0.2	0.2
4.9	4.5	5.0	4.0	4.0
7.5	7.5	5.0	6.0	6.0
-	-	-	0.0	-
1.4	0.5	0.5	0.5	0.5
-	0.0	0.0	0.0	0.0
7.0	7.0	7.5	7.3	7.3
98.5	97.4	95.8	93.6	89.0

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

Function/Program	Fiscal Year				
	2022	2021	2020	2019	2018
Police					
Traffic violations	708	904	714	904	601
Part I Crimes	596	416	166	221	229
Part II Crimes	296	489	384	376	328
Building Inspection					
Permits issued	2,011	1,244	1,102	948	673
Total value	\$ 103,058,714	\$ 64,811,938	\$ 43,985,221	\$ 51,849,365	\$ 102,549,565
Single-family home permits issued	33	13	39	35	30
Single-family home value	11,623,852	4,780,509	6,983,944	9,324,358	7,627,499
Library					
Population served	27,510	27,273	27,110	27,002	26,930
Circulation	298,396	258,217	340,018	330,734	320,190
Hours open	3,225	2,588	3,143	3,170	3,204
Cardholders	15,133	15,490	18,149	19,185	17,869
Visits	116,044	96,841	175,610	183,086	177,980
Water					
Connections	6,041	5,996	5,968	5,896	5,869
Total water pumped (millions of gallons)	739.1	666.5	673.5	685.9	733.1
Average daily consumption (millions of gallons)	2.0	1.9	1.9	1.8	2.0
Peak daily consumption (millions of gallons)	3.8	3.4	3.1	3.6	3.3
Wastewater					
Treatment capacity (millions of gallons)	5.2	5.2	5.2	5.2	5.2
Average daily volume treated (millions of gallon)	2.0	2.5	2.5	2.2	2.4

Sources: Various city departments.

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

Note: Traffic Violations in 2013 - 2015 included traffic warnings.

Table 18

Fiscal Year				
2017	2016	2015	2014	2013
569	3,367	2,227	2,362	3,395
234	243	288	289	412
415	494	439	472	576
690	975	731	438	295
\$ 68,569,787	\$ 27,934,305	\$ 25,088,302	\$ 37,905,058	\$ 20,018,472
30	31	26	25	15
5,988,500	7,673,730	6,447,000	6,508,390	3,155,350
26,851	26,563	26,563	26,758	26,606
285,737	244,264	346,702	365,870	372,926
2,976	2,763	3,022	2,990	2,904
17,153	16,480	17,970	20,578	19,991
143,093	116,066	205,271	207,246	206,492
5,823	5,767	5,709	5,696	5,582
724.6	744.7	794	798.5	814.6
2.0	2.0	2.1	2.1	2.2
3.3	4.9	4.1	4.0	4.2
5.2	3.2	3.2	3.2	3.2
2.2	2.0	2.3	2.3	2.2

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

Function/Program	Fiscal Year				
	2022	2021	2020	2019	2018
Police					
Stations	1	1	1	1	1
Fire Stations	1	1	1	1	1
Public Works					
Miles of street, local, county and state highways	106.10	105.90	105.80	105.70	104.08
Parks and Recreation					
Number of parks	45	45	45	45	45
Acreage	441	441	441	441	441
Playgrounds	21	21	21	21	20
Baseball/softball diamonds	10	10	10	10	12
Soccer/football fields	9	9	9	9	10
Community centers	1	1	1	1	1
Indoor ice arena	1	1	1	1	1
Outdoor pool	1	1	1	1	1
Water					
Storage capacity (thousands of gallons)	3,000	3,000	3,000	3,000	3,000
Wastewater					
Treatment capacity (millions of gallons)	5.2	5.2	3.5	3.5	3.5

Sources Various City departments

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

Table 19

Fiscal Year				
2017	2016	2015	2014	2013
1	1	1	1	1
1	1	1	1	1
104.08	93.00	93.00	93.00	93.00
45	45	45	45	44
441	425	425	425	425
20	19	19	18	18
12	8	8	7	7
10	10	10	8	8
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
3,000	3,000	3,000	3,000	3,000
3.5	3.5	3.5	3.5	3.5

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OTHER REQUIRED REPORTS

CITY OF NORTHFIELD
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Northfield, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Northfield, Minnesota (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2023.

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

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



Abdo
Mankato, Minnesota
June 27, 2023

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

Honorable Mayor and City Council
City of 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, 2022, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2023. 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 June 23, 2023, expressed an unmodified opinion on those statements.

Report on Internal Control Over Financial Reporting

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings, Responses and Questioned Costs as item 2022-001 to be a significant deficiency.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that 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 subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Abdo
Mankato, Minnesota
June 27, 2023



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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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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



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

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.



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Mankato, Minnesota
June 27, 2023



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

Federal Funding Source	Administering Department/Entity	Program Name	Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Federal Program Clusters	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development	Direct	Community Development Block Grants/ Entitlement Grants	14.218	None	<u>\$ 70,975</u>		
		Total CDBG - Entitlement Grants Cluster				\$ 70,975	\$ -
U.S. Department of Transportation	Minnesota Department of Transportation	COVID-19 - CRRSAA Funds	20.205C	149-901-001	<u>31,383</u>		
		Total Highway Planning and Construction Cluster				31,383	-
U.S. Department of Justice	Direct	Bulletproof Vest Partnership Program	16.607	None		1,528	
Institute of Museum and Library Services	Minnesota Department of Education	Federal Library Services and Technology Act (LSTA) Large and Mini Grant	45.310	GID 5516 20210930		5,957	
U.S. Department of Treasury	Minnesota Department of Revenue	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027C	22488A21997002A001/ 22607A21997002I001		<u>2,266,732</u>	-
	Total Federal Expenditures					<u>\$ 2,376,575</u>	<u>\$ -</u>

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

Note 1: Basis of Presentation

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

Note 2: Summary of Significant Accounting Policies for Expenditures

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

Note 3: Pass-through Entity Identifying Numbers

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

Note 4: Subrecipients

There were no pass-through dollars provided to subrecipients.

