



**YEAR ENDED
DECEMBER 31, 2023**

**CITY OF NORTHFIELD
NORTHFIELD, MN**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

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INTRODUCTORY SECTION

CITY OF NORTHFIELD
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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June 5, 2024

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, 2023.

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

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

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

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

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 April 2024 has dropped to a 1.5% well below pre-pandemic levels and lower than the State of Minnesota rate of 2.5%.

	Revenue from Licenses & Permits:	Increase (Decrease)
2023	\$ 921,558	\$ 70,810
2022	850,748	53,582
2021	797,166	163,627
2020	633,539	61,152
2019	572,387	(55,509)
2018	627,896	(231,352)
2017	859,248	179,774
2016	679,474	250,717
2015	428,765	31,867
2014	396,898	(72,702)

Revenue from permit activity was up in 2023, an 8.3% increase, in line with expectations.

In 2023, the city issued permits for 14 single family homes, 4 two-family dwellings, 1 four-unit dwelling and 1 accessory dwelling unit. The city also issued 14 large commercial/industrial permits in 2023, consisting primarily of student housing and mixed office space at Carleton College.

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

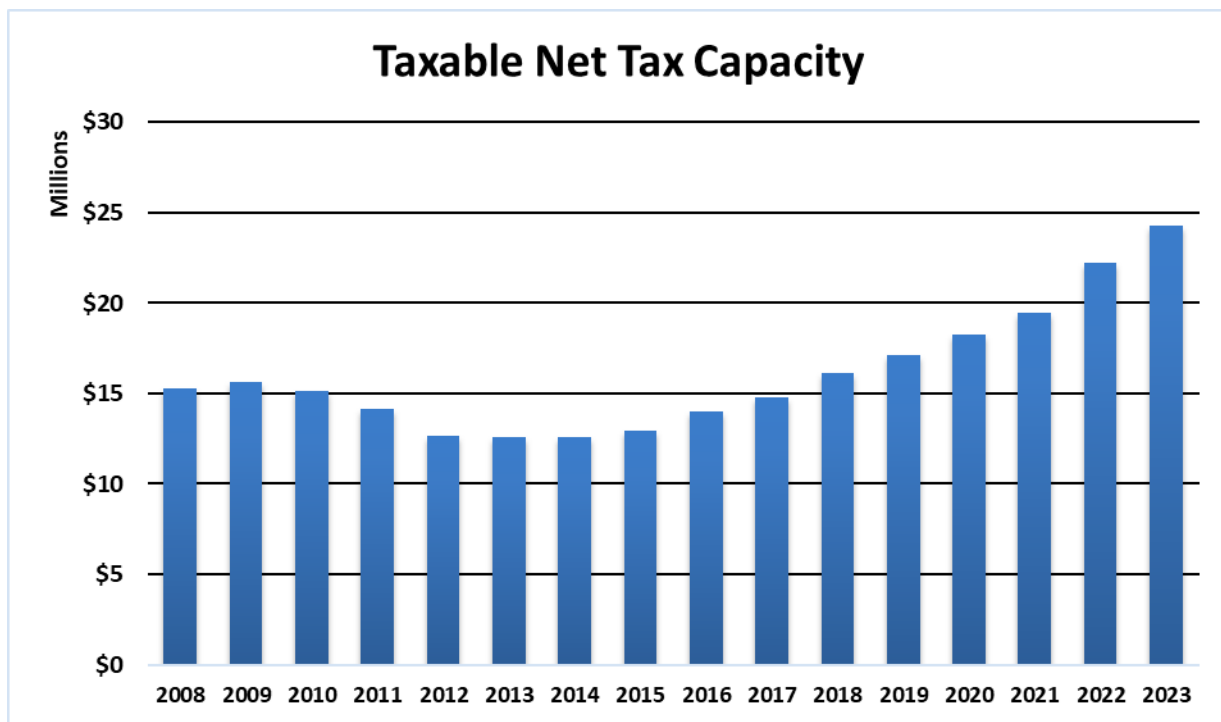
From the MN State Demographer's Office, Department of Administration:

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

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.

The past years have shown an increased focus by the colleges on student housing and mixed-use buildings. Nine structures are in various stages of completion on the Carleton campus and St. Olaf began preparing for a major remodel of a dorm in 2023. Completion of site work for a new residential development containing 26 lots should provide opportunity for growth. City staff has seen individual "leftover lots" lots in developed areas being offered for sale as of late. The new Kraewood Apartment building, permitted in 2022, was completed in the Spring of 2024, offering over 100 apartments.

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.

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	1,073
Carleton College	Education	860
St Olaf College	Education	850
Northfield Hospital	General Medical & Surgical Hospital	694
McLane Minnesota Inc.	Grocery Distribution	550
Post Consumer Products	Grain & Oilseed Milling	400
Taylor Truck Line, Inc.	Transportation	360
Multek Flexible Circuits	Technology	345
Lutheran Home - The Cannon Valley	Retirement Community	330
Three Links Care Center	Skilled Nursing Care Facility	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 54 percent, and intergovernmental revenues at 28 percent. Intergovernmental revenue includes state aids, such as local government aid, highway maintenance aid, fire relief aid and police aid; county grants include highway aid and support of library operations. Local Government Aid (LGA) is the single largest revenue source within the category of intergovernmental revenues. 2020, 2021 and 2022 also included revenue from COVID related funding from the CARES Act and American Rescue Plan (ARPA). 2023 included one-time State Police Aid.

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

	General Fund			
	Property Tax Revenue	Percent of Total	Intergovernmental Revenue	Percent of Total
2023	\$ 10,171,986	53.95%	\$ 5,278,887	28.00%
2022	8,425,519	50.15%	5,496,701	32.71%
2021	7,404,234	48.23%	5,306,210	34.56%
2020	7,214,743	46.75%	5,692,340	36.89%
2019	6,583,221	49.84%	3,852,999	29.17%
2018	6,133,235	48.68%	3,829,758	30.40%
2017	5,624,778	47.81%	3,659,007	31.10%
2016	5,454,266	47.10%	3,674,908	31.73%
2015	5,235,618	46.54%	3,608,311	32.07%
2014	5,259,744	46.96%	3,517,984	31.41%
2013	5,315,103	50.54%	3,066,511	29.16%

Long-term Financial Planning

In 2018, a utility rate study was conducted by Springsted Incorporated. That study laid out a plan for our Water, Sewer, and Stormwater rates for the next 5-10 years based on operating expense and anticipated capital projects. Baker Tilly, formerly Springsted Incorporated, has provided more recent updates to this plan related to Water, Waste Water and Storm Water based on updated capital improvement plans. The Council authorized Water, Waste Water, Storm Water and Refuse rates to increase by 20.0 percent, 4.5 percent, 15.0 percent and 1.0%, respectively, in 2024. 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 2025 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 2023, the City continued its focus on planning for the future by acting on the its 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,
 - The Northfield EDA has provided \$18,000 in riverfront enhancement activities for building owners located along the Cannon River in 2023. This is part of the EDA's efforts to incentivize the "river" facades of buildings. The program concludes in 2024.
 - The EDA continued to demonstrate support for local entrepreneurial businesses through the EDA Micro-Grant program. One micro-grant of \$5,000 was provided to Soulstice Boutique to help expand their businesses in Northfield in 2023.
- Affordable Housing – a Community where everyone can afford to live
 - Partnered with CAC to provide emergency housing navigation utilizing ARPA funds. The City has an agreement in with CAC to provide emergency housing navigation, deposit and first month's rent for a household who's home has been deemed uninhabitable/condemned by the City Building Official. The City has helped 2 households (\$8,000).
 - Partnered with the Northfield Union of Youth (NUY) to provide \$20,000 in support of the Wallflower Project- a temporary host home/foster care for Northfield teens.
 - Partnered with Rice County Habitat for Humanity by financially contributing \$25,000 to purchase 1102 Forest Street and paid \$8,479.88 for their building permit fees for a quadplex.
 - Partnered with HCI and CAC to provide \$50,000 for emergency manufactured home repairs.
- Quality Facilities – a Community where infrastructure supports its objectives
 - Deployment of high-speed fiber-optic internet throughout the city currently underway
 - Northfield's free public access WiFi upgrades, in Bridge Square, the Library and many City buildings
 - Began design for new water treatment plant to provide all residents with safe drinking water
 - Interior piping and construction of a new sludge storage tank have been completed as part of the wastewater treatment plant improvements project
 - Initiated preliminary design and public communication on the 2025 Reclamation and Overlay Project.
- Diversity, Equity & Inclusion – a Community that welcomes everyone
 - Continued Northfield Emerging Leaders Program, in coordination with University of Minnesota
 - City staff in partnership with HCI led efforts to organize and participate in the Northfield Racial & Ethnic Equity Collaborative

- In 2023, the City took part in the Racial Equity Dividends Index for the Public Sector, an analytical tool designed by the Center for Economic Inclusion. Northfield was named as a High-Scoring Organization in the category of Public Policy.
 - Department of Motor Vehicles conducted customer service survey and extended hours
 - The City of Northfield is now an I/WE Designated employer! The Inclusive Workforce Employer (I-WE) Designation is supported by the Workforce Development Board of Southeast Minnesota and the Winona Workforce Development Board.
- Service Excellence – a Community with a Government that works
 - Earned our 15th consecutive GFOA Award for Excellence in Financial Reporting
 - Northfield Area Fire and Rescue Services added full-time Fire Chief
 - All Board & Commissions schedules adjusted to ensure one meeting per night. Meeting start time and location standardized for efficiency
 - Completed an organizational assessment for the Administrative Services Division in 2024
- Climate Change Impacts – a Community that’s resilient and sustainable
 - Implemented Sustainable Building Policy and partnered with LHB for implementation
 - Adopted a Zero Waste Plan, reducing amounts sent to the landfill
 - Initiated Water Conservation Rebate, the program Incentivizes property owners to conserve water.
 - The City of Northfield and the Environmental Quality Commission (EQC) teamed up with Xcel Energy’s Partners in Energy program to understand progress toward achieving Northfield’s 2030 carbon-free electricity goal and to prioritize strategies between now and 2030 through a series of workshops that took place in the Fall of 2023.
 - Facilitated a Residential Energy Efficiency Rebate Program, 33 Energy Efficiency Rebates processed through the Carbon Reduction Fund since 2023.

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

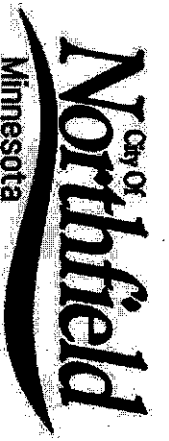
City of Northfield, Minnesota
Principal City Officials
For the Year Ended December 31, 2023

Elected

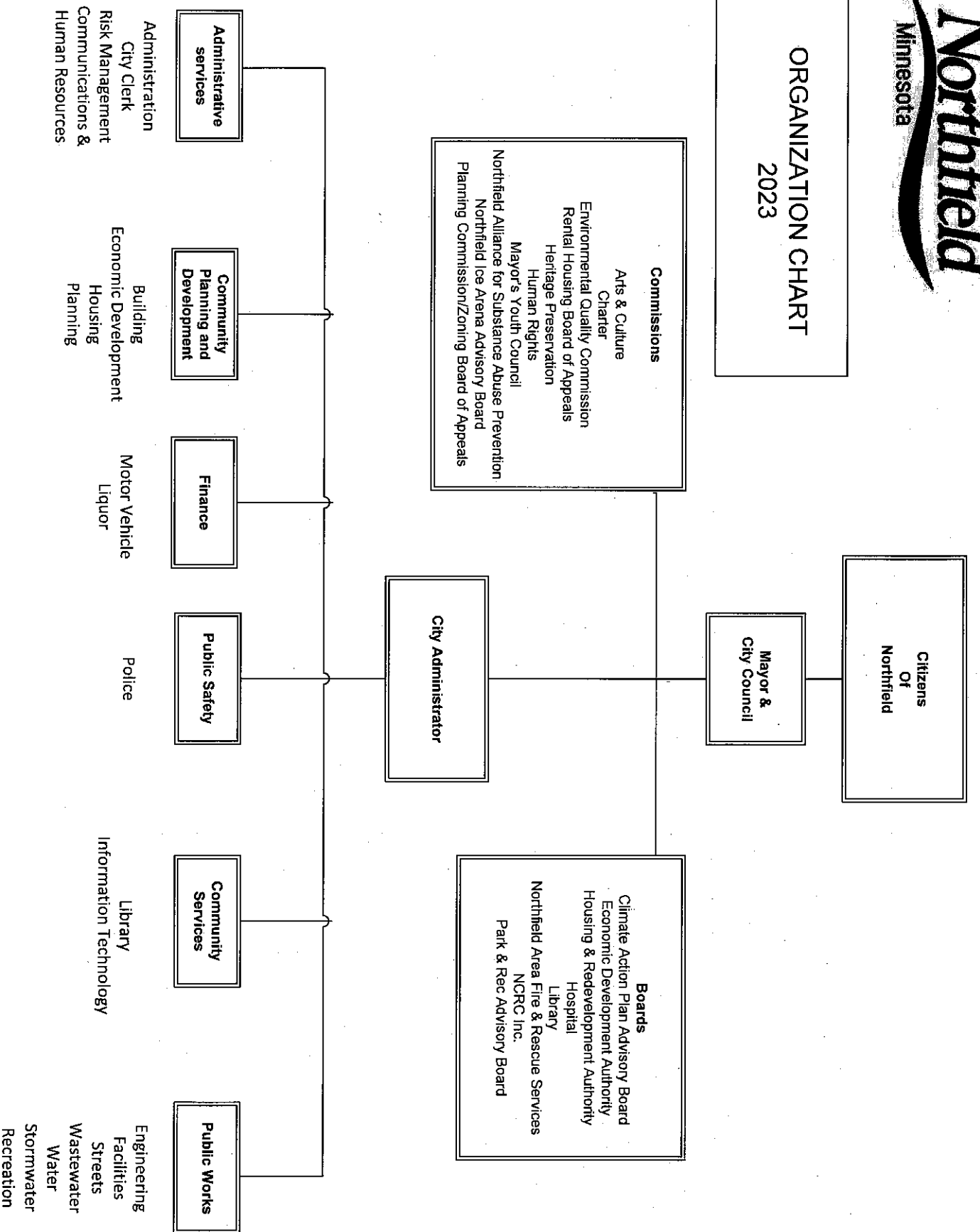
Name	Title	Term Expires
Rhonda Pownell	Mayor	12/31/24
Brad Ness	Council Member - At Large	12/31/24
Davin Sokup	Council Member - At Large	12/31/26
Kathleen Holmes	Council Member - First Ward	12/31/26
Jami Reister	Council Member - Second Ward	12/31/24
George Zuccolotto	Council Member - Third Ward	12/31/24
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
Jake Reilly	Community Development/Planning Director
Natalie Draper	Library / IT Director
Michelle Mahowald	Human Resources / Communications Director



ORGANIZATION CHART
2023





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, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION
CITY OF NORTHFIELD
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Northfield, Minnesota

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Northfield, Minnesota, (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2023, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Municipal Hospital, which is a discretely presented component unit of the City and 36 percent, 23 percent and 76 percent, respectively, of the City's assets, net position and revenues. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in the City, is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 25 and the Schedule of Employer's Share of the Net Pension Liability, the Schedule of Employer's Contributions, the related note disclosures and the and the Schedule of Changes in the City's OPEB Liability and Related Ratios starting on page 108 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 5, 2024



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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, 2023. 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 as shown in the summary of net position on the following pages. The unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net position table on the following pages. This increase is mostly due to an increase in property taxes/tax increments due to levy increases and an increase in investment earnings due to an increase in interest rates and positive market value during the year. Total expenses decreased mainly due to pension related activity.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to the issuance of General Obligation Bonds, series 2023B. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the City's discretion.

Overview of the Financial Statements

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

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

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

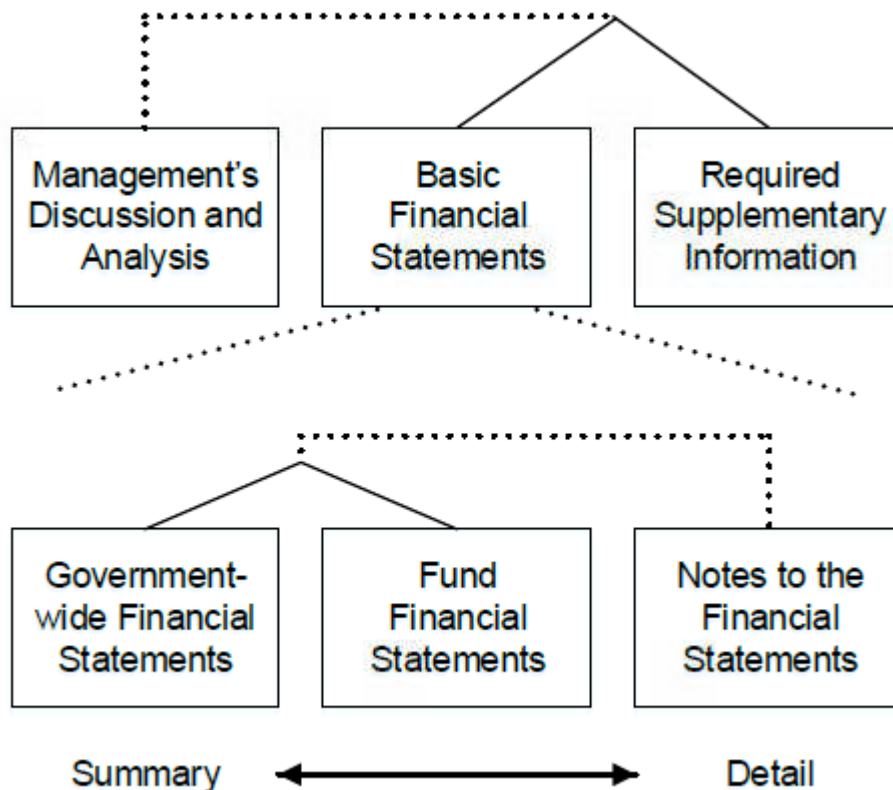


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

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

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

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

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

The government-wide financial statements can be found starting on page 41 of this report.

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

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

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

The City maintains various individual governmental funds, several of which are Debt Service funds that are considered one fund for financial reporting. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Debt Service fund, the 2019 Capital Project fund, 2023 Capital Project fund 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 46 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of its operations that are considered to be major fund of the City. Both internal service funds balances have been incorporated into the functions of the governmental activities that benefited from these services. Individual fund data for the internal services funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found starting on page 54 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 59 of this report.

Required Supplementary Information. The required supplementary information can be found starting on page 108 if this report.

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

Government-wide Financial Analysis

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

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Northfield's Summary of Net Position

	Governmental Activities			Business-type Activities			Total	
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)	2023	2022
Assets								
Current and other assets	\$ 35,460,063	\$ 27,960,583	\$ 7,499,480	\$ 35,833,358	\$ 18,598,650	\$ 17,234,708	\$ 71,293,421	\$ 46,559,233
Capital assets	71,083,501	67,302,976	3,780,525	40,154,183	34,185,441	5,968,742	111,237,684	101,488,417
Total Assets	106,543,564	95,263,559	11,280,005	75,987,541	52,784,091	23,203,450	182,531,105	148,047,650
Deferred outflows of resources	6,936,091	8,060,266	(1,124,175)	358,972	478,494	(119,522)	7,295,063	8,538,760
Liabilities								
Long-term liabilities								
outstanding	42,649,814	44,130,707	(1,480,893)	20,894,234	3,321,226	17,573,008	63,544,048	47,451,933
Other liabilities	4,195,629	2,429,967	1,765,662	2,157,629	671,968	1,485,661	6,353,258	3,101,935
Total Liabilities	46,845,443	46,560,674	284,769	23,051,863	3,993,194	19,058,669	69,897,306	50,553,868
Deferred inflows of resources	9,423,760	3,335,079	6,088,681	419,095	83,135	335,960	9,842,855	3,418,214
Net Position								
Net investment in								
capital assets	42,801,132	41,300,947	1,500,185	33,767,743	32,677,989	1,089,754	76,568,875	73,978,936
Restricted	7,869,991	6,982,652	887,339	-	-	-	7,869,991	6,982,652
Unrestricted	6,539,329	5,144,473	1,394,856	19,107,812	16,508,267	2,599,545	25,647,141	21,652,740
Total Net Position	\$ 57,210,452	\$ 53,428,072	\$ 3,782,380	\$ 52,875,555	\$ 49,186,256	\$ 3,689,299	\$ 110,086,007	\$ 102,614,328

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

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

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

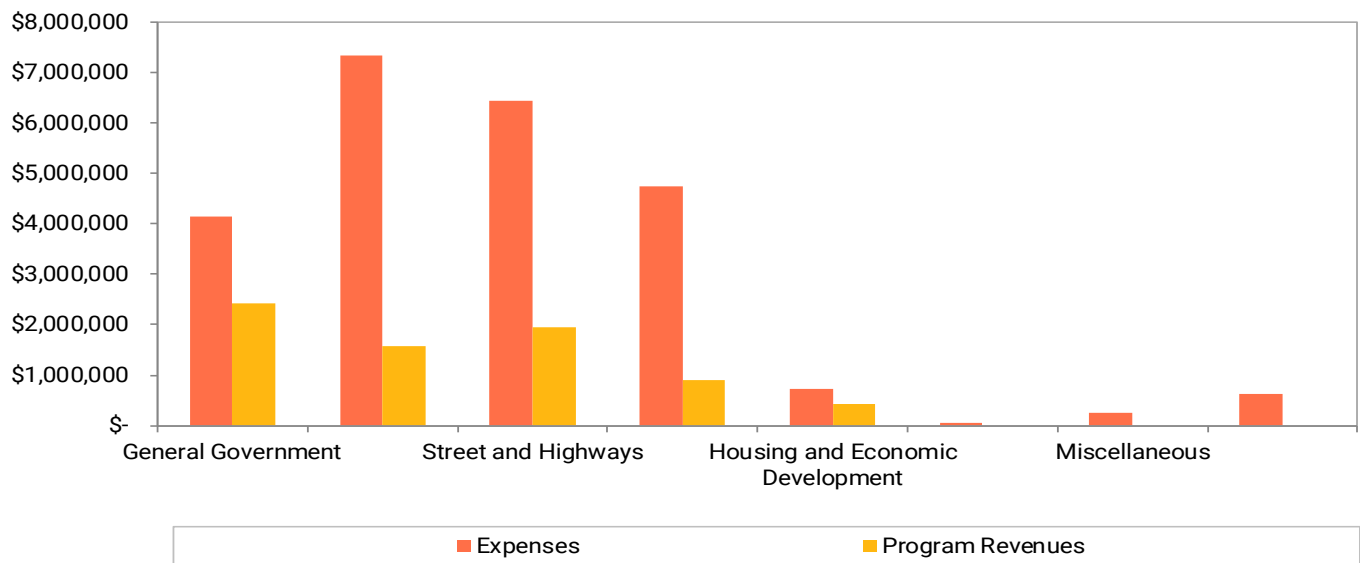
- Property taxes/tax increment revenues increased due to a tax levy increase that occurred in 2023.
- Unrestricted investment earnings increased due to raised interest rates during the year.
- Public safety expenditures decreased mainly due to pension expenses.

City of Northfield's Changes in Net Position

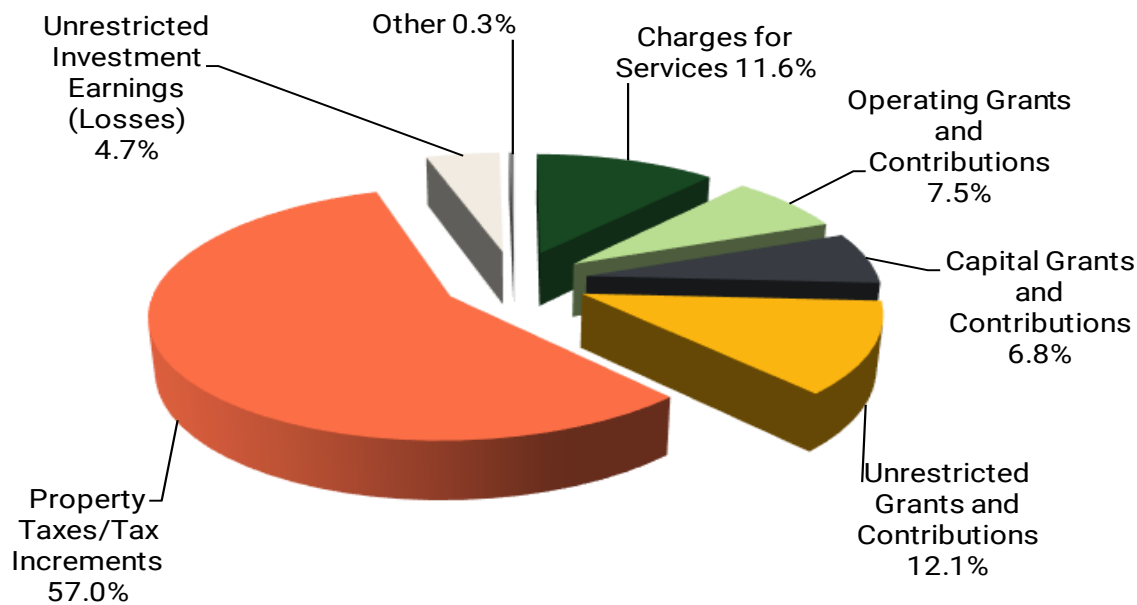
	Governmental Activities			Business-type Activities			Total	
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)	2023	2022
Revenues								
Program Revenues								
Charges for services	\$ 3,256,016	\$ 3,070,988	\$ 185,028	\$ 12,912,609	\$ 12,343,578	\$ 569,031	\$ 16,168,625	\$ 15,414,566
Operating grants and contributions	2,109,834	1,702,417	407,417	157,209	29,341	127,868	2,267,043	1,731,758
Capital grants and contributions	1,898,965	215,549	1,683,416	-	-	-	1,898,965	215,549
General Revenues								
Property taxes/ tax increments	15,993,541	13,546,132	2,447,409	-	-	-	15,993,541	13,546,132
Grants and contributions not restricted to specific programs	3,406,604	3,450,210	(43,606)	-	-	-	3,406,604	3,450,210
Unrestricted investment earnings (loss)	1,314,039	(526,828)	1,840,867	1,348,450	(331,319)	1,679,769	2,662,489	(858,147)
Other	73,812	79,794	(5,982)	41,629	-	41,629	115,441	79,794
Total Revenues	28,052,811	21,538,262	6,514,549	14,459,897	12,041,600	2,418,297	42,512,708	33,579,862
Expenses								
General government	4,140,291	4,569,897	(429,606)	-	-	-	4,140,291	4,569,897
Public safety	7,346,035	7,336,398	9,637	-	-	-	7,346,035	7,336,398
Public works	6,441,116	6,287,000	154,116	-	-	-	6,441,116	6,287,000
Culture and recreation	4,755,072	4,434,800	320,272	-	-	-	4,755,072	4,434,800
Housing and economic development	715,510	594,722	120,788	-	-	-	715,510	594,722
Transit	54,838	54,837	1	-	-	-	54,838	5
Miscellaneous	262,645	240,115	22,530	-	-	-	262,645	240,115
Interest on long-term debt	632,685	672,008	(39,323)	-	-	-	632,685	672,008
Water	-	-	-	2,234,724	2,184,043	50,681	2,234,724	2,184,043
Wastewater	-	-	-	3,860,711	3,807,882	52,829	3,860,711	3,807,882
Garbage	-	-	-	984,523	929,018	55,505	984,523	929,018
Storm water	-	-	-	933,397	920,017	13,380	933,397	920,017
Liquor store	-	-	-	2,750,941	2,703,643	47,298	2,750,941	2,703,643
Total Expenses	24,348,192	24,189,777	158,415	10,764,296	10,544,603	219,693	35,112,488	34,679,548
Increase in Net Position								
Before Contributions and Transfers	3,704,619	(2,651,515)	6,356,134	3,695,601	1,496,997	2,198,604	7,400,220	(1,099,686)
Capital Contributions	-	(125,164)	125,164	-	125,164	(125,164)	-	-
Transfers	77,761	54,707	23,054	(6,302)	(54,707)	48,405	71,459	-
Change in Net Position	3,782,380	(2,721,972)	6,504,352	3,689,299	1,567,454	2,121,845	7,471,679	(1,099,686)
Net Position - January 1	53,428,072	56,150,044	(2,721,972)	49,186,256	47,618,802	1,567,454	102,614,328	103,768,846
Net Position - December 31	\$ 57,210,452	\$ 53,428,072	\$ 3,782,380	\$ 52,875,555	\$ 49,186,256	\$ 3,689,299	\$ 110,086,007	\$ 102,669,160

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

Expenses and Program Revenues - Governmental Activities



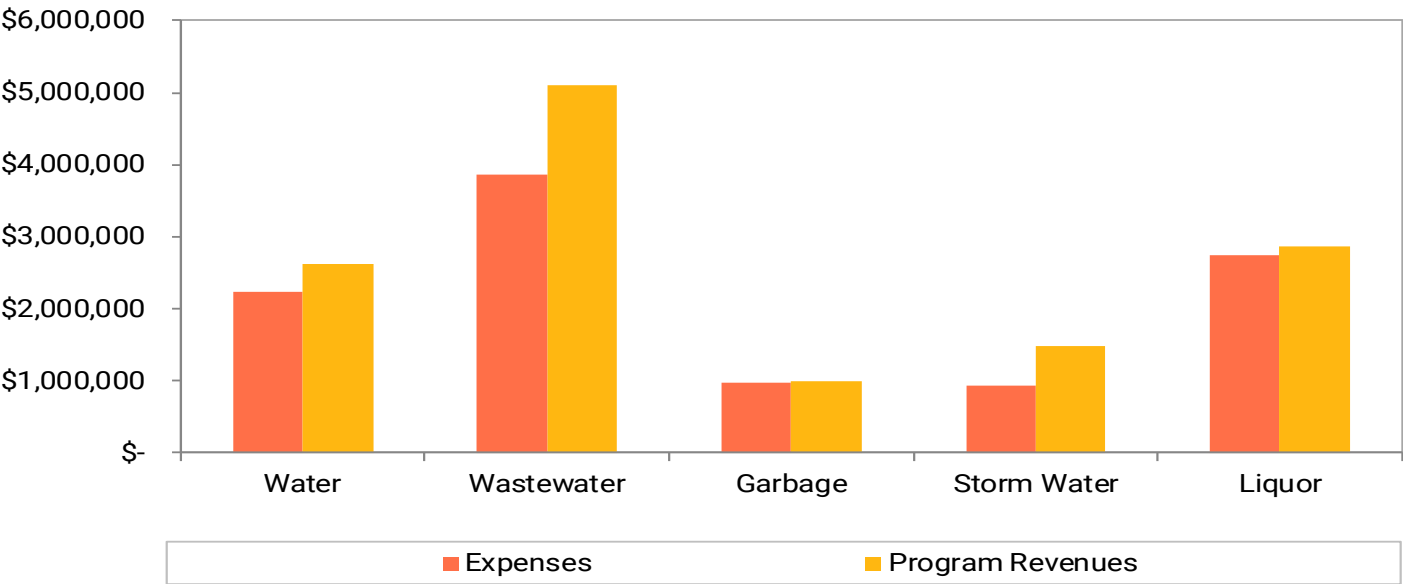
Revenues by Source - Governmental Activities



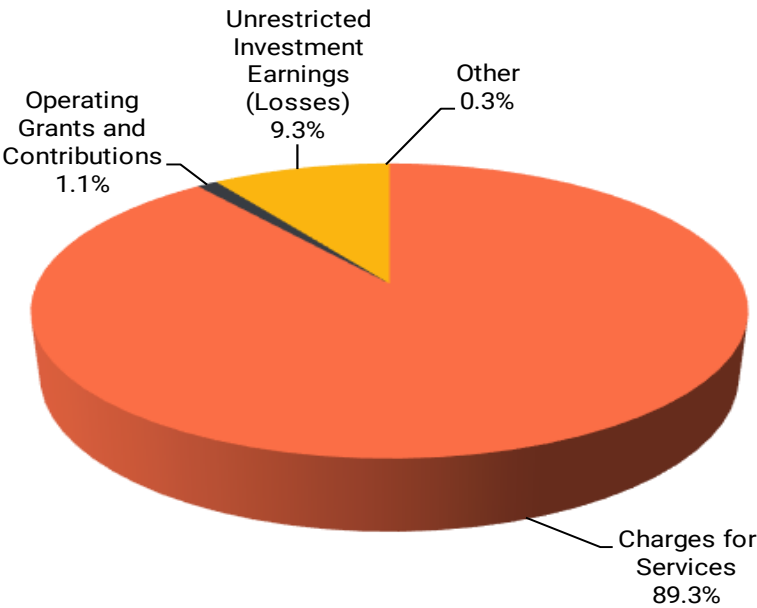
Business-type Activities. Business-type activities increased the City’s net position as shown above. Key elements of this increase are as follows:

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

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The table below outlines the governmental fund balances for the year ending December 31, 2023:

	General Fund	Debt Service Fund	2019 Capital Project Fund	2023 Capital Project Fund	5th Street Redevelopment	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances									
Nonspendable	\$ 144,289	\$ -	\$ -	\$ -	\$ -	\$ 2,463	\$ 146,752	\$ 239,444	\$ (92,692)
Restricted	879,417	4,741,374	-	2,930,339	-	2,072,772	10,623,902	8,078,213	2,545,689
Committed	-	-	-	-	-	1,960,665	1,960,665	1,501,975	458,690
Assigned	-	-	-	-	-	2,782,592	2,782,592	1,141,052	1,641,540
Unassigned	9,775,031	-	(1,499,642)	-	(2,161,078)	(1,502,850)	4,611,461	5,392,872	(781,411)
	<u>\$ 10,798,737</u>	<u>\$ 4,741,374</u>	<u>\$ (1,499,642)</u>	<u>\$ 2,930,339</u>	<u>\$ (2,161,078)</u>	<u>\$ 5,315,642</u>	<u>\$ 20,125,372</u>	<u>\$ 16,353,556</u>	<u>\$ 3,771,816</u>

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 65 of this report.

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

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	\$ 144,289	\$ 236,076	\$ (91,787)
Restricted	879,417	32,315	847,102
Committed	-	335,694	(335,694)
Unassigned	9,775,031	9,213,672	561,359
	<u>\$ 10,798,737</u>	<u>\$ 9,817,757</u>	<u>\$ 980,980</u>
General Fund expenditures	\$ 17,360,229	\$ 16,812,615	
Unassigned as a percent of expenditures	56.3%	54.8%	
Total Fund Balance as a percent of expenditures	62.2%	58.4%	

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

Other major governmental fund analysis is shown below:

	December 31, 2023	December 31, 2022	Increase (Decrease)
Debt Service fund	\$ 4,741,374	\$ 4,408,365	\$ 333,009
<i>The Debt Service fund increase in fund balance during the year was due to increased investment earnings and transfers in made during the year.</i>			
2019 Capital Project fund	\$ (1,499,642)	\$ (1,540,368)	\$ 40,726
<i>The 2019 Capital Project total fund balance increased during the due to investment earnings incurred in the current year.</i>			
2023 Capital Project fund	\$ 2,930,339	\$ (155,950)	\$ 3,086,289
<i>The 2023 Capital Project total fund balance increased during the due to issuing bonds for ongoing project costs.</i>			
5th Street Redevelopment fund	\$ (2,161,078)	\$ (2,119,172)	\$ (41,906)
<i>The 5th street redevelopment total fund balance decreased during the due to ongoing project costs incurred in the current year.</i>			

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

	Ending Net Position 2023	Ending Net Position 2022	Increase/ (Decrease)
Water	\$ 14,693,384	\$ 13,987,406	\$ 705,978
<i>The increase primarily is attributed to the increase in investment earning incurred during the year and increased charges for services revenues.</i>			
Wastewater	\$ 27,451,679	\$ 25,614,340	\$ 1,837,339
<i>The increase primarily is attributed to the increase in investment earning incurred during the year due to the issuance of G.O revenue bonds, series 2023A.</i>			
Storm Water	\$ 6,844,642	\$ 6,201,920	\$ 642,722
<i>The increase primarily is attributed to the increase in investment earning incurred during the year due to the issuance of G.O revenue bonds, series 2023A and increased charges for services revenues related to rate increases.</i>			
Municipal Liquor Store	\$ 1,720,269	\$ 1,591,489	\$ 128,780
<i>The increase primarily is attributed to the increase in investment earning incurred during the year.</i>			

General Fund Budgetary Highlights

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 16,932,430	\$ 899,143	\$ 17,831,573	\$ 18,645,991	\$ 814,418
Expenditures	17,986,550	45,413	18,031,963	17,360,229	671,734
Excess of Revenues Over Expenditures	(1,054,120)	853,730	(200,390)	1,285,762	1,486,152
Other Financing Sources (Uses)					
Transfers in	430,500	-	430,500	210,000	(220,500)
Transfers out	(241,380)	-	(241,380)	(514,782)	(273,402)
Total Other Financing Sources (Uses)	189,120		189,120	(304,782)	(493,902)
Net Change in Fund Balances	(865,000)	853,730	(11,270)	980,980	992,250
Fund Balances, January 1	9,817,757	-	9,817,757	9,817,757	
Fund Balances, December 31	<u>\$ 8,952,757</u>	<u>\$ 853,730</u>	<u>\$ 9,806,487</u>	<u>\$ 10,798,737</u>	<u>\$ 992,250</u>

The City's General Fund budget was not amended during the year. Revenues were over budget, expenditures were under budget and the other financing sources (uses) were under budget causing fund balance to increase in 2023.

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

- Intergovernmental revenues were over budget mainly due to receiving public safety aid.
- Investment earnings were over budget due to increased interest rates.
- Miscellaneous revenues were under budget mainly due to contributions and donations related to the timing of Northfield Hospital and Clinics contributions towards the school recreation program.
- Police protection expenses were under budget mainly due to lower staffing levels than anticipated.
- Streets expenses were over budget mainly due to increased equipment maintenance.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2023 is shown in the table below (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, machinery, and equipment.

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

- The completion of the Bluffview improvements
- The completion of the TH3 traffic signal improvements
- The completion of the main office remodel project
- The completion of the prairie dredging project
- The completion of storm structure improvements
- The purchase of a Caterpillar motor grader
- The purchase of a Groundskeeper 5910
- Construction in progress on the WWTP improvements
- Construction in progress on the reclamation project
- Construction in progress on the Babcock shelter/ball field project

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

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

	Governmental Activities			Business-type Activities			Total		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Land	\$ 1,465,130	\$ 1,465,130	\$ -	\$ 1,661,718	\$ 1,089,718	\$ 572,000	\$ 3,126,848	\$ 2,554,848	\$ 572,000
Buildings and Improvements	15,099,567	15,455,987	(356,420)	11,520,108	12,139,094	(618,986)	26,619,675	27,595,081	(975,406)
Infrastructure	40,928,060	42,589,618	(1,661,558)	19,673,602	18,486,217	1,187,385	60,601,662	61,075,835	(474,173)
Machinery and Equipment	2,743,916	2,641,788	102,128	1,612,959	1,052,492	560,467	4,356,875	3,694,280	662,595
Construction in Progress	10,846,828	5,150,453	5,696,375	5,685,796	1,417,920	4,267,876	16,532,624	6,568,373	9,964,251
Total	<u>\$ 71,083,501</u>	<u>\$ 67,302,976</u>	<u>\$ 3,780,525</u>	<u>\$ 40,154,183</u>	<u>\$ 34,185,441</u>	<u>\$ 5,968,742</u>	<u>\$ 111,237,684</u>	<u>\$ 101,488,417</u>	<u>\$ 9,749,267</u>
Percent increase (decrease)									9.6%

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

City of Northfield's Outstanding Debt

	Governmental Activities			Business-type Activities			Total		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
General Obligation Bonds	\$ 22,450,000	\$ 16,010,000	\$ 6,440,000	\$ -	\$ -	\$ -	\$ 22,450,000	\$ 16,010,000	\$ 6,440,000
General Obligation Improvement Bonds	7,960,000	9,210,000	(1,250,000)	-	-	-	7,960,000	9,210,000	(1,250,000)
General Obligation Tax Increment Bonds	146,500	213,500	(67,000)	-	-	-	146,500	213,500	(67,000)
General Obligation Revenue Bonds	230,000	450,000	(220,000)	18,435,000	1,420,000	17,015,000	18,665,000	1,870,000	16,795,000
Certificates of Participation	-	-	-	-	-	-	-	-	-
Financed Purchase Arrangements	-	252,813	(252,813)	-	27,883	(27,883)	-	280,696	(280,696)
Notes	627,354	776,520	(149,166)	-	-	-	627,354	776,520	(149,166)
Total	\$ 31,413,854	\$ 26,912,833	\$ 4,501,021	\$ 18,435,000	\$ 1,447,883	\$ 16,987,117	\$ 49,848,854	\$ 28,360,716	\$ 21,488,138
Percent increase (decrease)									75.8%

The City's total debt increased during the current fiscal year due to issuance of General Obligation bonds, series 2023A and 2023B. The City's bond rating was 'AA' from Standard & Poor's for their 2023 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 \$60,088,764, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3E starting on page 82 of this report.

Economic Factors and Next Year's Budgets and Rates

- The 2023 unemployment rate for Rice County, where the City is located, was 2.4 percent, which was a decrease from a year ago of 2.5 percent. This is favorable to the State's average unemployment rate of 2.6 percent and also the national average rate of 3.5 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 2024 fiscal year.

During the current fiscal year, unassigned fund balance in the General fund increased to \$9,775,031. This unassigned fund balance is designated for cash flow purposes and revenue stabilization.

The City's tax levy was increased by 9 percent for 2024.

For 2024, water rates are set to increase 20.0 percent. Wastewater rates are set to increase 4.5 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, 2023

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

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Economic Development Authority	Housing Redevelopment Authority	Municipal Hospital
Assets						
Cash and temporary investments	\$ 31,024,764	\$ 31,042,089	\$ 62,066,853	\$ 1,729,358	\$ 832,778	\$ 49,754,698
Cash held with fiscal agent	-	-	-	-	-	313,271
Receivables						
Interest	70,385	64,399	134,784	642	635	-
Delinquent taxes	106,659	-	106,659	2,577	2,624	-
Accounts, net of allowances	467,977	1,714,152	2,182,129	-	12,700	18,914,357
Leases	105,089	-	105,089	-	-	-
Notes, net of allowances	-	-	-	331,044	-	-
Special assessments	2,097,377	15,305	2,112,682	-	-	-
Intergovernmental	172,979	5,910	178,889	2,775	2,831	-
Internal balances	(2,608,541)	2,608,541	-	-	-	-
Inventories	718	364,689	365,407	-	-	2,341,830
Prepaid items	167,977	18,273	186,250	759	2,027	1,295,490
Other assets	-	-	-	-	-	410,412
Land held for resale	49,937	-	49,937	213,234	554,692	-
Capital assets						
Nondepreciable	12,311,958	7,347,514	19,659,472	-	56,994	4,026,588
Depreciable	58,771,543	32,806,669	91,578,212	-	201,422	31,432,279
Investment in joint venture	3,804,742	-	3,804,742	-	-	-
Total Assets	106,543,564	75,987,541	182,531,105	2,280,389	1,666,703	108,488,925
Deferred Outflows of Resources						
Loss on refunding	-	-	-	-	-	306,074
Deferred pension resources	6,772,753	324,101	7,096,854	22,197	21,165	11,517,940
Deferred other postemployment benefit resources	163,338	34,871	198,209	2,030	3,147	-
Total Deferred Outflows of Resources	6,936,091	358,972	7,295,063	24,227	24,312	11,824,014
Liabilities						
Accounts payable	2,964,796	1,836,437	4,801,233	44,157	59,685	4,602,221
Contracts payable	324,868	109,877	434,745	-	-	-
Deposits payable	245,250	-	245,250	-	700	-
Due to other governments	33,733	39,731	73,464	-	-	-
Accrued interest payable	259,557	110,161	369,718	-	-	78,203
Accrued wages payable	286,693	44,187	330,880	2,817	3,253	8,461,652
Unearned revenue	-	-	-	-	-	121,791
Noncurrent liabilities						
Due within one year						
Long-term liabilities	3,324,948	304,915	3,629,863	-	-	14,808,283
Other postemployment benefit liability	80,732	17,236	97,968	1,003	1,556	-
Due in more than one year						
Long-term liabilities	30,585,823	19,246,601	49,832,424	-	-	5,554,746
Net pension liability	7,492,450	1,076,581	8,569,031	73,734	70,305	38,584,029
Other postemployment benefit liability	1,246,593	266,137	1,512,730	15,495	24,020	-
Total Liabilities	46,845,443	23,051,863	69,897,306	137,206	159,519	72,210,925
Deferred Inflows of Resources						
Intergovernmental resources	2,467,340	-	2,467,340	-	-	-
Deferred pension resources	6,464,485	335,582	6,800,067	22,985	21,915	12,519,669
Deferred other postemployment benefit resources	391,175	83,513	474,688	4,862	7,537	-
Deferred lease resources	100,760	-	100,760	-	-	-
Total Deferred Outflows of Resources	9,423,760	419,095	9,842,855	27,847	29,452	12,519,669
Net Position						
Net investment in capital assets	42,801,132	33,767,743	76,568,875	-	258,416	15,095,838
Restricted						
Affordable housing	-	-	-	-	75,056	-
Police forfeitures	31,037	-	31,037	-	-	-
Public safety	848,380	-	848,380	-	-	-
Debt service	5,624,112	-	5,624,112	-	-	313,271
Library	309,732	-	309,732	-	-	-
Arts and culture	145,570	-	145,570	-	-	-
Redevelopment and housing	95,191	-	95,191	-	-	-
Capital projects	815,969	-	815,969	-	-	-
Unrestricted	6,539,329	19,107,812	25,647,141	2,139,563	1,168,572	20,173,236
Total Net Position	\$ 57,210,452	\$ 52,875,555	\$ 110,086,007	\$ 2,139,563	\$ 1,502,044	\$ 35,582,345