Note 5: Indirect Cost Rate

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

City of Northfield, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended December 31, 2022

<u>Finding</u>	<u>Description</u>
2022-001	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 of the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
<i>Criteria:</i>	Internal controls should be in place to ensure adequate internal control over safeguarding of assets and the reliability of financial records and reporting.
<i>Cause:</i>	From a practical standpoint, we prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for accuracy; we have answered any questions that management might have and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosures in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.
<i>Recommendation:</i>	Under these circumstances, the most effective controls lie in management's knowledge of the City's financial operations. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations. Regarding the specific situation listed above, we would offer the following specific recommendation: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your accounting software financial information to the amount reported in the financial statements.
<i>Management Response:</i>	
	For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.



2022-001 Preparation of financial statements

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:

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,

A handwritten signature in black ink, appearing to read "B. Martig".

Ben Martig
City Administrator

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

<u>Finding</u>	<u>Description</u>
2021-001	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 of the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
<i>Criteria:</i>	Internal controls should be in place to ensure adequate internal control over safeguarding of assets and the reliability of financial records and reporting.
<i>Cause:</i>	From a practical standpoint, we prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for accuracy; we have answered any questions that management might have and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosures in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.
<i>Recommendation:</i>	Under these circumstances, the most effective controls lie in management's knowledge of the City's financial operations. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations. Regarding the specific situation listed above, we would offer the following specific recommendation: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your accounting software financial information to the amount reported in the financial statements.
<i>Management Response:</i>	
	For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.
<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)

\$7,880,000
General Obligation Street Reconstruction, Abatement and Equipment Bonds
Series 2023B
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, Abatement and Equipment Bonds, Series 2023B (the “Bonds”), originally dated the date hereof, and issued in the original aggregate principal amount of \$7,880,000. 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 Bond are payable in part from tax abatement revenues and in part from 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 included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”)) of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain 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 Code 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 _____, 2023 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)

\$7,880,000
City of Northfield, Minnesota
General Obligation Street Reconstruction, Abatement and Equipment Bonds
Series 2023B

CONTINUING DISCLOSURE CERTIFICATE

_____, 2023

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, Abatement and Equipment Bonds, Series 2023B (the “Bonds”) in the original aggregate principal amount of \$7,880,000. The Bonds are being issued pursuant to resolutions adopted by the City Council of the Issuer (the “Resolutions”). The Bonds are being delivered to _____, _____, _____ (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, Abatement and Equipment Bonds, Series 2023B issued by the Issuer in the original aggregate principal amount of \$7,880,000.

“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 _____, 2023, 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 _____, _____, _____.

“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, 2023, 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 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

\$7,880,000* GENERAL OBLIGATION STREET RECONSTRUCTION, ABATEMENT AND EQUIPMENT BONDS, SERIES 2023B CITY OF NORTHFIELD, MINNESOTA

Proposals for the purchase of \$7,880,000* General Obligation Street Reconstruction, Abatement and Equipment Bonds, Series 2023B (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 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on October 3, 2023, 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.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 469 and 475, as amended, and Sections 410.32, 412.301, 469.1814 and 475.58, subdivision 3b, by the City, to finance: (i) certain street reconstruction projects described in the City's Five-Year Street Reconstruction & Overlay Plan, dated April 18, 2023; (ii) the construction of various park improvement projects; and (iii) the acquisition of certain capital equipment. The Bonds will be general obligations of the City for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated October 26, 2023, 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>
2025	\$270,000	2030	\$505,000	2035	\$560,000
2026	445,000	2031	525,000	2036	585,000
2027	455,000	2032	545,000	2037	605,000
2028	475,000	2033	555,000	2038	630,000
2029	490,000	2034	580,000	2039	655,000

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, 2024, 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 2025 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 ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC 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, 2033 shall be subject to optional redemption prior to maturity on February 1, 2032 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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 October 26, 2023, 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 ("Bond Counsel"), 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 \$7,785,440 plus accrued interest on the principal sum of \$7,880,000 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 10:00 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 IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

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 \$157,600 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.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds shall not be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) 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 Underwriter (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")

October 3, 2023

RE: \$7,880,000* General Obligation Street Reconstruction, Abatement and Equipment Bonds, Series 2023B (the "Bonds")
DATED: October 26, 2023

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 \$7,785,440) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2025	_____ % due	2030	_____ % due	2035
_____ % due	2026	_____ % due	2031	_____ % due	2036
_____ % due	2027	_____ % due	2032	_____ % due	2037
_____ % due	2028	_____ % due	2033	_____ % due	2038
_____ % due	2029	_____ % due	2034	_____ % due	2039

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 2025 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 \$157,600 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 October 26, 2023.

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 Underwriter (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: _____
Account Members:

By: _____

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 October 26, 2023 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 October 3, 2023.

By: _____
Title: _____

By: _____
Title: _____