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, 2023

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 4,140,291	\$ 2,431,191	\$ -	\$ -
Public safety	7,346,035	101,254	1,466,688	-
Public works	6,441,116	109,611	243,888	1,598,965
Culture and recreation	4,755,072	594,825	304,189	-
Housing and economic development	715,510	19,135	95,069	300,000
Transit	54,838	-	-	-
Miscellaneous	262,645	-	-	-
Interest on long-term debt	632,685	-	-	-
Total Governmental Activities	<u>24,348,192</u>	<u>3,256,016</u>	<u>2,109,834</u>	<u>1,898,965</u>
Business-type Activities				
Water	2,234,724	2,621,302	-	-
Wastewater	3,860,711	5,106,902	-	-
Garbage	984,523	1,004,549	58	-
Storm water	933,397	1,316,273	157,151	-
Liquor stores	2,750,941	2,863,583	-	-
Total Business-type Activities	<u>10,764,296</u>	<u>12,912,609</u>	<u>157,209</u>	<u>-</u>
Total Primary Government	<u>\$ 35,112,488</u>	<u>\$ 16,168,625</u>	<u>\$ 2,267,043</u>	<u>\$ 1,898,965</u>
Component Units				
Economic Development Authority	<u>\$ 349,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Housing Redevelopment Authority	<u>\$ 385,861</u>	<u>\$ 57,350</u>	<u>\$ -</u>	<u>\$ -</u>
Municipal Hospital	<u>\$ 143,029,020</u>	<u>\$ 129,927,645</u>	<u>\$ 77,679</u>	<u>\$ -</u>
General Revenues				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Tax increments				
Franchise taxes				
Lodging taxes				
Property taxes, levied for economic development				
Property taxes, levied for housing redevelopment				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Other revenues				
Gain on sale of capital assets				
Transfers and contributions				
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
\$ (1,709,100)	\$ -	\$ (1,709,100)	\$ -	\$ -	\$ -
(5,778,093)	-	(5,778,093)	-	-	-
(4,488,652)	-	(4,488,652)	-	-	-
(3,856,058)	-	(3,856,058)	-	-	-
(301,306)	-	(301,306)	-	-	-
(54,838)	-	(54,838)	-	-	-
(262,645)	-	(262,645)	-	-	-
(632,685)	-	(632,685)	-	-	-
<u>(17,083,377)</u>	<u>-</u>	<u>(17,083,377)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	386,578	386,578	-	-	-
-	1,246,191	1,246,191	-	-	-
-	20,084	20,084	-	-	-
-	540,027	540,027	-	-	-
-	112,642	112,642	-	-	-
<u>-</u>	<u>2,305,522</u>	<u>2,305,522</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(17,083,377)</u>	<u>2,305,522</u>	<u>(14,777,855)</u>			
			<u>(349,220)</u>	<u>-</u>	<u>-</u>
			<u>-</u>	<u>(328,511)</u>	<u>-</u>
			<u>-</u>	<u>-</u>	<u>(13,023,696)</u>
11,320,696	-	11,320,696	-	-	-
2,223,953	-	2,223,953	-	-	-
867,264	-	867,264	-	-	-
1,375,359	-	1,375,359	-	-	-
206,269	-	206,269	-	-	-
-	-	-	319,162	-	-
-	-	-	-	325,687	-
3,406,604	-	3,406,604	-	75,056	-
1,314,039	1,348,450	2,662,489	72,037	53,348	4,895,873
73,812	-	73,812	14,617	5,620	-
-	41,629	41,629	-	-	9,362
77,761	(6,302)	71,459	-	-	-
<u>20,865,757</u>	<u>1,383,777</u>	<u>22,249,534</u>	<u>405,816</u>	<u>459,711</u>	<u>4,905,235</u>
3,782,380	3,689,299	7,471,679	56,596	131,200	(8,118,461)
<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>
<u>\$ 57,210,452</u>	<u>\$ 52,875,555</u>	<u>\$ 110,086,007</u>	<u>\$ 2,139,563</u>	<u>\$ 1,502,044</u>	<u>\$ 35,582,345</u>

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, 2023

City of Northfield, Minnesota

Balance Sheet

Governmental Funds

December 31, 2023

	General	Debt Service	2019 Capital Project Fund	2023 Capital Project Fund
Assets				
Cash and temporary investments	\$ 10,214,834	\$ 4,848,598	\$ 513,126	\$ 3,818,264
Receivables				
Interest	25,589	12,546	1,615	-
Delinquent taxes	104,335	975	-	-
Accounts	95,708	-	-	-
Leases	-	-	-	-
Special assessments	-	1,923,933	-	-
Intergovernmental	115,896	1,514	-	-
Due from other funds	1,205,080	-	-	-
Advance to other funds	-	-	-	-
Inventories	718	-	-	-
Prepaid items	143,571	-	-	-
Land held for resale	-	-	-	-
Total Assets	\$ 11,905,731	\$ 6,787,566	\$ 514,741	\$ 3,818,264
Liabilities				
Accounts payable	\$ 598,862	\$ 52,670	\$ -	\$ 635,831
Contracts payable	-	-	-	252,094
Due to other governments	42	-	-	-
Deposits payable	133,672	-	-	-
Accrued wages payable	270,083	-	-	-
Due to other funds	-	36,173	-	-
Advance from other funds	-	41,200	-	-
Total Liabilities	1,002,659	130,043	-	887,925
Deferred Inflows of Resources				
Unavailable revenue				
Taxes	104,335	975	-	-
Special assessments	-	1,915,174	-	-
Deferred lease resources	-	-	-	-
Intergovernmental resources	-	-	2,014,383	-
Total Deferred Inflows of Resources	104,335	1,916,149	2,014,383	-
Fund Balances				
Nonspendable				
Inventories	718	-	-	-
Prepaid items	143,571	-	-	-
Restricted				
Police forfeitures	31,037	-	-	-
Public safety	848,380	-	-	-
Debt service	-	4,741,374	-	-
Library	-	-	-	-
Arts and culture	-	-	-	-
Redevelopment and housing	-	-	-	-
Capital projects	-	-	-	2,930,339
Committed				
Community resource center operations	-	-	-	-
Carbon reduction	-	-	-	-
Utility franchise fees	-	-	-	-
Motor vehicle operations	-	-	-	-
Communications	-	-	-	-
Assigned				
Capital projects	-	-	-	-
Unassigned	9,775,031	-	(1,499,642)	-
Total Fund Balances	10,798,737	4,741,374	(1,499,642)	2,930,339
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,905,731	\$ 6,787,566	\$ 514,741	\$ 3,818,264

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

5th Street Redevelopment	Other Governmental Funds	Total
\$ -	\$ 8,221,637	\$ 27,616,459
-	23,871	63,621
-	1,349	106,659
-	372,269	467,977
-	105,089	105,089
-	173,444	2,097,377
-	55,569	172,979
-	-	1,205,080
-	41,200	41,200
-	-	718
-	2,463	146,034
-	49,937	49,937
<u>\$ -</u>	<u>\$ 9,046,828</u>	<u>\$ 32,073,130</u>
\$ 1,515	\$ 1,484,768	\$ 2,773,646
-	72,774	324,868
-	33,691	33,733
4,149	107,429	245,250
-	9,159	279,242
43,672	1,125,235	1,205,080
2,111,742	169,620	2,322,562
<u>2,161,078</u>	<u>3,002,676</u>	<u>7,184,381</u>
-	1,349	106,659
-	173,444	2,088,618
-	100,760	100,760
-	452,957	2,467,340
<u>-</u>	<u>728,510</u>	<u>4,763,377</u>
-	-	718
-	2,463	146,034
-	-	31,037
-	-	848,380
-	-	4,741,374
-	309,732	309,732
-	145,570	145,570
-	94,164	94,164
-	1,523,306	4,453,645
-	32,794	32,794
-	169,571	169,571
-	860,561	860,561
-	302,051	302,051
-	595,688	595,688
-	2,782,592	2,782,592
<u>(2,161,078)</u>	<u>(1,502,850)</u>	<u>4,611,461</u>
<u>(2,161,078)</u>	<u>5,315,642</u>	<u>20,125,372</u>
<u>\$ -</u>	<u>\$ 9,046,828</u>	<u>\$ 32,073,130</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, 2023

	<u>Primary Government</u>
Amounts reported for governmental activities in the statement of net position are different because	
Total Fund Balances - Governmental Funds	\$ 20,125,372
Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	70,961,255
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	(1,216,872)
Bonds payable	(27,326,500)
Finance purchase agreements	(3,460,000)
Notes payable	(627,354)
Net pension liability	(7,283,418)
Other postemployment benefit liability	(1,297,472)
Bond premium, net of accumulated amortization	(1,280,045)
Investment in joint ventures are not financial resources, and therefore, are not reported in the funds	3,804,742
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	106,659
Special assessments receivable	2,088,618
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	6,709,824
Deferred inflows of pension resources	(6,399,328)
Governmental funds do not report long-term amounts related to other postemployment benefits.	
Deferred inflows of other postemployment benefit resources	(382,377)
Deferred outflows of other postemployment benefit resources	159,664
Governmental funds do not report a liability for accrued interest until due and payable.	(259,557)
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>2,787,241</u>
Total Net Position - Governmental Activities	<u><u>\$ 57,210,452</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, 2023

	General	Debt Service	2019 Capital Project Fund	2023 Capital Project Fund
Revenues				
Taxes	\$ 10,378,255	\$ 2,876,390	\$ -	\$ -
Special assessments	-	429,167	-	-
Licenses and permits	921,559	-	-	-
Intergovernmental	5,278,886	-	-	-
Charges for services	1,405,190	-	-	-
Fines and forfeits	105,160	-	-	-
Investment earnings	540,657	208,398	40,726	35,893
Miscellaneous	16,284	81,954	-	-
Total Revenues	<u>18,645,991</u>	<u>3,595,909</u>	<u>40,726</u>	<u>35,893</u>
Expenditures				
Current				
General government	3,483,012	-	-	-
Public safety	6,645,997	-	-	-
Public works	3,617,206	-	-	-
Culture and recreation	3,058,534	-	-	-
Housing and economic development	-	113,990	-	-
Miscellaneous	201,665	-	-	-
Capital outlay				
General government	35,011	-	-	-
Public safety	80,155	-	-	-
Public works	-	-	-	5,531,358
Culture and recreation	33,189	-	-	-
Housing and economic development	-	-	-	-
Transit	-	-	-	-
Debt service				
Principal	197,757	2,596,166	-	-
Interest and other charges	7,703	692,744	-	-
Bond issuance costs	-	-	-	47,138
Total Expenditures	<u>17,360,229</u>	<u>3,402,900</u>	<u>-</u>	<u>5,578,496</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,285,762</u>	<u>193,009</u>	<u>40,726</u>	<u>(5,542,603)</u>
Other Financing Sources (Uses)				
Transfers in	210,000	140,000	-	800,000
Bonds issued	-	-	-	7,350,000
Premium on bonds issued	-	-	-	478,892
Transfers out	(514,782)	-	-	-
Total Other Financing Sources (Uses)	<u>(304,782)</u>	<u>140,000</u>	<u>-</u>	<u>8,628,892</u>
Net Change in Fund Balances	980,980	333,009	40,726	3,086,289
Fund Balances, January 1	<u>9,817,757</u>	<u>4,408,365</u>	<u>(1,540,368)</u>	<u>(155,950)</u>
Fund Balances, December 31	<u>\$ 10,798,737</u>	<u>\$ 4,741,374</u>	<u>\$ (1,499,642)</u>	<u>\$ 2,930,339</u>

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

5th Street Redevelopment	Other Governmental Funds	Total
\$ -	\$ 2,669,389	\$ 15,924,034
-	1,069	430,236
-	-	921,559
-	627,774	5,906,660
19,135	682,993	2,107,318
-	-	105,160
-	488,365	1,314,039
-	488,833	587,071
<u>19,135</u>	<u>4,958,423</u>	<u>27,296,077</u>
-	644,331	4,127,343
-	-	6,645,997
-	-	3,617,206
-	702,359	3,760,893
-	435,479	549,469
-	60,980	262,645
-	-	35,011
-	-	80,155
-	2,633,892	8,165,250
-	184,367	217,556
61,041	-	61,041
-	125,980	125,980
-	55,056	2,848,979
-	5,261	705,708
-	-	47,138
<u>61,041</u>	<u>4,847,705</u>	<u>31,250,371</u>
<u>(41,906)</u>	<u>110,718</u>	<u>(3,954,294)</u>
-	458,197	1,608,197
-	-	7,350,000
-	-	478,892
-	(1,196,197)	(1,710,979)
-	(738,000)	7,726,110
(41,906)	(627,282)	3,771,816
<u>(2,119,172)</u>	<u>5,942,924</u>	<u>16,353,556</u>
<u>\$ (2,161,078)</u>	<u>\$ 5,315,642</u>	<u>\$ 20,125,372</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, 2023

Primary
Government

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

Net change in fund balances - governmental funds	\$ 3,771,816
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	8,543,884
Depreciation expense	(4,583,129)
Net capital contributions from (to) business-type activities	(237,859)
Capital contributions from developers	71,459
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.	259,476
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	2,848,979
Debt issued	(7,350,000)
Premium on bonds issued, net of amortization expense	(378,341)
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.	19,610
Long-term pension activity is not reported in governmental funds.	
Pension expense	(1,222,120)
Direct aid contributions	10,683
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	32,627
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	922,160
Federal grants	(26,557)
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	85,699
Compensated absences	(51,599)
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	1,065,592
Change in Net Position - Governmental Activities	<u>\$ 3,782,380</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 10,350,213	\$ 10,350,213	\$ 10,378,255	\$ 28,042
Licenses and permits	560,875	560,875	921,559	360,684
Intergovernmental	4,217,337	5,116,480	5,278,886	162,406
Charges for services	1,463,982	1,463,982	1,405,190	(58,792)
Fines and forfeits	71,000	71,000	105,160	34,160
Investment earnings	120,000	120,000	540,657	420,657
Miscellaneous	149,023	149,023	16,284	(132,739)
Total Revenues	<u>16,932,430</u>	<u>17,831,573</u>	<u>18,645,991</u>	<u>814,418</u>
Expenditures				
Current				
General government	3,676,642	3,676,642	3,483,012	193,630
Public safety	6,828,842	6,874,255	6,645,997	228,258
Public works	3,395,522	3,395,522	3,617,206	(221,684)
Culture and recreation	3,132,616	3,132,616	3,058,534	74,082
Miscellaneous	706,000	706,000	201,665	504,335
Capital outlay				
General government	11,468	11,468	35,011	(23,543)
Public safety	-	-	80,155	(80,155)
Public works	3,000	3,000	-	3,000
Culture and recreation	27,000	27,000	33,189	(6,189)
Debt service				
Principal	178,287	178,287	197,757	(19,470)
Interest and other	27,173	27,173	7,703	19,470
Total Expenditures	<u>17,986,550</u>	<u>18,031,963</u>	<u>17,360,229</u>	<u>671,734</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,054,120)</u>	<u>(200,390)</u>	<u>1,285,762</u>	<u>1,486,152</u>
Other Financing Sources (Uses)				
Transfers in	430,500	430,500	210,000	(220,500)
Transfers out	(241,380)	(241,380)	(514,782)	(273,402)
Total Other Financing Sources (Uses)	<u>189,120</u>	<u>189,120</u>	<u>(304,782)</u>	<u>(493,902)</u>
Net Change in Fund Balances	(865,000)	(11,270)	980,980	992,250
Fund Balances, January 1	<u>9,817,757</u>	<u>9,817,757</u>	<u>9,817,757</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 8,952,757</u>	<u>\$ 9,806,487</u>	<u>\$ 10,798,737</u>	<u>\$ 992,250</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, 2023

	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	\$ 4,565,441	\$ 20,722,080	\$ 2,145,200	\$ 1,802,724	\$ 1,806,644	\$ 31,042,089	\$ 3,408,305
Receivables							
Interest	15,635	32,928	5,286	5,131	5,419	64,399	6,764
Accounts	457,610	946,309	144,642	36,042	129,549	1,714,152	-
Intergovernmental	2,085	2,214	403	-	1,208	5,910	-
Advance to other funds - current	26,377	-	-	-	-	26,377	-
Inventories	21,657	-	-	343,032	-	364,689	-
Prepaid items	7,850	5,250	759	4,414	-	18,273	21,943
Total Current Assets	5,096,655	21,708,781	2,296,290	2,191,343	1,942,820	33,235,889	3,437,012
Noncurrent Assets							
Special assessments receivable - noncurrent	-	15,305	-	-	-	15,305	-
Advance to other funds - noncurrent	2,254,985	-	-	-	-	2,254,985	-
Capital assets							
Land	853,454	5,250	803,014	-	-	1,661,718	-
Buildings	1,563,528	27,230,512	-	193,804	20,383	29,008,227	-
Infrastructure	12,065,951	12,816,479	10,660,519	56,835	-	35,599,784	-
Machinery, equipment and vehicles	712,315	1,719,030	403,410	111,847	132,001	3,078,603	439,213
Construction in progress	891,150	3,475,438	1,319,208	-	-	5,685,796	-
Less accumulated depreciation	(7,894,606)	(22,168,439)	(4,451,118)	(324,345)	(41,437)	(34,879,945)	(316,967)
Total Capital Assets	8,191,792	23,078,270	8,735,033	38,141	110,947	40,154,183	122,246
Total Noncurrent Assets	10,446,777	23,093,575	8,735,033	38,141	110,947	42,424,473	122,246
Total Assets	15,543,432	44,802,356	11,031,323	2,229,484	2,053,767	75,660,362	3,559,258
Deferred Outflows of Resources							
Deferred pension resources	109,162	111,190	22,079	75,956	5,714	324,101	62,929
Deferred other postemployment benefit resources	12,242	13,361	2,100	6,498	670	34,871	3,674
Total Deferred Outflows of Resources	121,404	124,551	24,179	82,454	6,384	358,972	66,603
Liabilities							
Current Liabilities							
Accounts payable	261,628	1,225,217	61,511	106,307	181,774	1,836,437	191,150
Contracts payable	-	109,877	-	-	-	109,877	-
Due to other governments	-	-	-	32,414	7,317	39,731	-
Accrued interest payable	-	87,027	23,134	-	-	110,161	-
Accrued wages payable	17,141	12,307	2,870	11,157	712	44,187	7,451
Compensated absences payable - current portion	30,628	23,564	4,667	11,056	-	69,915	-
Bonds payable - current portion	-	170,000	65,000	-	-	235,000	-
Other postemployment benefits liability - current portion	6,051	6,604	1,038	3,212	331	17,236	1,816
Total Current Liabilities	315,448	1,634,596	158,220	164,146	190,134	2,462,544	200,417
Noncurrent Liabilities							
Compensated absences payable, net of current portion	57,614	23,009	1,012	31,415	-	113,050	-
Bonds payable, net of current portion	-	15,199,178	3,934,373	-	-	19,133,551	-
Net pension liability	362,608	369,344	73,340	252,307	18,982	1,076,581	209,032
Other postemployment benefits liability	93,435	101,973	16,025	49,592	5,112	266,137	28,037
Total Noncurrent Liabilities	513,657	15,693,504	4,024,750	333,314	24,094	20,589,319	237,069
Total Liabilities	829,105	17,328,100	4,182,970	497,460	214,228	23,051,863	437,486
Deferred Inflows of Resources							
Deferred pension resources	113,028	115,129	22,861	78,647	5,917	335,582	65,157
Deferred other postemployment benefit resources	29,319	31,999	5,029	15,562	1,604	83,513	8,798
Total Deferred Inflows of Resources	142,347	147,128	27,890	94,209	7,521	419,095	73,955
Net Position							
Net investment in capital assets	8,191,792	18,368,754	7,058,109	38,141	110,947	33,767,743	122,246
Unrestricted	6,501,592	9,082,925	(213,467)	1,682,128	1,727,455	18,780,633	2,992,174
Total Net Position	\$ 14,693,384	\$ 27,451,679	\$ 6,844,642	\$ 1,720,269	\$ 1,838,402	\$ 52,548,376	\$ 3,114,420

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

327,179

Net position of business-type activities

\$ 52,875,555

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, 2023

	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	
Operating Revenues							
Sales	\$ -	\$ -	\$ -	\$ 2,860,923	\$ -	\$ 2,860,923	\$ -
Cost of sales	-	-	-	(2,058,855)	-	(2,058,855)	-
Gross Profit	-	-	-	802,068	-	802,068	-
Charges for services	2,591,092	5,086,370	1,310,473	-	997,727	9,985,662	2,781,383
Other income	30,210	20,532	3,450	2,715	6,880	63,787	66
Total Operating Revenues	2,621,302	5,106,902	1,313,923	804,783	1,004,607	10,851,517	2,781,449
Operating Expenses							
Personal services	700,926	702,139	132,760	466,421	54,828	2,057,074	850,131
Pension expense	105,869	100,763	13,737	50,597	4,366	275,332	-
Supplies	358,380	828,590	39,594	15,230	2,279	1,244,073	65,400
Other services and charges	439,149	563,291	344,008	173,200	907,713	2,427,361	789,189
Insurance	19,800	27,167	1,220	4,873	4,239	57,299	-
Utilities	185,795	414,121	-	16,151	421	616,488	-
Depreciation	503,145	1,137,943	359,315	8,214	27,621	2,036,238	67,446
Total Operating Expenses	2,313,064	3,774,014	890,634	734,686	1,001,467	8,713,865	1,772,166
Operating Income (Loss)	308,238	1,332,888	423,289	70,097	3,140	2,137,652	1,009,283
Nonoperating Revenues (Expenses)							
Intergovernmental	-	-	157,151	-	-	157,151	-
Investment income	385,105	639,362	100,799	108,683	114,501	1,348,450	138,148
Gain on sale of capital assets	-	41,629	-	-	-	41,629	-
Interest expense	(78)	(199,590)	(54,511)	-	-	(254,179)	-
Bond premium amortization	-	3,240	4,819	-	-	8,059	-
Total Nonoperating Revenues (Expenses)	385,027	484,641	208,258	108,683	114,501	1,301,110	138,148
Income Before Contributions and Transfers	693,265	1,817,529	631,547	178,780	117,641	3,438,762	1,147,431
Capital Contributions							
From Other Funds	15,167	20,623	30,126	-	-	65,916	-
Transfers out	(2,454)	(813)	(18,951)	(50,000)	-	(72,218)	-
Transfers in	-	-	-	-	-	-	175,000
Total Other Financing Sources (Uses)	12,713	19,810	11,175	(50,000)	-	(6,302)	175,000
Change in Net Position	705,978	1,837,339	642,722	128,780	117,641	3,432,460	1,322,431
Net Position, January 1	13,987,406	25,614,340	6,201,920	1,591,489	1,720,761	49,115,916	1,791,989
Net Position, December 31	\$ 14,693,384	\$ 27,451,679	\$ 6,844,642	\$ 1,720,269	\$ 1,838,402	\$ 52,548,376	\$ 3,114,420
Change in net position as shown above						\$ 3,432,460	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						256,839	
Change in net position of business-type activities						\$ 3,689,299	

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, 2023

	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	\$ 2,442,238	\$ 5,056,470	\$ 1,277,425	\$ 2,863,477	\$ 995,765	\$ 12,635,375	\$ 2,786,941
Payments to suppliers and vendors	(1,066,769)	(1,748,633)	(386,172)	(2,311,181)	(791,677)	(6,304,432)	(717,166)
Payments to and on behalf of employees	(624,538)	(643,087)	(127,365)	(423,019)	(52,860)	(1,870,869)	(821,838)
Other receipts	30,210	20,532	3,450	2,715	6,880	63,787	-
Net Cash Provided (Used) by Operating Activities	781,141	2,685,282	767,338	131,992	158,108	4,523,861	1,247,937
Cash Flows from Noncapital Financing Activities							
Intergovernmental revenue	-	-	157,151	-	-	157,151	-
(Increase) decrease in advances to other funds	25,885	-	-	-	-	25,885	-
Transfers from other funds	-	-	-	-	-	-	175,000
Transfers to other funds	(2,454)	(813)	(18,951)	(50,000)	-	(72,218)	-
Net Cash Provided (Used) by Noncapital Financing Activities	23,431	(813)	138,200	(50,000)	-	110,818	175,000
Cash Flows from Capital and Related Financing Activities							
Acquisition of capital assets	(1,268,463)	(3,060,096)	(2,559,607)	-	-	(6,888,166)	(53,616)
Proceeds from bond issue	-	14,716,220	3,405,821	-	-	18,122,041	-
Principal paid on revenue bonds payable	-	(165,000)	(60,000)	-	-	(225,000)	-
Principal paid on financed purchase arrangements payable	(2,788)	(25,095)	-	-	-	(27,883)	-
Interest paid	(124)	(120,858)	(36,606)	-	-	(157,588)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,271,375)	11,345,171	749,608	-	-	10,823,404	(53,616)
Cash Flows from Investing Activities							
Investment income received	379,220	613,440	96,295	105,689	111,278	1,305,922	134,383
Net Increase (Decrease) in Cash and Cash Equivalents	(87,583)	14,643,080	1,751,441	187,681	269,386	16,764,005	1,503,704
Cash and Cash Equivalents, January 1	4,653,024	6,079,000	393,759	1,615,043	1,537,258	14,278,084	1,904,601
Cash and Cash Equivalents, December 31	<u>\$ 4,565,441</u>	<u>\$ 20,722,080</u>	<u>\$ 2,145,200</u>	<u>\$ 1,802,724</u>	<u>\$ 1,806,644</u>	<u>\$ 31,042,089</u>	<u>\$ 3,408,305</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Operating income (loss)	\$ 308,238	\$ 1,332,888	\$ 423,289	\$ 70,097	\$ 3,140	\$ 2,137,652	\$ 1,009,283
Adjustments to reconcile operating income to net cash provided (used) by operating activities							
Insurance proceeds	-	-	-	-	-	-	-
Depreciation	503,145	1,137,943	359,315	8,214	27,621	2,036,238	67,446
(Increase) decrease in assets							
Accounts receivable	(146,769)	(27,686)	(32,645)	2,554	(754)	(205,300)	5,492
Due from other governments	(2,085)	(2,214)	(403)	-	(1,208)	(5,910)	-
Inventories	8,329	-	-	2,888	-	11,217	-
Prepaid items	(1,192)	3,657	333	(433)	407	2,772	(270)
(Increase) decrease in deferred outflows of resources							
Deferred pension resources	32,644	36,602	10,239	33,642	2,266	115,393	24,319
Deferred other postemployment benefit resources	976	2,130	264	663	96	4,129	291
Increase (decrease) in liabilities							
Accounts payable	35,885	181,642	12,054	3,621	127,008	360,210	137,693
Due to other governments	(798)	-	-	1,649	(74)	777	-
Accrued wages payable	3,987	(3,549)	386	859	(105)	1,578	595
Other postemployment benefits liability	(6,540)	(15,683)	(1,899)	(4,636)	(705)	(29,463)	(1,951)
Compensated absences payable	3,262	8,335	(398)	19,094	-	30,293	-
Net pension liability	(72,421)	(84,046)	(25,803)	(83,915)	(5,500)	(271,685)	(58,624)
Increase (decrease) in deferred inflows of resources							
Deferred pension resources	106,898	108,739	21,464	73,909	5,572	316,582	61,385
Deferred other postemployment benefit resources	7,582	6,524	1,142	3,786	344	19,378	2,278
Net Cash Provided (Used) by Operating Activities	<u>\$ 781,141</u>	<u>\$ 2,685,282</u>	<u>\$ 767,338</u>	<u>\$ 131,992</u>	<u>\$ 158,108</u>	<u>\$ 4,523,861</u>	<u>\$ 1,247,937</u>
Schedule of Noncash Investing Capital and Financing Activities							
Book value of disposed/traded of capital assets	\$ -	\$ 41,629	\$ -	\$ -	\$ -	\$ 41,629	\$ -
Capital assets acquired on account	\$ 160,450	\$ 1,030,718	\$ 24,248	\$ -	\$ -	\$ 1,215,416	\$ -
Capital assets contributed by (to) other funds	\$ 15,167	\$ 20,623	\$ 30,126	\$ -	\$ -	\$ 65,916	\$ -
Amortization of bond premium, net	\$ -	\$ 3,240	\$ 4,819	\$ -	\$ -	\$ 8,059	\$ -
Premium on bonds issued	\$ -	\$ 716,220	\$ 165,821	\$ -	\$ -	\$ 882,041	\$ -

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, 2023

	Private-Purpose Trust Fund	Custodial Fund
	851	
	Whittier Trust Fund	Deputy Registrar
Assets		
Cash and temporary investments	\$ 352,685	\$ -
Receivables		
Accrued interest	1,125	-
Total Assets	<u>\$ 353,810</u>	<u>\$ -</u>
Net Position		
Restricted		
Individuals and Other Governments	<u>\$ 353,810</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, 2023

	Private-Purpose Trust Fund	Custodial Fund
	851	
	Whittier Trust Fund	Deputy Registrar
Additions		
Fees collected on behalf of the state	\$ -	\$ 4,112,413
Investment earnings	23,872	-
Total Additions	<u>23,872</u>	<u>4,112,413</u>
Deductions		
Current		
Culture and recreation	3,500	-
Payments to state	-	4,112,413
Total Deductions	<u>3,500</u>	<u>4,112,413</u>
Net Increase (Decrease) in Fiduciary Net Position	20,372	-
Net Position, January 1	<u>333,438</u>	<u>-</u>
Net Position, December 31	<u>\$ 353,810</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, 2023

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, 2023

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 *2023 Capital Project fund* accounts for project costs and funding for the 2023 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. They use the *economic resources measurement focus*. The City's Custodial fund accounts for the activities of the Deputy Registrar.

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

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, 2023

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, 2023:

- Federal agency Bonds, Commercial Backed Securities and US Treasury securities of \$17,236,397 are valued using quoted market prices (Level 1 inputs)
- Commercial paper, Mortgage backed securities and Municipal securities of \$5,281,389 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, 2023 all investments were insured or registered, or securities were held by the City or its agent in the City's name.
- *Credit Risk* - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper that is rated in the highest quality category by at least two nationally recognized rating agencies. The City's investment policy does not further limit the ratings of their investments.
- *Concentration Risk* - The City's investment policy does not address concentration with a particular broker. Investment instruments are varied to prevent concentration in any one investment type. The Hospital does not place a limit on the amount of the total portfolio that may be invested in any one depository or issuer. The Finance Department is responsible for the formulation, documentation, and monitoring of investment strategy consistent with the investment policy.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Property Taxes

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

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

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2023. 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, 2023, the allowance for uncollectible accounts was \$9,051,000.

Special Assessments

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

Note 1: Summary of Significant Accounting Policies (Continued)

Interfund Receivables and Payables

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

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

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expense when consumed rather than when purchased.

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City had already accounted for its prior infrastructure at historical cost for the initial reporting of these assets. As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Other Asset

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

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 refunding 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, loss on refunding, 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, 2023. The General fund is typically used to liquidate governmental other postemployment benefits payable.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

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

	Public Employees Retirement Association of Minnesota (PERA)			Total
	GERP	PEPFP	DCP	
City's proportionate share				
Primary Government	\$ 1,165,770	\$ 1,271,290	\$ 2,046	\$ 2,439,106
Discretely Present Component Units				
Economic Development Authority	17,563	-	-	17,563
Housing Redevelopment Authority	16,746	-	-	16,746
Municipal Hospital	6,034,187	-	-	6,034,187
Proportionate share of State's contribution				
Primary Government	606	(8,916)	-	(8,310)
Discretely Present Component Units				
Economic Development Authority	9	-	-	9
Housing Redevelopment Authority	9	-	-	9
Municipal Hospital	4,870	-	-	4,870
Total pension expense	\$ 7,239,760	\$ 1,262,374	\$ 2,046	\$ 8,504,180

Leases

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Long-term Obligations

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

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items listed below reported in the statement of net position and governmental funds balance sheet:

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

Note 1: Summary of Significant Accounting Policies (Continued)

Net Patient and Resident Service Revenue

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

Concentrations of Credit Risk

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

Contributions

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

Fund Balance

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

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

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

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

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

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

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

Note 2: Stewardship, Compliance and Accountability (Continued)

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2023, expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Special Revenue			
Community Resource Center	\$ 655,002	\$ 696,747	\$ 41,745
Motor Vehicle	262,580	265,082	2,502
Library Gift	12,500	98,616	86,116
Community Development Block Grant	65,000	95,069	30,069
C.C. Cloherty	200	207	7
Master Development Tax Increment Financing	-	831	831

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, 2023:

Fund	Amount
Major	
Capital Projects	
2019 Capital Project	\$ 1,499,642
5th Street Redevelopment	2,161,078
Nonmajor	
Special Revenue	
Community Development Block Grant	(417)
Spring Creek II TIF	831
Kraewood TIF	831
Capital Projects	
2022 Capital Project	215,726
2024 Capital Project	800,718
2025 Capital Project	436,953
Mill Town Trail	55,466

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, 2023

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 \$1,535,342 and the bank balance was \$1,708,186. 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, 2023

Note 3: Detailed Notes on all Funds (Continued)

Investments

As of December 31, 2023, the City had the following investments that are insured or registered, or securities held by the city or it's agent in the City's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Pooled Investments at Amortized Costs					
4M Fund	N/A	less than 1 year	\$ 40,862,704		
Non-pooled Investments at Fair Value					
Commercial Paper	P-1	less than 1 year	4,030,577	\$ -	\$ 4,030,577
US Treasuries	Aaa	less than 1 year	3,661,172	3,661,172	-
US Treasuries	Aaa	1 to 5 years	8,337,649	8,337,649	-
Municipal Securities	Aa1	less than 1 year	227,716	-	227,716
Municipal Securities	Aa2	less than 1 year	127,786	-	127,786
Municipal Securities	Aa3	less than 1 year	176,423	-	176,423
Municipal Securities	Aa1	1 to 5 years	148,143	-	148,143
Municipal Securities	Aa2	1 to 5 years	76,025	-	76,025
Municipal Securities	Aa3	1 to 5 years	45,426	-	45,426
Municipal Securities	NR	1 to 5 years	63,228	-	63,228
Federal Agency Securities					
Mortgage Backed Securities	Aaa	1 to 5 years	30,838	-	30,838
Mortgage Backed Securities	Aaa	Greater than 5 years	251,230	-	251,230
Federal Collateralized					
Mortgage Securities	AA+	1 to 5 years	90,919	-	90,919
Mortgage Securities	AA+	Greater than 5 years	13,078	-	13,078
Commerical Backed Securities	AA+	less than 1 year	351,302	351,302	-
Commerical Backed Securities	AA+	1 to 5 years	1,960,535	1,960,535	-
Commerical Backed Securities	AA+	Greater than 5 years	62,493	-	-
Federal Agency Bonds	Aaa	less than 1 year	1,204,729	1,204,729	-
Federal Agency Bonds	Aaa	1 to 5 years	1,721,010	1,721,010	-
Total Investments			\$ 63,442,982	\$ 17,236,397	\$ 5,281,389

(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, 2023

Note 3: Detailed Notes on all Funds (Continued)

Cash on Hand

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

	<u>Total</u>
Deposits - City Pooled Account	\$ 1,535,342
Investments - City Pooled Account	63,442,982
Cash on Hand	<u>3,350</u>
Total	<u><u>\$ 64,981,674</u></u>
Cash and Investments - Primary Government	\$ 62,066,853
Cash and Investments - Component Unit - EDA	1,729,358
Cash and Investments - Component Unit - HRA	832,778
Cash and Investments - Fiduciary Funds	<u>352,685</u>
Total	<u><u>\$ 64,981,674</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, 2023 were a carrying value of \$5,666,625 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, 2023

Note 3: Detailed Notes on all Funds (Continued)

The Hospital had the following investments at December 31, 2023:

	Amount	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Federal Home Loan Bank	\$ 2,891,495	\$ -	\$ 2,891,495	\$ -
Federal National Mortgage Association	4,041,646	-	4,041,646	-
Federal Home Loan Mortgage Corp	1,997,813	-	1,997,813	-
Federal Farm Credit Bank	887,970	-	887,970	-
U.S. Treasury Notes	4,202,180	-	4,202,180	-
U.S. Government Obligations	2,755,225	-	2,755,225	-
Collateralized Mortgage Obligations	7,569,935	-	7,569,935	-
U.S. Equities	8,813,264	8,813,264	-	-
International Equities	4,684,358	4,684,358	-	-
Taxable Fixed Income	1,952,174	1,952,174	-	-
Other Assets	2,091,551	2,091,551	-	-
Private Equity Investments	2,513,733	-	-	2,513,733
Total	<u>\$ 44,401,344</u>	<u>\$ 17,541,347</u>	<u>\$ 24,346,264</u>	<u>\$ 2,513,733</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.
- 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.
- Equity Investments: Consists of common stocks of U.S. companies, American Depository Receipts, U.S. dollar denominated foreign equity securities and foreign equity securities of foreign companies that are listed on a major domestic stock exchange or traded in the over-the-counter markets.
- Alternative Investments: Alternative investments include real estate, commodities, hedging strategies, and private equities.

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

Note 3: Detailed Notes on all Funds (Continued)

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	\$ 5,666,625
Investments	<u>44,401,344</u>
Total	<u><u>\$ 50,067,969</u></u>
Cash and Investments	\$ 49,754,698
Restricted Assets	<u>313,271</u>
Total	<u><u>\$ 50,067,969</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, 2023, the allowance for uncollectible accounts was \$9,051,000.

Patient Receivables

Patient receivables reported as current assets by the Hospital at December 31, 2023 consist of the following:

Receivable from Patients and their Insurance Carriers	\$ 23,047,323
Receivable from Medicare	3,888,217
Receivables from Medicaid	<u>928,009</u>
Total Patient Receivable	<u>27,863,549</u>
Less: Allowance For Doubtful Accounts	<u>(9,051,000)</u>
Patient Receivable, Net	<u><u>\$ 18,812,549</u></u>

There are other accounts receivable in the amount of \$101,808 for 2023.

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, 2023 is \$331,044. There is an allowance for uncollectible accounts for \$43,298 on these loans.

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

Note 3: Detailed Notes on all Funds (Continued)

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, 2023 was as follows:

Description	Issue Date	Discount Rate	Current Year Inflow of Resources	Balance at Year End
Rice County - Office Space	11/01/21	1.41 %	\$ 12,445	<u>\$ 105,089</u>

C. Capital Assets

Capital asset activity for primary government for the year ended December 31, 2023 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 1,465,130	\$ -	\$ -	\$ 1,465,130
Construction in progress	5,150,453	7,653,862	(1,957,487)	10,846,828
Total Capital Assets not Being Depreciated	<u>6,615,583</u>	<u>7,653,862</u>	<u>(1,957,487)</u>	<u>12,311,958</u>
Capital Assets being Depreciated				
Buildings and improvements	30,300,526	510,412	-	30,810,938
Infrastructure	99,565,055	1,429,755	-	100,994,810
Machinery, equipment and vehicles	8,921,479	794,558	(62,957)	9,653,080
Total Capital Assets Being Depreciated	<u>138,787,060</u>	<u>2,734,725</u>	<u>(62,957)</u>	<u>141,458,828</u>
Less Accumulated Depreciation				
Buildings and improvements	(14,844,539)	(866,832)	-	(15,711,371)
Infrastructure	(56,975,437)	(3,091,313)	-	(60,066,750)
Machinery, equipment and vehicles	(6,279,691)	(692,430)	62,957	(6,909,164)
Total Accumulated Depreciation	<u>(78,099,667)</u>	<u>(4,650,575)</u>	<u>62,957</u>	<u>(82,687,285)</u>
Total Capital Assets being Depreciated, Net	<u>60,687,393</u>	<u>(1,915,850)</u>	<u>-</u>	<u>58,771,543</u>
Governmental Activities Capital Assets, Net	<u>\$ 67,302,976</u>	<u>\$ 5,738,012</u>	<u>\$ (1,957,487)</u>	<u>\$ 71,083,501</u>

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

Note 3: Detailed Notes on all Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not being Depreciated				
Land	\$ 1,089,718	\$ 572,000	\$ -	\$ 1,661,718
Construction in progress	1,417,920	6,379,156	(2,111,280)	5,685,796
Total Capital Assets not Being Depreciated	2,507,638	6,951,156	(2,111,280)	7,347,514
Capital Assets being Depreciated				
Buildings and improvements	29,008,227	-	-	29,008,227
Infrastructure	33,207,255	2,392,529	-	35,599,784
Machinery, equipment, and vehicles	2,630,084	772,575	(324,056)	3,078,603
Total Capital Assets Being Depreciated	64,845,566	3,165,104	(324,056)	67,686,614
Less Accumulated Depreciation				
Buildings and improvements	(16,869,133)	(618,986)	-	(17,488,119)
Infrastructure	(14,721,038)	(1,205,144)	-	(15,926,182)
Machinery, equipment, and vehicles	(1,577,592)	(212,108)	324,056	(1,465,644)
Total Accumulated Depreciation	(33,167,763)	(2,036,238)	324,056	(34,879,945)
Total Capital Assets Being Depreciated, Net	31,677,803	1,128,866	-	32,806,669
Business-type Activities Capital Assets, Net	<u>\$ 34,185,441</u>	<u>\$ 8,080,022</u>	<u>\$ (2,111,280)</u>	<u>\$ 40,154,183</u>

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

Governmental Activities

General government	\$ 199,417
Public safety	565,519
Streets and highways, including depreciation of general infrastructure assets	2,828,289
Culture and recreation	830,067
Housing and economic development	105,000
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	67,446
Total Depreciation Expense - Governmental Activities	<u>\$ 4,650,575</u>

Business-type Activities

Water	\$ 503,145
Sewer	1,137,943
Garbage	27,621
Storm Sewer	359,315
Municipal Liquor Store	8,214
Total Depreciation Expense - Business-type Activities	<u>\$ 2,036,238</u>

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

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, 2023 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	421,105	372,200	-	793,305
	<u>3,654,388</u>	<u>372,200</u>	<u>-</u>	<u>4,026,588</u>
Total Capital Assets not Being Depreciated				
	<u>3,654,388</u>	<u>372,200</u>	<u>-</u>	<u>4,026,588</u>
Capital Assets being Depreciated				
Land improvements	2,313,108	-	-	2,313,108
Buildings	73,406,906	109,975	-	73,516,881
Building equipment	3,853,245	19,112	(9,081)	3,863,276
Machinery and equipment	34,729,903	995,406	(940,174)	34,785,135
Leased facilities	602,362	209,396	(328,180)	483,578
Leased equipment	673,613	763,425	(617,994)	819,044
Other real estate	105,396	-	-	105,396
	<u>115,684,533</u>	<u>2,097,314</u>	<u>(1,895,429)</u>	<u>115,886,418</u>
Total Capital Assets Being Depreciated				
	<u>115,684,533</u>	<u>2,097,314</u>	<u>(1,895,429)</u>	<u>115,886,418</u>
Less Accumulated Depreciation for				
Land improvements	(1,087,267)	(185,811)	-	(1,273,078)
Buildings	(45,577,997)	(3,382,560)	-	(48,960,557)
Machinery, equipment and vehicles	(32,726,627)	(1,889,130)	933,584	(33,682,173)
Leased facilities	(363,594)	(178,202)	615,559	73,763
Leased equipment	(597,302)	(237,578)	328,182	(506,698)
Other real estate	(105,396)	-	-	(105,396)
	<u>(80,458,183)</u>	<u>(5,873,281)</u>	<u>1,877,325</u>	<u>(84,454,139)</u>
Total Accumulated Depreciation				
	<u>(80,458,183)</u>	<u>(5,873,281)</u>	<u>1,877,325</u>	<u>(84,454,139)</u>
Total Capital Assets Being Depreciated, Net				
	<u>35,226,350</u>	<u>(3,775,967)</u>	<u>(18,104)</u>	<u>31,432,279</u>
Municipal Hospital Capital Assets, Net				
	<u>\$ 38,880,738</u>	<u>\$ (3,403,767)</u>	<u>\$ (18,104)</u>	<u>\$ 35,458,867</u>

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

Note 3: Detailed Notes on all Funds (Continued)

Capital asset activity for the HRA for the year ended December 31, 2023 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	(147,326)	(13,144)	-	(160,470)
Total Capital Assets				
being Depreciated, Net	214,566	(13,144)	-	201,422
HRA Capital Assets, Net	\$ 271,560	\$ (13,144)	\$ -	\$ 258,416

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

Discretely Presented Component Units	
Municipal Hospital	\$ 5,873,281
HRA	\$ 13,144

Construction Commitments

The City has active construction projects as of December 31, 2023. 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
Storm Structure Improvements	\$ 717,947	\$ 427,942
2023 Reclamation (PED Bikeway Analysis)	3,866,858	1,064,372
Bridge Square Improvements	413,058	382,844
Babcock Shelter/Ballfield	1,175,020	1,245,458
WWTP Improvements	2,648,766	9,852,291
Total	\$ 8,821,649	\$ 12,972,907

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

Note 3: Detailed Notes on all Funds (Continued)

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances at December 31, 2023 is as follows:

Receivable Fund	Payable Fund	Amount
Governmental		
General	Debt service	\$ 36,173
	5th Street Redevelopment	43,672
	Nonmajor Governmental Funds	<u>1,125,235</u>
Total		<u><u>\$ 1,205,080</u></u>

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

Advances to/from Other Funds

The 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, 2023 was \$41,200.

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, 2023 was \$169,620. 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	Debt Service Fund	2023 Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Fund	
Transfers Out						
General fund	\$ -	\$ -	\$ -	\$ 339,782	\$ 175,000	\$ 514,782
Nonmajor governmental funds	160,000	140,000	800,000	96,197	-	1,196,197
Water fund	-	-	-	2,454	-	2,454
Sewer fund	-	-	-	813	-	813
Storm water fund	-	-	-	18,951	-	18,951
Municipal Liquor Store fund	50,000	-	-	-	-	50,000
Total	<u>\$ 210,000</u>	<u>\$ 140,000</u>	<u>\$ 800,000</u>	<u>\$ 458,197</u>	<u>\$ 175,000</u>	<u>\$ 1,783,197</u>

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

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

Note 3: Detailed Notes on all Funds (Continued)

The following transfers were made during 2023:

- From the Liquor fund (\$50,000) and Utility Franchise Fee Fund (\$160,000) to the General Fund.
- From the Utility Franchise Fee Fund (\$94,459) to the Carbon Reduction Fund.
- From the Utility Franchise Fee Fund (\$800,000) to the 2023 Capital Projects Funds.
- From the Storm Water Fund (\$18,951), Sewer Fund (\$813), Water Fund (\$2,454), Park Fund (\$1,738), and the General Fund (\$65,782) to the Arts and Culture Fund.
- From the General Fund (\$200,000) and the Informational Technology Fund (\$175,000) to the Vehicle Equipment and Replacement Fund.
- From the Utility Franchise Fee Fund (\$140,000) to the 2021A GO Bonds Fund.
- From the General Fund (\$74,000) to the 2022 Capital Projects Fund.

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	\$ 3,545,000
G.O. Bonds of 2018B	240,000	3.00	10/11/18	02/01/29	155,000
G.O. Bonds of 2019A	4,450,000	2.10 - 4.00	10/10/19	02/01/33	3,780,000
G.O. Bonds of 2020A	1,370,000	1.00 - 3.00	07/23/20	02/01/31	1,140,000
G.O. Bonds of 2021A	2,710,000	1.00 - 2.00	09/09/21	02/01/32	2,460,000
G.O. Bonds of 2022A	4,020,000	3.00 - 4.00	08/04/22	02/01/35	4,020,000
G.O. Bonds of 2023B	7,350,000	5.00	10/26/23	02/01/39	7,350,000
Total General Obligation Bonds					<u>\$ 22,450,000</u>

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

Note 3: Detailed Notes on all Funds (Continued)

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

Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2024	\$ 1,065,000	\$ 666,259	\$ 1,731,259
2025	1,470,000	716,880	2,186,880
2026	1,700,000	665,905	2,365,905
2027	1,765,000	607,430	2,372,430
2028	1,820,000	549,355	2,369,355
2029 - 2033	8,795,000	1,925,998	10,720,998
2034 - 2038	4,895,000	714,080	5,609,080
2039	940,000	21,120	961,120
Total	<u>\$ 22,450,000</u>	<u>\$ 5,867,027</u>	<u>\$ 28,317,027</u>

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	\$ 26,500
G.O. Taxable Tax Increment Refunding Bonds of 2017B	460,000	1.55 - 2.60	09/07/17	02/01/25	<u>120,000</u>
Total General Obligation Tax Increment Bonds					<u>\$ 146,500</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
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>\$ 146,500</u>	<u>\$ 6,520</u>	<u>\$ 153,020</u>

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

Note 3: Detailed Notes on all Funds (Continued)

G.O. Special Assessment (Improvement) Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 2013A	\$ 830,000	2.00 - 3.50 %	08/08/13	02/01/24	\$ 85,000
G.O. Improvement Bonds of 2014A	1,205,000	2.00 - 2.50	09/03/14	02/01/25	250,000
G.O. Improvement Bonds of 2015A	1,595,000	2.00 - 2.15	11/03/15	02/01/26	500,000
G.O. Improvement Bonds of 2016C	795,000	1.55 - 2.00	09/15/16	02/01/27	335,000
G.O. Improvement Bonds of 2017A	945,000	2.00 - 2.25	09/07/17	02/01/28	475,000
G.O. Improvement Bonds of 2018B	1,470,000	3.00	10/11/18	02/01/29	930,000
G.O. Improvement Bonds of 2019A	1,885,000	2.10 - 4.00	10/10/19	02/01/30	1,375,000
G.O. Improvement Bonds of 2020A	2,990,000	1.00 - 3.00	07/23/20	02/01/31	2,465,000
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>\$ 7,960,000</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
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	925,000	45,874	970,874
2029 - 2033	2,295,000	49,294	2,344,294
Total	<u>\$ 7,960,000</u>	<u>\$ 557,673</u>	<u>\$ 8,517,673</u>

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

Note 3: Detailed Notes on all Funds (Continued)

G.O. Revenue Bonds

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

The EDA has issued public project lease revenue bonds for financing building projects in accordance with Minnesota statutes. The agreements are supported by 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>\$ 230,000</u>
Business-type					
G.O. Utility Revenue Bonds of 2010A	887,100	0.65 - 6.30	12/28/10	02/01/26	180,000
G.O. Utility Revenue Bonds of 2016C	1,185,000	1.55 - 2.00	09/15/16	02/01/27	460,000
G.O. Utility Revenue Bonds of 2020A	665,000	1.00 - 3.00	07/23/20	02/01/31	555,000
G.O. Utility Revenue Bonds of 2023A	17,240,000	5.00	10/11/23	02/01/44	<u>17,240,000</u>
Total Business-type					<u>18,435,000</u>
Total G.O. Revenue Bonds					<u><u>\$ 18,665,000</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
2024	\$ 230,000	\$ 2,875	\$ 232,875	\$ 235,000	\$ 666,009	\$ 901,009
2025	-	-	-	540,000	807,084	1,347,084
2026	-	-	-	800,000	779,433	1,579,433
2027	-	-	-	780,000	745,696	1,525,696
2028	-	-	-	690,000	712,356	1,402,356
2029 - 2033	-	-	-	3,815,000	3,037,894	6,852,894
2034 - 2038	-	-	-	4,585,000	2,022,206	6,607,206
2039 - 2043	-	-	-	5,705,000	897,347	6,602,347
2044	-	-	-	1,285,000	27,306	1,312,306
Total	<u>\$ 230,000</u>	<u>\$ 2,875</u>	<u>\$ 232,875</u>	<u>\$ 18,435,000</u>	<u>\$ 9,695,331</u>	<u>\$ 28,130,331</u>

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

Note 3: Detailed Notes on all Funds (Continued)

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

	Water	Wastewater	Storm Water
Revenue	\$ 2,621,302	\$ 5,106,902	\$ 1,313,923
Principal and Interest	2,912	310,953	96,606
Percent of Revenue	0.1 %	6.1 %	7.4 %

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>\$ 627,354</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
2024	\$ 155,521	\$ 19,188	\$ 174,709
2025	161,582	13,127	174,709
2026	167,879	6,830	174,709
2027	142,372	1,270	143,642
Total	<u>\$ 627,354</u>	<u>\$ 40,415</u>	<u>\$ 667,769</u>

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

Note 3: Detailed Notes on all Funds (Continued)

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 16,010,000	\$ 7,350,000	\$ (910,000)	\$ 22,450,000	\$ 1,065,000
General obligation special assessment bonds	9,210,000	-	(1,250,000)	7,960,000	1,330,000
General obligation tax increment bonds	213,500	-	(67,000)	146,500	67,000
General obligation revenue bonds	450,000	-	(220,000)	230,000	230,000
Plus amounts for unamortized premiums	901,704	478,892	(100,551)	1,280,045	-
Total Bonds Payable	26,785,204	7,828,892	(2,547,551)	32,066,545	2,692,000
Certificates of Participation	-	-	-	-	-
Financed Purchase Arrangements	252,813	-	(252,813)	-	-
Notes from Direct Borrowings and Direct Placements	776,520	-	(149,166)	627,354	155,521
Compensated Absences Payable	1,165,273	856,775	(805,176)	1,216,872	477,427
Governmental Activity Long-term Liabilities	\$ 28,979,810	\$ 8,685,667	\$ (3,754,706)	\$ 33,910,771	\$ 3,324,948

The City's outstanding notes from direct borrowings and direct placements related to governmental activities of \$627,354 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, 2023

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	\$ 1,420,000	\$ 17,240,000	\$ (225,000)	\$ 18,435,000	\$ 235,000
Financed Purchase Arrangements	27,883	-	(27,883)	-	-
Plus amounts for					
unamortized premiums	59,569	882,041	(8,059)	933,551	-
Total Bonds Payable	1,507,452	18,122,041	(260,942)	19,368,551	235,000
Compensated Absences					
Payable	152,672	131,363	(101,070)	182,965	69,915
Business-type Activity					
Long-term Liabilities	<u>\$ 1,660,124</u>	<u>\$ 18,253,404</u>	<u>\$ (362,012)</u>	<u>\$ 19,551,516</u>	<u>\$ 304,915</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, 2023, the total conduit debt issued for issues outstanding totaled \$6,771,153.

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	\$ 4,380,000
Hospital Revenue Bonds of 2016	25,000,000	2.56	08/05/16	08/01/31	9,290,530
Hospital Revenue Bonds of 2022	25,000,000	2.56	08/05/16	08/01/31	2,024,342
Hospital Revenue Bonds of 2023	4,020,000	3.25	02/16/23	08/01/32	3,790,000
					<u>\$ 19,484,872</u>

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

Note 3: Detailed Notes on all Funds (Continued)

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

Year Ending December 31	Revenue Bonds		
	Component Unit - Municipal Hospital		
	Principal	Interest	Total
2024	\$ 14,389,036	\$ 765,806	\$ 15,154,842
2025	3,984,957	144,333	4,129,290
2026	184,618	26,282	210,900
2027	189,400	21,500	210,900
2028	194,306	16,594	210,900
2029 - 2032	542,555	19,290	561,845
Total	<u>\$ 19,484,872</u>	<u>\$ 993,805</u>	<u>\$ 20,478,677</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	\$ 129,927,645
Principal and Interest	12,592,244
Percent of Revenue	9.69 %

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, 2023. 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
2024	\$ 419,247	\$ 13,315	\$ 432,562
2025	344,388	6,557	350,945
2026	114,522	821	115,343
Total	<u>\$ 878,157</u>	<u>\$ 20,693</u>	<u>\$ 898,850</u>

Right-to-use assets acquired through outstanding leases are shown in Note 3C. There were no impairment losses in 2023.

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

Note 3: Detailed Notes on all Funds (Continued)

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Component Unit Activities-					
 Municipal Hospital					
Bonds Payable					
Revenue bonds	\$ 26,514,402	\$ 4,020,000	\$ (11,049,530)	\$ 19,484,872	\$ 14,389,036
Leased Assets	320,053	972,821	(414,717)	878,157	419,247
Component Unit					
Long-term Liabilities	<u>\$ 26,834,455</u>	<u>\$ 4,992,821</u>	<u>\$ (11,464,247)</u>	<u>\$ 20,363,029</u>	<u>\$ 14,808,283</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.

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

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

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of 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.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

Police and Fire Plan Benefits

Benefits for 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 2023 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2023, 2022 and 2021 were \$533,422, \$489,886, and \$437,897 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 \$3,867,000, and \$3,739,000 for the years ending December 31, 2023, 2022 and 2021, respectively

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

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

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2023, 2022 and 2021 were \$500,914, \$460,425, and 398,926, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension costs

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of \$43,622,320 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 \$1,202,509. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's 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, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.7801 at the end of the measurement period and 0.7146 for the beginning of the period.

		Component Units		
	Primary Government	Economic Development Authority	Housing Redevelopment Authority	Municipal Hospital
City's Proportionate Share of the Net Pension Liability	\$ 4,894,252	\$ 73,734	\$ 70,305	\$ 38,584,029
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	134,942	2,033	1,938	1,063,596
Total	<u>\$ 5,029,194</u>	<u>\$ 75,767</u>	<u>\$ 72,243</u>	<u>\$ 39,647,625</u>

For the year ended December 31, 2023, the City recognized pension expense of \$7,234,266 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$5,494 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, 2023, 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	\$ 156,917	\$ 29,262
Changes in Actuarial Assumptions	688,718	1,341,473
Net Difference Between Projected and Actual Earnings on Plan Investments	-	154,859
Changes in Proportion	367,255	-
Contributions Paid to PERA Subsequent to the Measurement Date	260,506	-
Total	<u>\$ 1,473,396</u>	<u>\$ 1,525,594</u>

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

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

The \$260,506 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 252,249
2025	(511,127)
2026	52,346
2027	(106,172)

At December 31, 2023, the City's component units reported their proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Component Units					
	Economic Development Authority		Housing Redevelopment Authority		Municipal Hospital	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,363	\$ 442	\$ 2,254	\$ 420	\$ 1,267,115	\$ 265,800
Changes in Actuarial Assumptions	10,376	20,210	9,893	19,270	6,246,214	10,575,558
Net Difference Between Projected and Actual Earnings on Plan Investments	-	2,333	-	2,225	-	1,442,909
Changes in Proportion	5,533	-	5,276	-	1,601,576	235,402
Contributions to GERP Subsequent To the Measurement Date	3,925	-	3,742	-	2,403,035	-
Total	<u>\$ 22,197</u>	<u>\$ 22,985</u>	<u>\$ 21,165</u>	<u>\$ 21,915</u>	<u>\$ 11,517,940</u>	<u>\$ 12,519,669</u>

The \$3,925, \$3,742, and \$2,403,035 reported and deferred outflows of resources related to pensions resulting from the EDA, HRA and Municipal Hospital's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Component Units		
	Economic Development Authority	Housing Redevelopment Authority	Municipal Hospital
2024	\$ 3,800	\$ 3,623	\$ 1,501,042
2025	(7,700)	(7,342)	(4,994,082)
2026	789	752	925,012
2027	(1,602)	(1,525)	(836,736)

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

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

Police and Fire Fund Pension Costs

At December 31, 2023, the City reported a liability of \$3,674,779 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.2128 at the end of the measurement period and 0.2007 for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2023, the City recognized negative pension expense of \$1,271,290 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional (\$8,916) 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 \$19,152 for the year ended December 31, 2023, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2023, the City reported its proportionate share of 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	\$ 978,443	\$ -
Changes in Actuarial Assumptions	3,923,112	5,164,352
Net Difference Between Projected and Actual Earnings on Plan Investments	-	77,608
Changes in Proportion	463,261	32,513
Contributions Paid to PERA Subsequent to the Measurement Date	258,642	-
Total	<u>\$ 5,623,458</u>	<u>\$ 5,274,473</u>

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

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

The \$258,642 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 239,237
2025	109,771
2026	854,621
2027	(201,551)
2028	(911,735)

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 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	<u>100.00 %</u>	

F. Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

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

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

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

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.5 percent to 7.0 percent.
- The single discount rate changed from 5.40 percent to 7.0 percent.

Changes in Plan Provisions:

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

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

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

G. Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund 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 (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund			
Primary government	\$ 8,658,326	\$ 4,894,252	\$ 1,798,159
Component Unit - EDA	130,441	73,734	27,090
Component Unit - HRA	124,375	70,305	25,830
Component Unit - Municipal Hospital	68,258,243	38,584,029	14,175,857
Police and Fire Fund			
Primary government	7,291,200	3,674,779	701,597

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, 2023

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 2023 were:

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

The City and council member's contributions to the DCP plan for the years ending December 31, 2023, 2022 and 2021 were \$2,046, \$1,785, and \$1,915, respectively.

Note 6: Postemployment Benefits Other Than Pensions

A. Plan Description

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	7
Spouses Receiving Payments	4
Active Plan Members	<u>115</u>
Total Plan Members	<u><u>126</u></u>

B. Funding Policy

Contribution requirements are also negotiated between the City and union representatives. The City does not contribute to the cost of current-year premiums for eligible retired plan members and their spouses. For the year ended December 31, 2023, the City's average contribution rate was 40.58 percent of covered-employee payroll. For the year 2023, the City directly contributed \$0 to the Plan, while implicit contributions totaled \$116,449.

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

Note 6: Postemployment Benefits Other Than Pensions (Continued)

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$1,652,772 was measured as of January 1, 2023, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of January 1, 2023, of which the primary government, HRA and EDA portions were calculated at \$1,608,575, \$16,614, and \$27,583, respectively.

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

Discount Rate	4.00%
20-Year Municipal Bond Yield	4.00%
Inflation Rate	2.50%
Salary Increases	Varies by service and employee classification
Medical Trend Rate	6.50% in 2023 grading to 5.00% over 6 years, then 4.00% over the next 48 years.

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

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

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

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at January 1, 2022	\$ 1,875,291
Changes for the Year:	
Service cost	72,946
Interest	37,781
Differences between expected and actual experience	(82,430)
Changes in assumptions or other inputs	(131,864)
Benefit payments	(118,952)
Net Changes	(222,519)
Balances at January 1, 2023	\$ 1,652,772
Primary Government	\$ 1,610,698
Component Unit - EDA	16,498
Component Unit - HRA	25,576
Total OPEB Obligation	\$ 1,652,772

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

Note 6: Postemployment Benefits Other Than Pensions (Continued)

Since the prior measurement date, the following assumptions changed:

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

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 (3.00 percent) or one percentage point higher (5.00 percent) than the current discount rate:

	1 Percent Decrease (3%)	Current (4%)	1 Percent Increase (5%)
Primary government	\$ 1,718,706	\$ 1,610,698	\$ 1,522,477
Component Unit - EDA	17,446	16,498	15,594
Component Unit - HRA	11,571	25,576	24,175

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is one percentage point lower (5.50 percent decreasing to 4.50 percent) or one percentage-point higher (7.50 percent decreasing to 6.50 percent) than the current cost trend rate:

	1 Percent Decrease (5.5% Decreasing to 4.5%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5.5%)	1 Percent Increase (7.5% Decreasing to 6.5%)
Primary Government	\$ 1,493,438	\$ 1,610,698	\$ 1,742,512
Component Unit - EDA	15,297	16,498	17,848
Component Unit - HRA	23,714	25,576	27,669

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

Note 6: Postemployment Benefits Other Than Pensions (Continued)

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

For the year ended December 31, 2023, the City recognized OPEB expense of \$26,959. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Units			
	Deferred Outflows of Resources	Deferred Inflows of Resources	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	\$ 84,724	\$ 130,441	\$ 868	\$ 1,336	\$ 1,345	\$ 2,071
Net Difference Between Projected and Actual Earnings on Plan Investments	-	344,247	-	3,526	-	5,466
Contributions to OPEB Subsequent to the Measurement Date	113,485	-	1,162	-	1,802	-
Total	<u>\$ 198,209</u>	<u>\$ 474,688</u>	<u>\$ 2,030</u>	<u>\$ 4,862</u>	<u>\$ 3,147</u>	<u>\$ 7,537</u>

Deferred outflows of resources totaling \$116,449 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, 2024. 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
2024	\$ (81,636)	\$ (836)	\$ (1,296)
2025	(81,636)	(836)	(1,296)
2026	(75,926)	(778)	(1,206)
2027	(91,096)	(933)	(1,447)
2028	(29,833)	(306)	(474)
Thereafter	(29,837)	(305)	(473)

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.

Note 7: Commitments and Contingent Liabilities (Continued)

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, 2023 was \$8,364,968 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.

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.

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

Note 8: Net Patient Service Revenue

A. Medicare

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

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

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

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

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

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

B. Medicaid

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

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

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.

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

Note 8: Net Patient Service Revenue (Continued)

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

Other

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

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

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

	2023	2022
Total Patient and Resident Revenues	\$ 339,244,179	\$ 297,023,362
Contractual Adjustments		
Medicare	(59,545,222)	(56,949,528)
Medicaid	(3,493,397)	(3,424,851)
Commercial / HMO's	(129,640,012)	(101,785,793)
Provision of bad debts	(3,292,835)	(2,991,801)
Other	(14,246,839)	(13,331,186)
Total Contractual Adjustments	(210,218,305)	(178,483,159)
Net Patient and Resident Revenues	<u>\$ 129,025,874</u>	<u>\$ 118,540,203</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.

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

Note 9: Other Information (Continued)

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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, 2023.

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, 2023, 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 2023 was \$3,346,845 for LGA. This accounted for 17.9 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, 2023 was \$6,507,634. The City's portion of this is recorded as an investment in joint venture in the amount of at year end.

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

Note 9: Other Information (Continued)

H. Tax Abatements

As of December 31, 2023, the City has three agreements entered into by the City listed below that abates City property taxes. Below is information specific to the agreement:

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

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

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

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

Lost revenue as it relates to tax abatements for the year ended December 31, 2023, 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%	\$ 15,757	\$ 6,051
Spring Creek TIF	50.947%	27,034	13,773
5th and Washington	58.161%	128,831	74,929
Aurora Pharmaceutical TIF	58.161%	52,112	30,309
Total			<u>\$ 125,062</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTHFIELD
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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

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
06/30/23	0.7801 %	\$ 43,622,320	\$ 1,202,509	\$ 44,824,829	\$ 66,142,059	66.0 %	83.1 %
06/30/22	0.7146	60,952,576	1,787,032	62,739,608	59,601,395	102.3	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)
12/31/23	\$ 4,957,112	\$ 4,957,112	\$ -	\$ 66,100,452	7.5 %
12/31/22	4,532,694	4,532,694	-	60,050,448	7.5
12/31/21	4,176,540	4,176,540	-	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, 2023

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

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

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

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

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

Changes in Plan Provisions

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

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

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

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

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

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

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

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, 2023

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.2128 %	\$ 3,674,779	\$ 148,042	\$ 3,822,821	\$ 2,794,352	131.5 %	86.5 %
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)
12/31/23	\$ 500,914	\$ 500,914	\$ -	\$ 2,830,024	17.70 %
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, 2023

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

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

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

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

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

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

Changes in Plan Provisions

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

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

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

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

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

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

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, 2023

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

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

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

Changes in Actuarial Funding Method

2023 - No changes noted.

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.

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

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

Changes in Actuarial Assumptions

2023 - The health care trend rates were changed to better anticipate short term and long term medical increases. The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale. The inflation rate was changed from 2.00% to 2.50%. The discount rate was changed from 2.00% to 4.00%. The retirement, withdrawal, and salary increase rates for public safety were updated to reflect the latest experience study.

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, 2023

City of Northfield, Minnesota
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
Assets			
Cash and temporary investments	\$ 2,547,803	\$ 5,673,834	\$ 8,221,637
Receivables			
Interest	9,987	13,884	23,871
Delinquent taxes	1,349	-	1,349
Accounts	372,269	-	372,269
Leases	105,089	-	105,089
Special assessments	-	173,444	173,444
Intergovernmental	53,817	1,752	55,569
Advance to other funds	41,200	-	41,200
Prepaid items	2,463	-	2,463
Land held for resale	-	49,937	49,937
Total Assets	\$ 3,133,977	\$ 5,912,851	\$ 9,046,828
Liabilities			
Accounts payable	\$ 405,973	\$ 1,078,795	\$ 1,484,768
Contracts payable	-	72,774	72,774
Due to other governments	33,691	-	33,691
Deposits payable	-	107,429	107,429
Accrued wages payable	9,159	-	9,159
Due to other funds	64,438	1,060,797	1,125,235
Advance from other funds	-	169,620	169,620
Total Liabilities	513,261	2,489,415	3,002,676
Deferred Inflows of Resources			
Unavailable revenue			
Taxes	1,349	-	1,349
Special assessments	-	173,444	173,444
Deferred lease resources	100,760	-	100,760
Advance from other governments	-	452,957	452,957
Total Deferred Inflows of Resources	102,109	626,401	728,510
Fund Balances			
Nonspendable			
Prepaid items	2,463	-	2,463
Restricted			
Library	309,732	-	309,732
Arts and culture	145,570	-	145,570
Redevelopment and housing	94,164	-	94,164
Capital projects	-	1,523,306	1,523,306
Committed			
Community resource center operations	32,794	-	32,794
Carbon reduction	169,571	-	169,571
Utility franchise fees	860,561	-	860,561
Motor vehicle operations	302,051	-	302,051
Communications	595,688	-	595,688
Assigned			
Capital projects	-	2,782,592	2,782,592
Unassigned	6,013	(1,508,863)	(1,502,850)
Total Fund Balances	2,518,607	2,797,035	5,315,642
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,133,977	\$ 5,912,851	\$ 9,046,828

City of Northfield, Minnesota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
Revenues			
Taxes			
Property taxes	\$ 196,401	\$ 746,216	\$ 942,617
Tax increment	351,413	-	351,413
Franchise fees	1,375,359	-	1,375,359
Special assessments	-	1,069	1,069
Intergovernmental			
Federal	95,069	-	95,069
State	-	532,705	532,705
Charges for services			
General government	269,558	-	269,558
Culture and recreation	-	84,116	84,116
Communication	36,880	-	36,880
Culture and recreation	292,439	-	292,439
Investment earnings	209,141	279,224	488,365
Miscellaneous			
Other	32,445	1,222	33,667
Contributions and donations	95,875	160,000	255,875
Refunds and reimbursements	-	199,291	199,291
Total Revenues	<u>2,954,580</u>	<u>2,003,843</u>	<u>4,958,423</u>
Expenditures			
Current			
General government	644,331	-	644,331
Culture and recreation	698,696	3,663	702,359
Housing and economic development	435,479	-	435,479
Miscellaneous	60,980	-	60,980
Capital outlay			
Public works	-	2,633,892	2,633,892
Culture and recreation	74,469	109,898	184,367
Transit	-	125,980	125,980
Debt service			
Principal	55,056	-	55,056
Interest and other charges	1,546	3,715	5,261
Total Expenditures	<u>1,970,557</u>	<u>2,877,148</u>	<u>4,847,705</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>984,023</u>	<u>(873,305)</u>	<u>110,718</u>
Other Financing Sources (Uses)			
Transfers in	184,197	274,000	458,197
Transfers out	(1,194,459)	(1,738)	(1,196,197)
Total Other Financing Sources (Uses)	<u>(1,010,262)</u>	<u>272,262</u>	<u>(738,000)</u>
Net Change in Fund Balances	(26,239)	(601,043)	(627,282)
Fund Balances, January 1	<u>2,544,846</u>	<u>3,398,078</u>	<u>5,942,924</u>
Fund Balances, December 31	<u>\$ 2,518,607</u>	<u>\$ 2,797,035</u>	<u>\$ 5,315,642</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.

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

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

City of Northfield, Minnesota
Nonmajor Special Revenue Funds (Continued on the Following Pages)
Combining Balance Sheet
December 31, 2023

	211 Community Resource Center	215 Motor Vehicle Fund	229 Communication Fund	240 Library Gift Fund	241 G.W. Bunday Fund	242 Scriver Memorial Fund
Assets						
Cash and temporary investments	\$ 66,527	\$ 341,554	\$ 561,537	\$ 48,822	\$ 25,801	\$ 149,401
Receivables						
Interest	498	1,421	2,107	166	82	475
Delinquent taxes	322	-	-	-	-	-
Accounts	192	-	51,461	-	-	-
Leases	105,089	-	-	-	-	-
Intergovernmental	1,241	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-
Prepaid items	-	1,704	759	-	-	-
Total Assets	<u>\$ 173,869</u>	<u>\$ 344,679</u>	<u>\$ 615,864</u>	<u>\$ 48,988</u>	<u>\$ 25,883</u>	<u>\$ 149,876</u>
Liabilities						
Accounts payable	\$ 39,993	\$ 2,207	\$ 15,284	\$ 1,271	\$ -	\$ 14
Due to other governments	-	33,691	-	-	-	-
Accrued wages payable	-	5,026	4,133	-	-	-
Due to other funds	-	-	-	-	-	-
Total Liabilities	<u>39,993</u>	<u>40,924</u>	<u>19,417</u>	<u>1,271</u>	<u>-</u>	<u>14</u>
Deferred Inflows of Resources						
Unavailable revenue						
Taxes	322	-	-	-	-	-
Deferred lease resources	100,760	-	-	-	-	-
Total Deferred Inflows of Resources	<u>101,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Nonspendable						
Prepaid items	-	1,704	759	-	-	-
Restricted						
Library	-	-	-	47,717	25,883	149,862
Arts and culture	-	-	-	-	-	-
Redevelopment and housing	-	-	-	-	-	-
Communications	-	-	595,688	-	-	-
Committed						
Community resource center operations	32,794	-	-	-	-	-
Carbon reduction	-	-	-	-	-	-
Future projects	-	-	-	-	-	-
Motor vehicle operations	-	302,051	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>32,794</u>	<u>303,755</u>	<u>596,447</u>	<u>47,717</u>	<u>25,883</u>	<u>149,862</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 173,869</u>	<u>\$ 344,679</u>	<u>\$ 615,864</u>	<u>\$ 48,988</u>	<u>\$ 25,883</u>	<u>\$ 149,876</u>

243 L.J. Gustafson Fund	244 Myrtle Houston Fund	245 C.C. Cloherty Endowed Book Fund	246 Arts and Culture Fund	250 Community Development Block Grant Fund	271 Jefferson Square TIF Fund	270 Master Development TIF Fund
\$ 29,505	\$ 43,775	\$ 12,734	\$ 145,338	\$ -	\$ 32,112	\$ -
93	139	41	232	-	60	1
-	-	-	-	-	-	1,027
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	52,576	-	-
-	-	-	-	-	-	41,200
-	-	-	-	-	-	-
<u>\$ 29,598</u>	<u>\$ 43,914</u>	<u>\$ 12,775</u>	<u>\$ 145,570</u>	<u>\$ 52,576</u>	<u>\$ 32,172</u>	<u>\$ 42,228</u>
\$ -	\$ -	\$ 17	\$ -	\$ 2,019	\$ 14,609	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	50,140	-	12,636
<u>-</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>52,159</u>	<u>14,609</u>	<u>12,636</u>
-	-	-	-	-	-	1,027
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,027</u>
-	-	-	-	-	-	-
29,598	43,914	12,758	-	-	-	-
-	-	-	145,570	-	-	-
-	-	-	-	417	17,563	28,565
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>29,598</u>	<u>43,914</u>	<u>12,758</u>	<u>145,570</u>	<u>417</u>	<u>17,563</u>	<u>28,565</u>
<u>\$ 29,598</u>	<u>\$ 43,914</u>	<u>\$ 12,775</u>	<u>\$ 145,570</u>	<u>\$ 52,576</u>	<u>\$ 32,172</u>	<u>\$ 42,228</u>

City of Northfield, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet (Continued)
December 31, 2023

	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
Assets						
Cash and temporary investments	\$ 669,335	\$ 180,113	\$ 41,642	\$ 74,289	\$ 84,653	\$ 40,665
Receivables						
Interest	3,918	468	91	99	58	38
Delinquent taxes	-	-	-	-	-	-
Accounts	320,616	-	-	-	-	-
Leases	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total Assets	<u><u>\$ 993,869</u></u>	<u><u>\$ 180,581</u></u>	<u><u>\$ 41,733</u></u>	<u><u>\$ 74,388</u></u>	<u><u>\$ 84,711</u></u>	<u><u>\$ 40,703</u></u>
Liabilities						
Accounts payable	\$ 133,308	\$ 11,010	\$ 15,315	\$ 59,042	\$ 77,036	\$ 34,848
Due to other governments	-	-	-	-	-	-
Accrued wages payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total Liabilities	<u><u>133,308</u></u>	<u><u>11,010</u></u>	<u><u>15,315</u></u>	<u><u>59,042</u></u>	<u><u>77,036</u></u>	<u><u>34,848</u></u>
Deferred Inflows of Resources						
Unavailable revenue						
Taxes	-	-	-	-	-	-
Deferred lease resources	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Fund Balances						
Nonspendable						
Prepaid items	-	-	-	-	-	-
Restricted						
Library	-	-	-	-	-	-
Arts and culture	-	-	-	-	-	-
Redevelopment and housing	-	-	26,418	15,346	-	5,855
Communications	-	-	-	-	-	-
Committed						
Community resource center operations	-	-	-	-	-	-
Carbon reduction	-	169,571	-	-	-	-
Future projects	860,561	-	-	-	-	-
Motor vehicle operations	-	-	-	-	-	-
Unassigned	-	-	-	-	7,675	-
Total Fund Balances	<u><u>860,561</u></u>	<u><u>169,571</u></u>	<u><u>26,418</u></u>	<u><u>15,346</u></u>	<u><u>7,675</u></u>	<u><u>5,855</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 993,869</u></u>	<u><u>\$ 180,581</u></u>	<u><u>\$ 41,733</u></u>	<u><u>\$ 74,388</u></u>	<u><u>\$ 84,711</u></u>	<u><u>\$ 40,703</u></u>

389	390	
Spring Creek II TIF Fund	Kraewood TIF Fund	Total
\$ -	\$ -	\$ 2,547,803
-	-	9,987
-	-	1,349
-	-	372,269
-	-	105,089
-	-	53,817
-	-	41,200
-	-	2,463
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,133,977</u>
\$ -	\$ -	\$ 405,973
-	-	33,691
-	-	9,159
831	831	64,438
<u>831</u>	<u>831</u>	<u>513,261</u>
-	-	1,349
-	-	100,760
-	-	102,109
-	-	2,463
-	-	309,732
-	-	145,570
-	-	94,164
-	-	595,688
-	-	32,794
-	-	169,571
-	-	860,561
-	-	302,051
(831)	(831)	6,013
<u>(831)</u>	<u>(831)</u>	<u>2,518,607</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,133,977</u>

City of Northfield, Minnesota
Nonmajor Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
(Continued on the Following Pages)
For the Year Ended December 31, 2023

	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	\$ 196,401	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment	-	-	-	-	-	-
Franchise fees	-	-	194,617	-	-	-
Intergovernmental						
Federal	-	-	-	-	-	-
Charges for services						
General government	-	269,558	-	-	-	-
Communication	-	-	36,880	-	-	-
Culture and recreation	292,439	-	-	-	-	-
Investment earnings	6,391	30,772	44,922	3,603	1,735	10,049
Miscellaneous						
Contributions and donations	-	-	-	95,875	-	-
Other	-	32,445	-	-	-	-
Total Revenues	<u>495,231</u>	<u>332,775</u>	<u>276,419</u>	<u>99,478</u>	<u>1,735</u>	<u>10,049</u>
Expenditures						
Current						
General government	-	265,082	379,249	-	-	-
Culture and recreation	565,676	-	-	98,616	-	566
Housing and economic development	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Capital outlay						
Culture and recreation	74,469	-	-	-	-	-
Debt service						
Principal	55,056	-	-	-	-	-
Interest and other charges	1,546	-	-	-	-	-
Total Expenditures	<u>696,747</u>	<u>265,082</u>	<u>379,249</u>	<u>98,616</u>	<u>-</u>	<u>566</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(201,516)</u>	<u>67,693</u>	<u>(102,830)</u>	<u>862</u>	<u>1,735</u>	<u>9,483</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	(201,516)	67,693	(102,830)	862	1,735	9,483
Fund Balances, January 1	<u>234,310</u>	<u>236,062</u>	<u>699,277</u>	<u>46,855</u>	<u>24,148</u>	<u>140,379</u>
Fund Balances, December 31	<u>\$ 32,794</u>	<u>\$ 303,755</u>	<u>\$ 596,447</u>	<u>\$ 47,717</u>	<u>\$ 25,883</u>	<u>\$ 149,862</u>

243 L.J. Gustafson Fund	244 Myrtle Houston Fund	245 C.C. Cloherty Endowed Book Fund	246 Arts and Culture Fund	250 Community Development Block Grant Fund	271 Jefferson Square TIF Fund	270 Master Development TIF Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	16,233	-
-	-	-	-	-	-	-
-	-	-	-	95,069	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,980	2,938	866	4,909	-	3,254	3,359
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,980</u>	<u>2,938</u>	<u>866</u>	<u>4,909</u>	<u>95,069</u>	<u>19,487</u>	<u>3,359</u>
-	-	-	-	-	-	-
22	-	207	33,609	-	-	-
-	-	-	-	95,069	15,444	831
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>22</u>	<u>-</u>	<u>207</u>	<u>33,609</u>	<u>95,069</u>	<u>15,444</u>	<u>831</u>
<u>1,958</u>	<u>2,938</u>	<u>659</u>	<u>(28,700)</u>	<u>-</u>	<u>4,043</u>	<u>2,528</u>
-	-	-	89,738	-	-	-
-	-	-	-	-	-	-
-	-	-	<u>89,738</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,958	2,938	659	61,038	-	4,043	2,528
<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>\$ 29,598</u>	<u>\$ 43,914</u>	<u>\$ 12,758</u>	<u>\$ 145,570</u>	<u>\$ 417</u>	<u>\$ 17,563</u>	<u>\$ 28,565</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, 2023

	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
Revenues						
Taxes						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment	-	-	34,033	65,602	162,182	73,363
Franchise fees	1,180,742	-	-	-	-	-
Intergovernmental						
Federal	-	-	-	-	-	-
Charges for services						
General government	-	-	-	-	-	-
Communication	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Investment earnings	78,640	9,739	1,948	2,314	634	1,088
Miscellaneous						
Contributions and donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	<u>1,259,382</u>	<u>9,739</u>	<u>35,981</u>	<u>67,916</u>	<u>162,816</u>	<u>74,451</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Housing and economic development	-	5,611	31,466	59,876	154,918	70,602
Miscellaneous	-	60,980	-	-	-	-
Capital outlay						
Culture and recreation	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>66,591</u>	<u>31,466</u>	<u>59,876</u>	<u>154,918</u>	<u>70,602</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,259,382</u>	<u>(56,852)</u>	<u>4,515</u>	<u>8,040</u>	<u>7,898</u>	<u>3,849</u>
Other Financing Sources (Uses)						
Transfers in	-	94,459	-	-	-	-
Transfers out	(1,194,459)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(1,194,459)</u>	<u>94,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	64,923	37,607	4,515	8,040	7,898	3,849
Fund Balances, January 1	<u>795,638</u>	<u>131,964</u>	<u>21,903</u>	<u>7,306</u>	<u>(223)</u>	<u>2,006</u>
Fund Balances, December 31	<u>\$ 860,561</u>	<u>\$ 169,571</u>	<u>\$ 26,418</u>	<u>\$ 15,346</u>	<u>\$ 7,675</u>	<u>\$ 5,855</u>

389	390	
Spring Creek II TIF Fund	Kraewood TIF Fund	Total
\$ -	\$ -	\$ 196,401
-	-	351,413
-	-	1,375,359
-	-	95,069
-	-	269,558
-	-	36,880
-	-	292,439
-	-	209,141
-	-	95,875
-	-	32,445
-	-	2,954,580
-	-	644,331
-	-	698,696
831	831	435,479
-	-	60,980
-	-	74,469
-	-	55,056
-	-	1,546
831	831	1,970,557
(831)	(831)	984,023
-	-	184,197
-	-	(1,194,459)
-	-	(1,010,262)
(831)	(831)	(26,239)
-	-	2,544,846
\$ (831)	\$ (831)	\$ 2,518,607

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

	2023			2022
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Taxes				
Property taxes	\$ 195,156	\$ 196,401	\$ 1,245	\$ 195,280
Charges for services				
Culture and recreation	312,888	292,439	(20,449)	323,856
Investment earnings	1,000	6,391	5,391	(4,879)
Miscellaneous				
Other	56,603	-	(56,603)	45,884
Total Revenues	<u>565,647</u>	<u>495,231</u>	<u>(70,416)</u>	<u>560,141</u>
Expenditures				
Current				
Culture and recreation				
Supplies	80,000	112,981	(32,981)	157,039
Other services and charges	273,400	452,695	(179,295)	348,907
Capital outlay				
Culture and recreation	245,000	74,469	170,531	19,292
Debt service				
Principal	49,117	55,056	(5,939)	53,557
Interest and other charges	7,485	1,546	5,939	3,045
Total Expenditures	<u>655,002</u>	<u>696,747</u>	<u>(41,745)</u>	<u>581,840</u>
Net Change in Fund Balances	(89,355)	(201,516)	(112,161)	(21,699)
Fund Balances, January 1	<u>234,310</u>	<u>234,310</u>	<u>-</u>	<u>256,009</u>
Fund Balances, December 31	<u>\$ 144,955</u>	<u>\$ 32,794</u>	<u>\$ (112,161)</u>	<u>\$ 234,310</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, 2023
With Comparative Actual Amounts for Year Ended December 31, 2022

	2023			2022
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Charges for services				
General government	\$ 245,000	\$ 269,558	\$ 24,558	\$ 248,816
Investment earnings	1,800	30,772	28,972	(9,597)
Miscellaneous	-	32,445	32,445	(156)
Total Revenues	<u>246,800</u>	<u>332,775</u>	<u>85,975</u>	<u>239,063</u>
Expenditures				
Current				
General government				
Personal services	235,099	239,022	(3,923)	226,020
Supplies	2,500	1,545	955	1,956
Other services and charges	24,981	24,515	466	24,218
Total Expenditures	<u>262,580</u>	<u>265,082</u>	<u>(2,502)</u>	<u>252,194</u>
Net Change in Fund Balances	(15,780)	67,693	83,473	(13,131)
Fund Balances, January 1	<u>236,062</u>	<u>236,062</u>	-	<u>249,193</u>
Fund Balances, December 31	<u>\$ 220,282</u>	<u>\$ 303,755</u>	<u>\$ 83,473</u>	<u>\$ 236,062</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, 2023
With Comparative Actual Amounts for Year Ended December 31, 2022

	2023			2022
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Taxes				
Franchise fees	\$ 186,000	\$ 194,617	\$ 8,617	\$ 195,943
Charges for service	46,000	36,880	(9,120)	38,673
Investment earnings	10,000	44,922	34,922	(12,853)
Total Revenues	<u>242,000</u>	<u>276,419</u>	<u>34,419</u>	<u>221,763</u>
Expenditures				
Current				
General government				
Personal services	199,417	200,250	(833)	134,531
Supplies	4,173	1,154	3,019	5,341
Other services and charges	332,731	177,845	154,886	85,639
Total Expenditures	<u>536,321</u>	<u>379,249</u>	<u>157,072</u>	<u>225,511</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(294,321)	(102,830)	191,491	(3,748)
Other Financing Sources (Uses)				
Transfers out	<u>(46,267)</u>	<u>-</u>	<u>46,267</u>	<u>-</u>
Net Change in Fund Balances	(340,588)	(102,830)	237,758	(3,748)
Fund Balances, January 1	<u>699,277</u>	<u>699,277</u>	<u>-</u>	<u>703,025</u>
Fund Balances, December 31	<u>\$ 358,689</u>	<u>\$ 596,447</u>	<u>\$ 237,758</u>	<u>\$ 699,277</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, 2023
With Comparative Actual Amounts for Year Ended December 31, 2022

	2023			2022
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$ 500	\$ 3,603	\$ 3,103	\$ (1,525)
Contributions and donations	12,000	95,875	83,875	19,245
Total Revenues	<u>12,500</u>	<u>99,478</u>	<u>86,978</u>	<u>17,720</u>
Expenditures				
Current				
Culture and recreation				
Other services and charges	<u>12,500</u>	<u>98,616</u>	<u>(86,116)</u>	<u>40,888</u>
Net Change in Fund Balances	-	862	862	(23,168)
Fund Balances, January 1	<u>46,855</u>	<u>46,855</u>	-	<u>70,023</u>
Fund Balances, December 31	<u>\$ 46,855</u>	<u>\$ 47,717</u>	<u>\$ 862</u>	<u>\$ 46,855</u>

City of Northfield, Minnesota
G.W. Bunday Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2023
With Comparative Actual Amounts for Year Ended December 31, 2022

	Final Budget	2023 Actual Amounts	Variance with Final Budget	2022 Actual Amounts
Revenues				
Investment earnings	\$ 150	\$ 1,735	\$ 1,585	\$ (538)
Expenditures				
Current				
Culture and recreation				
Other services and charges	4,000	-	4,000	-
Net Change in Fund Balances	(3,850)	1,735	5,585	(538)
Fund Balances, January 1	24,148	24,148	-	24,686
Fund Balances, December 31	\$ 20,298	\$ 25,883	\$ 5,585	\$ 24,148

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

		2023		2022
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$ 750	\$ 10,049	\$ 9,299	\$ (3,138)
Expenditures				
Current				
Culture and recreation				
Other services and charges	750	566	184	732
Net Change in Fund Balances	-	9,483	9,483	(3,870)
Fund Balances, January 1	140,379	140,379	-	144,249
Fund Balances, December 31	<u>\$ 140,379</u>	<u>\$ 149,862</u>	<u>\$ 9,483</u>	<u>\$ 140,379</u>

City of Northfield, Minnesota
L.J. Gustafson Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2023
With Comparative Actual Amounts for Year Ended December 31, 2022

	2023			2022
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$ 200	\$ 1,980	\$ 1,780	\$ (624)
Expenditures				
Current				
Culture and recreation				
Other services and charges	1,500	22	1,478	266
Net Change in Fund Balances	(1,300)	1,958	3,258	(890)
Fund Balances, January 1	27,640	27,640	-	28,530
Fund Balances, December 31	<u>\$ 26,340</u>	<u>\$ 29,598</u>	<u>\$ 3,258</u>	<u>\$ 27,640</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, 2023
With Comparative Actual Amounts for Year Ended December 31, 2022

	Final Budget	2023 Actual Amounts	Variance with Final Budget	2022 Actual Amounts
Revenues				
Investment earnings	\$ 250	\$ 2,938	\$ 2,688	\$ (919)
Expenditures				
Current				
Miscellaneous				
Other services and charges	1,000	-	1,000	500
Net Change in Fund Balances	(750)	2,938	3,688	(1,419)
Fund Balances, January 1	40,976	40,976	-	42,395
Fund Balances, December 31	\$ 40,226	\$ 43,914	\$ 3,688	\$ 40,976

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

	2023			2022
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$ 200	\$ 866	\$ 666	\$ (271)
Expenditures				
Current				
Culture and recreation				
Other services and charges	200	207	(7)	174
Net Change in Fund Balances	-	659	659	(345)
Fund Balances, January 1	12,099	12,099	-	12,444
Fund Balances, December 31	<u>\$ 12,099</u>	<u>\$ 12,758</u>	<u>\$ 659</u>	<u>\$ 12,099</u>

City of Northfield, Minnesota
Community Development Block Grant (CDBG) Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2023
With Comparative Actual Amounts for Year Ended December 31, 2022

	Final Budget	2023 Actual Amounts	Variance with Final Budget	2022 Actual Amounts
Revenues				
Intergovernmental				
Federal	\$ 65,000	\$ 95,069	\$ 30,069	\$ 238,074
Expenditures				
Current				
Housing and economic development				
Other services and charges	65,000	95,069	(30,069)	238,074
Net Change in Fund Balances	-	-	-	-
Fund Balances, January 1	417	417	-	417
Fund Balances, December 31	\$ 417	\$ 417	\$ -	\$ 417

City of Northfield, Minnesota
Master Development Tax Increment Financing Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2023
With Comparative Actual Amounts for Year Ended December 31, 2022

	2023			2022
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Investment earnings	\$ 3,000	\$ 3,359	\$ 359	\$ 3,000
Expenditures				
Current				
Housing and economic development				
Other services and charges	-	831	(831)	-
Net Change in Fund Balances	3,000	2,528	(472)	3,000
Fund Balances, January 1	26,037	26,037	-	23,037
Fund Balances, December 31	<u>\$ 29,037</u>	<u>\$ 28,565</u>	<u>\$ (472)</u>	<u>\$ 26,037</u>

NONMAJOR CAPITAL PROJECT FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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, 2023

	419	421	422	423	425	426
	2018 Capital Project Fund	2020 Capital Project Fund	2021 Capital Project Fund	2022 Capital Project Fund	2024 Capital Project Fund	2025 Capital Project Fund
Assets						
Cash and temporary investments	\$ 67,554	\$ 1,145,129	\$ 801,475	\$ 148,511	\$ -	\$ -
Receivables						
Interest	206	3,630	2,837	-	-	-
Special assessments						
Noncurrent	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
Total Assets	<u>\$ 67,760</u>	<u>\$ 1,148,759</u>	<u>\$ 804,312</u>	<u>\$ 148,511</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ 96,975	\$ 291,463	\$ 179,381	\$ -
Contracts payable	-	-	-	72,774	-	-
Deposits payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	621,337	436,953
Advance from other funds	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>96,975</u>	<u>364,237</u>	<u>800,718</u>	<u>436,953</u>
Deferred Inflows of Resources						
Unavailable revenue						
Special assessments	-	-	-	-	-	-
Advance from other governments	-	452,957	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>452,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted						
Capital projects	-	-	-	-	-	-
Assigned						
Capital projects	67,760	695,802	707,337	-	-	-
Unassigned	-	-	-	(215,726)	(800,718)	(436,953)
Total Fund Balance	<u>67,760</u>	<u>695,802</u>	<u>707,337</u>	<u>(215,726)</u>	<u>(800,718)</u>	<u>(436,953)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 67,760</u>	<u>\$ 1,148,759</u>	<u>\$ 804,312</u>	<u>\$ 148,511</u>	<u>\$ -</u>	<u>\$ -</u>

451	453	454	455	456	458	460	475	
Park Fund	Fire Replacement Fund	City Facilities Fund	Equipment and Vehicle Replacement	Hauberg Park	Mill Town Trail	Public Safety Center Project	Capital Reserve Fund	Total
\$ 794,624	\$ 84,874	\$ 294,206	\$ 1,051,176	\$ 11,495	\$ -	\$ 425,709	\$ 849,081	\$ 5,673,834
1,623	266	702	1,342	36	-	1,350	1,892	13,884
-	-	-	-	-	-	-	173,444	173,444
-	-	-	-	-	-	-	1,752	1,752
-	-	-	-	-	-	-	49,937	49,937
<u>\$ 796,247</u>	<u>\$ 85,140</u>	<u>\$ 294,908</u>	<u>\$ 1,052,518</u>	<u>\$ 11,531</u>	<u>\$ -</u>	<u>\$ 427,059</u>	<u>\$ 1,076,106</u>	<u>\$ 5,912,851</u>
\$ -	\$ -	\$ 78,498	\$ 370,681	\$ -	\$ 52,959	\$ -	\$ 8,838	\$ 1,078,795
-	-	-	-	-	-	-	-	72,774
-	-	-	-	-	-	-	107,429	107,429
-	-	-	-	-	2,507	-	-	1,060,797
-	-	169,620	-	-	-	-	-	169,620
-	-	248,118	370,681	-	55,466	-	116,267	2,489,415
-	-	-	-	-	-	-	173,444	173,444
-	-	-	-	-	-	-	-	452,957
-	-	-	-	-	-	-	173,444	626,401
796,247	-	-	-	-	-	427,059	300,000	1,523,306
-	85,140	46,790	681,837	11,531	-	-	486,395	2,782,592
-	-	-	-	-	(55,466)	-	-	(1,508,863)
<u>796,247</u>	<u>85,140</u>	<u>46,790</u>	<u>681,837</u>	<u>11,531</u>	<u>(55,466)</u>	<u>427,059</u>	<u>786,395</u>	<u>2,797,035</u>
<u>\$ 796,247</u>	<u>\$ 85,140</u>	<u>\$ 294,908</u>	<u>\$ 1,052,518</u>	<u>\$ 11,531</u>	<u>\$ -</u>	<u>\$ 427,059</u>	<u>\$ 1,076,106</u>	<u>\$ 5,912,851</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, 2023

	419	421	422	423	425	426
	2018 Capital Project Fund	2020 Capital Project Fund	2021 Capital Project Fund	2022 Capital Project Fund	2024 Capital Project Fund	2025 Capital Project Fund
Revenues						
Taxes						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental						
State	-	-	-	218,541	-	-
Other	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Charges for services						
Culture and recreation	-	-	-	-	-	-
Investment earnings	8,889	73,860	52,100	17,507	-	-
Miscellaneous						
Other	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-
Refunds and reimbursements	-	-	-	199,291	-	-
Total Revenues	<u>8,889</u>	<u>73,860</u>	<u>52,100</u>	<u>435,339</u>	<u>-</u>	<u>-</u>
Expenditures						
Current						
Culture and recreation	-	-	-	-	-	-
Capital outlay						
Public works	-	-	150,659	741,657	795,631	436,953
Culture and recreation	-	-	-	-	-	-
Transit	-	-	-	-	-	-
Debt service						
Interest and other	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>150,659</u>	<u>741,657</u>	<u>795,631</u>	<u>436,953</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,889</u>	<u>73,860</u>	<u>(98,559)</u>	<u>(306,318)</u>	<u>(795,631)</u>	<u>(436,953)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	74,000	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	8,889	73,860	(98,559)	(232,318)	(795,631)	(436,953)
Fund Balances, January 1	<u>58,871</u>	<u>621,942</u>	<u>805,896</u>	<u>16,592</u>	<u>(5,087)</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 67,760</u>	<u>\$ 695,802</u>	<u>\$ 707,337</u>	<u>\$ (215,726)</u>	<u>\$ (800,718)</u>	<u>\$ (436,953)</u>

451	453	454	455	456	458	460	475	
Park Fund	Fire Replacement Fund	City Facilities Fund	Equipment and Vehicle Replacement	Hauberg Park	Mill Town Trail	Public Safety Center Project	Capital Reserve Fund	Total
\$ 163,863	\$ -	\$ 134,867	\$ 354,624	\$ -	\$ -	\$ -	\$ 92,862	\$ 746,216
-	-	14,164	-	-	-	-	-	232,705
-	-	-	-	-	-	-	300,000	300,000
-	-	-	-	-	-	-	1,069	1,069
84,116	-	-	-	-	-	-	-	84,116
28,897	7,279	13,365	7,061	733	-	28,580	40,953	279,224
-	-	-	-	1,222	-	-	-	1,222
160,000	-	-	-	-	-	-	-	160,000
-	-	-	-	-	-	-	-	199,291
<u>436,876</u>	<u>7,279</u>	<u>162,396</u>	<u>361,685</u>	<u>1,955</u>	<u>-</u>	<u>28,580</u>	<u>434,884</u>	<u>2,003,843</u>
3,663	-	-	-	-	-	-	-	3,663
-	-	-	348,615	-	-	-	160,377	2,633,892
54,432	-	-	-	-	55,466	-	-	109,898
-	-	125,980	-	-	-	-	-	125,980
-	-	3,715	-	-	-	-	-	3,715
<u>58,095</u>	<u>-</u>	<u>129,695</u>	<u>348,615</u>	<u>-</u>	<u>55,466</u>	<u>-</u>	<u>160,377</u>	<u>2,877,148</u>
378,781	7,279	32,701	13,070	1,955	(55,466)	28,580	274,507	(873,305)
-	-	-	200,000	-	-	-	-	274,000
<u>(1,738)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,738)</u>
<u>(1,738)</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272,262</u>
377,043	7,279	32,701	213,070	1,955	(55,466)	28,580	274,507	(601,043)
419,204	77,861	14,089	468,767	9,576	-	398,479	511,888	3,398,078
<u>\$ 796,247</u>	<u>\$ 85,140</u>	<u>\$ 46,790</u>	<u>\$ 681,837</u>	<u>\$ 11,531</u>	<u>\$ (55,466)</u>	<u>\$ 427,059</u>	<u>\$ 786,395</u>	<u>\$ 2,797,035</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.

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

	2023			2022
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 10,204,113	\$ 10,204,113	\$ 10,171,986	\$ 8,425,519
Hotel-motel tax	146,100	146,100	206,269	181,046
Total taxes	<u>10,350,213</u>	<u>10,350,213</u>	<u>10,378,255</u>	<u>8,606,565</u>
Licenses and permits				
Business	78,375	78,375	89,376	84,642
Nonbusiness	482,500	482,500	832,183	766,107
Total licenses and permits	<u>560,875</u>	<u>560,875</u>	<u>921,559</u>	<u>850,749</u>
Intergovernmental				
Federal				
ARPA	-	-	-	1,133,366
Other	-	-	20,413	10,929
State				
Local government aid	3,346,845	3,346,845	3,346,845	3,300,605
Property tax credits	-	-	382	359
PERA aid	14,049	14,049	-	-
Street maintenance aid	205,000	205,000	243,888	250,193
Fire aid	185,651	185,651	219,718	193,455
Police aid	214,493	214,493	264,976	224,535
Other state aid	47,008	946,151	979,425	178,108
County				
Library aid	192,239	192,239	203,239	192,239
Highway	12,052	12,052	-	12,912
Total intergovernmental	<u>4,217,337</u>	<u>5,116,480</u>	<u>5,278,886</u>	<u>5,496,701</u>
Charges for services				
General government	886,528	886,528	889,730	889,974
Public safety	67,304	67,304	75,594	67,671
Streets and highways	198,850	198,850	92,216	157,538
Culture and recreation	311,300	311,300	347,650	368,521
Total charges for services	<u>1,463,982</u>	<u>1,463,982</u>	<u>1,405,190</u>	<u>1,483,704</u>
Fines and forfeits	<u>71,000</u>	<u>71,000</u>	<u>105,160</u>	<u>99,912</u>
Investment earnings	<u>120,000</u>	<u>120,000</u>	<u>540,657</u>	<u>(192,424)</u>
Miscellaneous				
Contributions and donations	139,023	139,023	4,259	430,509
Other	10,000	10,000	12,025	26,075
Total miscellaneous	<u>149,023</u>	<u>149,023</u>	<u>16,284</u>	<u>456,584</u>
Total Revenues	<u>16,932,430</u>	<u>17,831,573</u>	<u>18,645,991</u>	<u>16,801,791</u>

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

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and Council					
Personal services	\$ 80,810	\$ 80,810	\$ 77,724	\$ 3,086	\$ 74,976
Supplies	21,623	21,623	5,723	15,900	1,245
Other services and charges	320,732	320,732	272,277	48,455	431,248
Total Mayor and Council	423,165	423,165	355,724	67,441	507,469
City clerk					
Personal services	227,298	227,298	225,150	2,148	143,096
Supplies	1,300	1,300	224	1,076	3,835
Other services and charges	36,376	36,376	13,696	22,680	19,859
Total City Clerk	264,974	264,974	239,070	25,904	166,790
Administration					
Personal services	335,086	335,086	334,360	726	369,296
Supplies	4,000	4,000	921	3,079	2,047
Other services and charges	321,316	321,316	329,125	(7,809)	301,424
Total administration	660,402	660,402	664,406	(4,004)	672,767
Finance					
Personal services	511,831	511,831	509,115	2,716	489,930
Supplies	3,500	3,500	3,284	216	2,927
Other services and charges	145,682	145,682	112,415	33,267	187,899
Total finance	661,013	661,013	624,814	36,199	680,756
Elections					
Personal services	3,230	3,230	766	2,464	44,279
Supplies	1,000	1,000	186	814	3,018
Other services and charges	8,500	8,500	3,904	4,596	12,238
Total elections	12,730	12,730	4,856	7,874	59,535
Human resources					
Personal services	392,202	392,202	385,096	7,106	529,861
Supplies	2,497	2,497	2,285	212	2,677
Other services and charges	247,676	247,676	175,067	72,609	204,152
Total human resources	642,375	642,375	562,448	79,927	736,690
Community development					
Personal services	221,589	221,589	199,736	21,853	206,105
Supplies	5,500	5,500	1,221	4,279	2,631
Other services and charges	224,445	224,445	256,800	(32,355)	45,958
Total community development	451,534	451,534	457,757	(6,223)	254,694

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

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (Continued)					
General government (Continued)					
City Hall operations					
Supplies	\$ 38,000	\$ 38,000	\$ 80,821	\$ (42,821)	\$ 58,195
Other services and charges	80,293	80,293	68,170	12,123	83,341
Total City Hall operations	118,293	118,293	148,991	(30,698)	141,536
Planning and zoning					
Personal services	272,944	272,944	253,213	19,731	251,376
Supplies	500	500	-	500	140
Other services and charges	14,358	14,358	17,379	(3,021)	11,169
Total planning and zoning	287,802	287,802	270,592	17,210	262,685
Insurance	154,354	154,354	154,354	-	154,354
Total General Government	3,676,642	3,676,642	3,483,012	193,630	3,637,276
Public safety					
Police protection					
Personal services	4,798,521	4,843,934	4,668,087	175,847	4,324,238
Supplies	249,500	249,500	242,430	7,070	190,330
Other services and charges	458,697	458,697	413,149	45,548	414,081
Total police protection	5,506,718	5,552,131	5,323,666	228,465	4,928,649
Fire protection					
Personal services	185,651	185,651	219,718	(34,067)	193,455
Other services and charges	616,876	616,876	662,947	(46,071)	435,859
Total fire protection	802,527	802,527	882,665	(80,138)	629,314
Building inspection					
Personal services	473,425	473,425	406,355	67,070	357,032
Supplies	6,000	6,000	4,885	1,115	6,781
Other services and charges	40,172	40,172	28,426	11,746	19,058
Total building inspection	519,597	519,597	439,666	79,931	382,871
Total Public Safety	6,828,842	6,874,255	6,645,997	228,258	5,940,834
Public works					
Engineering					
Personal services	676,276	676,276	656,775	19,501	545,192
Supplies	13,000	13,000	10,524	2,476	11,464
Other services and charges	181,003	181,003	204,392	(23,389)	91,437
Total engineering	870,279	870,279	871,691	(1,412)	648,093
Streets					
Personal services	1,064,927	1,064,927	1,109,276	(44,349)	1,062,235
Supplies	208,500	208,500	395,044	(186,544)	253,641
Other services and charges	584,060	584,060	623,364	(39,304)	694,644
Total streets	1,857,487	1,857,487	2,127,684	(270,197)	2,010,520

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

	2023			2022
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final		
Expenditures (Continued)				
Current (Continued)				
Public works (Continued)				
Street lighting				
Supplies	\$ 35,000	\$ 35,000	\$ 32,159	\$ 53,981
Other services and charges	230,000	230,000	241,961	288,295
Total street lighting	265,000	265,000	274,120	342,276
Facilities				
Personal services	267,902	267,902	224,016	222,765
Supplies	49,000	49,000	36,464	10,746
Other services and charges	85,854	85,854	83,231	87,406
Total facilities	402,756	402,756	343,711	320,917
Total Public Works	3,395,522	3,395,522	3,617,206	3,321,806
Culture and recreation				
Ice arena				
Personal services	129,139	129,139	133,427	123,210
Supplies	29,950	29,950	59,255	51,259
Other services and charges	99,327	99,327	123,873	121,084
Total ice arena	258,416	258,416	316,555	295,553
Swimming pool				
Personal services	128,684	128,684	110,118	115,263
Supplies	54,400	54,400	50,369	65,190
Other services and charges	49,337	49,337	44,600	40,903
Total swimming pool	232,421	232,421	205,087	221,356
General parks				
Personal services	244,198	244,198	185,741	168,308
Supplies	62,500	62,500	64,006	57,196
Other services and charges	286,900	286,900	254,335	352,006
Total general parks	593,598	593,598	504,082	577,510
Recreation administration				
Personal services	124,914	124,914	116,954	121,207
Other services and charges	149,940	149,940	148,804	144,482
Total recreation administration	274,854	274,854	265,758	265,689
Library				
Personal services	1,305,452	1,305,452	1,329,078	1,190,005
Supplies	49,400	49,400	36,729	42,893
Other services and charges	418,475	418,475	401,245	435,771
Total library	1,773,327	1,773,327	1,767,052	1,668,669
Total Culture and Recreation	3,132,616	3,132,616	3,058,534	3,028,777

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

	2023			2022
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final		
Expenditures (Continued)				
Current (Continued)				
Miscellaneous				
Unallocated				
Other services and charges	\$ 706,000	\$ 706,000	\$ 201,665	\$ 214,130
Total Current	17,739,622	17,785,035	17,006,414	16,142,823
Capital outlay				
General government	11,468	11,468	35,011	449,350
Public safety	-	-	80,155	-
Public works	3,000	3,000	-	1,331
Culture and recreation	27,000	27,000	33,189	10,803
Total capital outlay	41,468	41,468	148,355	461,484
Debt service				
Principal	178,287	178,287	197,757	191,480
Interest and other charges	27,173	27,173	7,703	13,978
Total debt service	205,460	205,460	205,460	205,458
Total Expenditures	17,986,550	18,031,963	17,360,229	16,809,765
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,054,120)	(200,390)	1,285,762	(7,974)
Other Financing Sources (Uses)				
Transfers in	430,500	430,500	210,000	2,251,796
Transfers out	(241,380)	(241,380)	(514,782)	(2,230,546)
Total Other Financing Sources (Uses)	189,120	189,120	(304,782)	21,250
Net Change in Fund Balances	(865,000)	(11,270)	980,980	13,276
Fund Balances, January 1	9,817,757	9,817,757	9,817,757	9,804,481
Fund Balances, December 31	\$ 8,952,757	\$ 9,806,487	\$ 10,798,737	\$ 9,817,757

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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, 2023

	312	313	314	315	316
	2011A Bonds Fund	2012A Bonds Fund	2013A Bonds Fund	2014A Bonds Fund	2015A Bonds Fund
Assets					
Cash and temporary investments	\$ 16,421	\$ 18,303	\$ 108,931	\$ 207,686	\$ 296,031
Receivables					
Interest	3,010	51	77	303	530
Delinquent taxes	-	-	-	-	-
Special assessments					
Current	-	-	286	38,202	53,947
Delinquent	-	-	338	1,818	-
Intergovernmental	-	-	-	-	-
Total Assets	\$ 19,431	\$ 18,354	\$ 109,632	\$ 248,009	\$ 350,508
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 475	\$ -
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total Liabilities	-	-	-	475	-
Deferred Inflows of Resources					
Unavailable revenue					
Taxes	-	-	-	-	-
Special assessments	-	-	338	38,323	51,980
Total Deferred Inflows of Resources	-	-	338	38,323	51,980
Fund Balances					
Restricted					
Debt service	19,431	18,354	109,294	209,211	298,528
Unassigned	-	-	-	-	-
Total Fund Balance	19,431	18,354	109,294	209,211	298,528
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 19,431	\$ 18,354	\$ 109,632	\$ 248,009	\$ 350,508

317	318	319	320	321	322	323	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	2022A Bonds Fund	
\$ 349,688	\$ 217,481	\$ 256,263	\$ 301,350	\$ 921,143	\$ 365,387	\$ 140,935	\$ 241,480
731	1,085	543	506	512	2,246	-	358
-	-	-	-	-	-	-	-
24,617	79,432	69,900	262,317	222,915	1,133,266	-	-
52	776	-	816	115	35,136	-	-
-	-	-	-	-	-	-	-
<u>\$ 375,088</u>	<u>\$ 298,774</u>	<u>\$ 326,706</u>	<u>\$ 564,989</u>	<u>\$ 1,144,685</u>	<u>\$ 1,536,035</u>	<u>\$ 140,935</u>	<u>\$ 241,838</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	650	-	-
-	-	-	-	-	-	-	-
24,669	79,745	68,154	261,690	221,874	1,168,401	-	-
<u>24,669</u>	<u>79,745</u>	<u>68,154</u>	<u>261,690</u>	<u>221,874</u>	<u>1,168,401</u>	<u>-</u>	<u>-</u>
350,419	219,029	258,552	303,299	922,811	366,984	140,935	241,838
-	-	-	-	-	-	-	-
<u>350,419</u>	<u>219,029</u>	<u>258,552</u>	<u>303,299</u>	<u>922,811</u>	<u>366,984</u>	<u>140,935</u>	<u>241,838</u>
<u>\$ 375,088</u>	<u>\$ 298,774</u>	<u>\$ 326,706</u>	<u>\$ 564,989</u>	<u>\$ 1,144,685</u>	<u>\$ 1,536,035</u>	<u>\$ 140,935</u>	<u>\$ 241,838</u>

City of Northfield, Minnesota
Debt Service Funds
Combining Balance Sheet (Continued)
December 31, 2023

	354	356	357	358	359
	2012 COPS Debt Fund	2016 Equipment Certificates	2018A NAFRS Debt Service	2021 Equipment Certificates	2022 Equipment Certificates
Assets					
Cash and temporary investments	\$ 343,817	\$ 10,332	\$ 449,363	\$ 71,512	\$ 52,222
Receivables					
Interest	414	26	1,133	91	-
Delinquent taxes	-	-	-	-	-
Special assessments					
Current	-	-	-	-	-
Delinquent	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Total Assets	\$ 344,231	\$ 10,358	\$ 450,496	\$ 71,603	\$ 52,222
Liabilities					
Accounts payable	\$ -	\$ -	\$ 475	\$ -	\$ -
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total Liabilities	-	-	475	-	-
Deferred Inflows of Resources					
Unavailable revenue					
Taxes	-	-	-	-	-
Special assessments	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances					
Restricted					
Debt service	344,231	10,358	450,021	71,603	52,222
Unassigned	-	-	-	-	-
Total Fund Balance	344,231	10,358	450,021	71,603	52,222
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 344,231	\$ 10,358	\$ 450,496	\$ 71,603	\$ 52,222

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2017B Refunding TIF Bonds	Hiley Neff TIF Bonds	Riverfront TIF Bonds	Total
\$ 230,698	\$ -	\$ 249,555	\$ 4,848,598
462	26	442	12,546
-	-	975	975
-	-	-	1,884,882
-	-	-	39,051
-	-	1,514	1,514
<u>\$ 231,160</u>	<u>\$ 26</u>	<u>\$ 252,486</u>	<u>\$ 6,787,566</u>
\$ 575	\$ -	\$ 50,495	\$ 52,670
-	36,173	-	36,173
41,200	-	-	41,200
<u>41,775</u>	<u>36,173</u>	<u>50,495</u>	<u>130,043</u>
-	-	975	975
-	-	-	1,915,174
-	-	975	1,916,149
189,385	-	201,016	4,777,521
-	(36,147)	-	(36,147)
<u>189,385</u>	<u>(36,147)</u>	<u>201,016</u>	<u>4,741,374</u>
<u>\$ 231,160</u>	<u>\$ 26</u>	<u>\$ 252,486</u>	<u>\$ 6,787,566</u>

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

	312	313	314	315	316	317
	2011A Bonds Fund	2012A Bonds Fund	2013A Bonds Fund	2014A Bonds Fund	2015A Bonds Fund	2016C Bonds Fund
Revenues						
Taxes						
Property taxes	\$ -	\$ -	\$ 25,000	\$ 45,000	\$ 95,000	\$ 15,000
Tax increment	-	-	-	-	-	-
Special assessments	794	994	11,940	35,767	31,314	10,248
Investment earnings	4,026	2,679	7,106	11,876	16,492	21,084
Miscellaneous	-	-	-	-	-	-
Total Revenues	<u>4,820</u>	<u>3,673</u>	<u>44,046</u>	<u>92,643</u>	<u>142,806</u>	<u>46,332</u>
Expenditures						
Current						
Housing and economic development	-	-	-	-	-	-
Debt service						
Principal	-	95,000	85,000	125,000	160,000	80,000
Interest and other charges	-	2,521	9,713	8,600	12,679	7,592
Total Expenditures	<u>-</u>	<u>97,521</u>	<u>94,713</u>	<u>133,600</u>	<u>172,679</u>	<u>87,592</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,820	(93,848)	(50,667)	(40,957)	(29,873)	(41,260)
Other Financing Sources (Uses)						
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	4,820	(93,848)	(50,667)	(40,957)	(29,873)	(41,260)
Fund Balances, January 1	<u>14,611</u>	<u>112,202</u>	<u>159,961</u>	<u>250,168</u>	<u>328,401</u>	<u>391,679</u>
Fund Balances, December 31	<u>\$ 19,431</u>	<u>\$ 18,354</u>	<u>\$ 109,294</u>	<u>\$ 209,211</u>	<u>\$ 298,528</u>	<u>\$ 350,419</u>

318	319	320	321	322	323	352 2014A (2006A) Public Project Revenue Refunding Bonds
2017A Bonds Fund	2018B Bonds Fund	2019A Bonds Fund	2020A Bonds Fund	2021A Bonds Fund	2022A Bonds Fund	
\$ 52,000	\$ 180,000	\$ 214,031	\$ 390,000	\$ 129,000	\$ 250,000	\$ 230,000
-	-	-	-	-	-	-
34,553	17,552	50,302	38,553	197,150	-	-
12,287	11,124	16,762	38,776	4,145	-	8,585
-	-	-	-	-	-	-
<u>98,840</u>	<u>208,676</u>	<u>281,095</u>	<u>467,329</u>	<u>330,295</u>	<u>250,000</u>	<u>238,585</u>
-	-	-	-	-	-	-
95,000	170,000	220,000	410,000	200,000	-	220,000
11,811	40,951	48,721	89,028	64,825	109,065	8,750
<u>106,811</u>	<u>210,951</u>	<u>268,721</u>	<u>499,028</u>	<u>264,825</u>	<u>109,065</u>	<u>228,750</u>
(7,971)	(2,275)	12,374	(31,699)	65,470	140,935	9,835
-	-	-	-	140,000	-	-
(7,971)	(2,275)	12,374	(31,699)	205,470	140,935	9,835
<u>227,000</u>	<u>260,827</u>	<u>290,925</u>	<u>954,510</u>	<u>161,514</u>	<u>-</u>	<u>232,003</u>
<u>\$ 219,029</u>	<u>\$ 258,552</u>	<u>\$ 303,299</u>	<u>\$ 922,811</u>	<u>\$ 366,984</u>	<u>\$ 140,935</u>	<u>\$ 241,838</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, 2023

	354	356	357	358	359
	2012 COPS Debt Fund	2016 Equipment Certificates	2018A NAFRS Debt Service	2021 Equipment Certificates	2022 Equipment Certificates
Revenues					
Taxes					
Property taxes	\$ 413,973	\$ -	\$ 185,000	\$ 70,075	\$ 66,700
Tax increment	-	-	-	-	-
Special assessments	-	-	-	-	-
Investment earnings	6,372	4,462	20,514	3,453	-
Miscellaneous	-	-	81,954	-	-
Total Revenues	<u>420,345</u>	<u>4,462</u>	<u>287,468</u>	<u>73,528</u>	<u>66,700</u>
Expenditures					
Current					
Housing and economic development	-	-	-	-	-
Debt service					
Principal	300,000	-	170,000	50,000	-
Interest and other	90,510	250	119,808	7,150	14,478
Total Expenditures	<u>390,510</u>	<u>250</u>	<u>289,808</u>	<u>57,150</u>	<u>14,478</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,835	4,212	(2,340)	16,378	52,222
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Net Change in Fund Balances	29,835	4,212	(2,340)	16,378	52,222
Fund Balances, January 1	<u>314,396</u>	<u>6,146</u>	<u>452,361</u>	<u>55,225</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 344,231</u>	<u>\$ 10,358</u>	<u>\$ 450,021</u>	<u>\$ 71,603</u>	<u>\$ 52,222</u>

379	381	382	
2017B Refunding TIF Bonds	Hiley Neff TIF Bonds	Riverfront TIF Bonds	Total
\$ -	\$ -	\$ -	\$ 2,360,779
166,230	25,028	324,353	515,611
-	-	-	429,167
8,525	3,228	6,902	208,398
-	-	-	81,954
<u>174,755</u>	<u>28,256</u>	<u>331,255</u>	<u>3,595,909</u>
-	-	113,990	113,990
60,000	7,000	149,166	2,596,166
8,368	2,619	35,305	692,744
<u>68,368</u>	<u>9,619</u>	<u>298,461</u>	<u>3,402,900</u>
106,387	18,637	32,794	193,009
-	-	-	140,000
106,387	18,637	32,794	333,009
82,998	(54,784)	168,222	4,408,365
<u>\$ 189,385</u>	<u>\$ (36,147)</u>	<u>\$ 201,016</u>	<u>\$ 4,741,374</u>

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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, 2023

	701 Technology	705 Insurance	Total
Assets			
Current Assets			
Cash and temporary investments	\$ 942,221	\$ 2,466,084	\$ 3,408,305
Receivables			
Interest	2,842	3,922	6,764
Prepaid items	1,518	20,425	21,943
Total Current Assets	<u>946,581</u>	<u>2,490,431</u>	<u>3,437,012</u>
Noncurrent Assets			
Capital assets			
Machinery and equipment	439,213	-	439,213
Less accumulated depreciation	(316,967)	-	(316,967)
Total Capital Assets	<u>122,246</u>	<u>-</u>	<u>122,246</u>
Total Assets	<u>1,068,827</u>	<u>2,490,431</u>	<u>3,559,258</u>
Deferred Outflows of Resources			
Deferred pension resources	56,839	6,090	62,929
Deferred other postemployment benefit resources	2,893	781	3,674
Total Deferred Outflows of Resources	<u>59,732</u>	<u>6,871</u>	<u>66,603</u>
Liabilities			
Current Liabilities			
Accounts payable	191,150	-	191,150
Accrued wages payable	7,243	208	7,451
Other postemployment benefits liability - current portion	1,430	386	1,816
Total Current Liabilities	<u>199,823</u>	<u>594</u>	<u>200,417</u>
Noncurrent Liabilities			
Net pension liability	188,804	20,228	209,032
Other postemployment benefits liability	22,079	5,958	28,037
Total Noncurrent Liabilities	<u>210,883</u>	<u>26,186</u>	<u>237,069</u>
Total Liabilities	<u>410,706</u>	<u>26,780</u>	<u>437,486</u>
Deferred Inflows of Resources			
Deferred pension resources	58,852	6,305	65,157
Deferred other postemployment benefit resources	6,928	1,870	8,798
Total Deferred Inflows of Resources	<u>65,780</u>	<u>8,175</u>	<u>73,955</u>
Net Position			
Net investment in capital assets	122,246	-	122,246
Unrestricted	529,827	2,462,347	2,992,174
Total Net Position	<u>\$ 652,073</u>	<u>\$ 2,462,347</u>	<u>\$ 3,114,420</u>

City of Northfield, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	701 Technology	705 Insurance	Total
Operating Revenues			
Charges for services	\$ 691,083	\$ 2,090,300	\$ 2,781,383
Other income	23	43	66
Total Operating Revenues	<u>691,106</u>	<u>2,090,343</u>	<u>2,781,449</u>
Operating Expenses			
Personal services	361,724	488,407	850,131
Supplies	65,400	-	65,400
Other services and charges	465,701	323,488	789,189
Depreciation	67,446	-	67,446
Total Operating Expenses	<u>960,271</u>	<u>811,895</u>	<u>1,772,166</u>
Operating Income (Loss)	(269,165)	1,278,448	1,009,283
Nonoperating Revenues			
Investment income	<u>57,220</u>	<u>80,928</u>	<u>138,148</u>
Income (Loss) Before Transfers	(211,945)	1,359,376	1,147,431
Transfers in	<u>175,000</u>	<u>-</u>	<u>175,000</u>
Change in Net Position	(36,945)	1,359,376	1,322,431
Net Position, January 1	<u>689,018</u>	<u>1,102,971</u>	<u>1,791,989</u>
Net Position, December 31	<u><u>\$ 652,073</u></u>	<u><u>\$ 2,462,347</u></u>	<u><u>\$ 3,114,420</u></u>

City of Northfield, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2023

	701 Technology	705 Insurance	Total
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 691,106	\$ 2,095,835	\$ 2,786,941
Payments to suppliers and vendors	(385,633)	(331,533)	(717,166)
Payments to and on behalf of employees	(335,983)	(485,855)	(821,838)
Net Cash Provided (Used) by Operating Activities	(30,510)	1,278,447	1,247,937
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	175,000	-	175,000
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(53,616)	-	(53,616)
Cash Flows from Investing Activities			
Investment income received	55,705	78,678	134,383
Net Increase (Decrease) in Cash and Cash Equivalents	146,579	1,357,125	1,503,704
Cash and Cash Equivalents, January 1	795,642	1,108,959	1,904,601
Cash and Cash Equivalents, December 31	<u>\$ 942,221</u>	<u>\$ 2,466,084</u>	<u>\$ 3,408,305</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (269,165)	\$ 1,278,448	\$ 1,009,283
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	67,446	-	67,446
(Increase) decrease in assets			
Accounts receivable	-	5,492	5,492
Prepaid items	(352)	82	(270)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	21,720	2,599	24,319
Deferred other postemployment benefit resources	277	14	291
Increase (decrease) in liabilities			
Accounts payable	145,820	(8,127)	137,693
Accrued wages payable	688	(93)	595
Net pension liability	(52,196)	(6,428)	(58,624)
Other postemployment benefits liability	(1,919)	(32)	(1,951)
(Increase) decrease in deferred inflows of resources			
Deferred pension resources	55,456	5,929	61,385
Deferred other postemployment benefit resources	1,715	563	2,278
Net Cash Provided (Used) by Operating Activities	<u>\$ (30,510)</u>	<u>\$ 1,278,447</u>	<u>\$ 1,247,937</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, 2023

Assets	
Cash and temporary investments	\$ 1,729,358
Receivables	
Interest	642
Delinquent taxes	2,577
Notes, net of allowances	331,044
Intergovernmental	2,775
Prepaid items	759
Land held for resale	213,234
Total Assets	\$ 2,280,389
Liabilities	
Accounts payable	\$ 44,157
Accrued wages payable	2,817
Total Liabilities	46,974
Deferred Inflows of Resources	
Unavailable revenue	
Taxes	2,577
Fund Balances	
Nonspendable	
Prepaid items	759
Land held for resale	213,234
Unassigned	2,016,845
Total Fund Balances	2,230,838
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,280,389
Total Fund Balances - Governmental Funds	\$ 2,230,838
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	(73,734)
Other postemployment benefit liability	(16,498)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	2,577
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of resources	22,197
Deferred inflows of resources	(22,985)
Governmental funds do not report long-term amounts related to other postemployment benefits.	
Deferred inflows of other postemployment benefit resources	(4,862)
Deferred outflows of other postemployment benefit resources	2,030
Total Net Position - Governmental Activities	\$ 2,139,563

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, 2023

Revenues	
Taxes	\$ 318,422
Investment earnings	72,037
Miscellaneous	14,608
Total Revenues	<u>405,067</u>
Expenditures	
Current	
Economic development	
Personal services	137,673
Other services and charges	199,300
Total Expenditures	<u>336,973</u>
Net Change in Fund Balances	68,094
Fund Balances, January 1	<u>2,162,744</u>
Fund Balances, December 31	<u><u>\$ 2,230,838</u></u>
Amounts reported for governmental activities in the statement of activities are different because	
Net change in fund balances - governmental funds	\$ 68,094
Long-term pension activity is not reported in governmental funds.	
Pension expense	(10,866)
Direct aid contributions	9
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	740
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>(1,381)</u>
Change in Net Position - Governmental Activities	<u><u>\$ 56,596</u></u>

City of Northfield, Minnesota
Discretely Presented Component Unit - Housing Redevelopment Authority
Combining Balance Sheet - Governmental Funds
December 31, 2023

Assets	
Cash and temporary investments	\$ 832,778
Receivables	
Interest	635
Accounts	12,700
Delinquent taxes	2,624
Intergovernmental	2,831
Prepaid items	2,027
Land held for resale	554,692
Total Assets	<u>\$ 1,408,287</u>
Liabilities	
Accounts payable	\$ 59,685
Deposits payable	700
Accrued wages payable	3,253
Total Liabilities	<u>63,638</u>
Deferred Inflows of Resources	
Unavailable revenue	
Taxes	2,624
Fund Balances	
Nonspendable	
Land held for resale	554,692
Prepaid items	2,027
Restricted	
Affordable housing	75,056
Unassigned	710,250
Total Fund Balances	<u>1,342,025</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,408,287</u>
Total Fund Balances - Governmental Funds	\$ 1,342,025
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.	258,416
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liability	(70,305)
Other postemployment benefit liability	(25,576)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	2,624
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of resources	21,165
Deferred inflows of resources	(21,915)
Governmental funds do not report long-term amounts related to other postemployment benefits.	
Deferred inflows of other postemployment benefit resources	(7,537)
Deferred outflows of other postemployment benefit resources	3,147
Total Net Position - Governmental Activities	<u>\$ 1,502,044</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, 2023

Revenues	
Taxes	\$ 324,932
Intergovernmental - State	75,056
Charges for services	57,350
Investment earnings (loss)	53,348
Payment from primary government	5,611
Total Revenues	<u>516,297</u>
Expenditures	
Current	
Housing and economic development	
Personal services	138,888
Supplies	351
Other services and charges	225,083
Total Expenditures	<u>364,322</u>
Net Change in Fund Balances	151,975
Fund Balances, January 1	<u>1,190,050</u>
Fund Balances, December 31	<u><u>\$ 1,342,025</u></u>
Amounts reported for governmental activities in the statement of activities are different because	
Net change in fund balances - governmental funds	\$ 151,975
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	(8,228)
Direct aid contributions	9
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	755
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>(167)</u>
Change in Net Position - Governmental Activities	<u><u>\$ 131,200</u></u>

City of Northfield, Minnesota
Discretely Presented Component Unit - Municipal Hospital
Statement of Net Position
For the Year Ended December 31, 2023

Assets

Current Assets

Cash and cash equivalents	\$ 349,526
Current portion of noncurrent cash and cash equivalents	1,190,768
Patient receivable, less allowance for uncollectible accounts \$9,051,000	18,812,549
Accounts receivable - other	101,808
Inventories	2,341,830
Prepaid items	1,295,490
Total Current Assets	<u>24,091,971</u>

Noncurrent Cash and Investments

Internally Designated for Health Benefits	1,190,768
Internally Designated for Capital Improvements	48,214,404
Restricted by Bond Agreement	313,271
Less current portion of noncurrent cash and investments	<u>(1,190,768)</u>
Total Noncurrent Cash and Investments	<u>48,527,675</u>

Other Assets

410,412

Capital Assets, Net

35,458,867

Total Assets

108,488,925

Deferred Outflows of Resources

Deferred pension resources	11,517,940
Loss on refunding	306,074
Total Deferred Outflows of Resources	<u>11,824,014</u>

Total Assets and Deferred Outflows of Resources

\$ 120,312,939

Liabilities

Current Liabilities

Current maturities of long-term debt	\$ 14,808,283
Accounts payable, trade	3,835,148
Accrued payroll and benefits	8,461,652
Accrued interest payable	78,203
Unearned revenue	121,791
Third party payor settlements payable	767,073
Total Current Liabilities	<u>28,072,150</u>

Noncurrent Liabilities

Long-term debt, less current maturities	5,554,746
Net pension liability	38,584,029
Total Noncurrent Liabilities	<u>44,138,775</u>

Total Liabilities

72,210,925

Deferred Inflows of Resources

Deferred pension resources	<u>12,519,669</u>
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Net Position

Net investment in capital assets	15,095,838
Restricted by bond agreement	313,271
Unrestricted	<u>20,173,236</u>

Total Net Position

35,582,345

Total Liabilities, Deferred Inflows of Resources and Net Position

\$ 120,312,939

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, 2023

Operating Revenues	
Net patient and resident service revenue	\$ 129,025,874
Other revenues	901,771
Total Operating Revenues	<u>129,927,645</u>
Operating Expenses	
Salaries and wages	64,402,245
Employee benefits	19,481,326
Supplies and drugs	21,144,013
Purchased services	20,152,020
Utilities	1,448,092
Other	6,673,796
Depreciation and amortization	5,873,281
Interest	1,096,570
Taxes and surcharges	2,687,677
Total Operating Expenses	<u>142,959,020</u>
Operating Income (Loss)	<u>(13,031,375)</u>
Nonoperating Revenues (Expenses)	
Investment income	4,895,873
Noncapital Grants and Contributions	77,679
Gain (loss) on the sale/disposal of capital assets	9,362
Miscellaneous	(70,000)
Total Nonoperating Revenues (Expenses)	<u>4,912,914</u>
Change in Net Position	(8,118,461)
Net Position, January 1	<u>43,700,806</u>
Net Position, December 31	<u><u>\$ 35,582,345</u></u>

City of Northfield, Minnesota
Discretely Presented Component Unit - Municipal Hospital
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows from Operating Activities	
Cash received from patients and third party payors	\$ 130,695,588
Cash paid to employees	(84,863,842)
Cash paid to suppliers	(51,325,903)
Other receipts and payments, net	911,569
Net Cash Provided (Used) by Operating Activities	<u>(4,582,588)</u>
Cash Flows from Noncapital Financing Activities	
Noncapital grants and contributions	77,679
Miscellaneous expenses	(70,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>7,679</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(1,469,227)
Proceeds from issuance of long-term debt	4,020,000
Principal payments on long-term debt	(11,464,247)
Interest payments on long-term debt	(1,127,997)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(10,041,471)</u>
Cash Flows from Investing Activities	
(Increase) decrease in noncurrent cash and investments	7,334,014
Investment income	4,895,873
Net Cash Provided (Used) by Investing Activities	<u>12,229,887</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,386,493)
Cash and Cash Equivalents, January 1	<u>2,736,019</u>
Cash and Cash Equivalents, December 31	<u>\$ 349,526</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities	
Operating income (loss)	\$ (13,031,375)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	5,873,281
Interest	1,096,570
Provision for bad debt expense	3,292,835
Amortization of deferred loss on refinancing	40,360
(Increase) decrease in assets	
Patient receivables	(2,036,122)
Inventories, prepaids and other receivables	(167,792)
(Increase) decrease in deferred outflows of resources	
Deferred pension resources	6,553,607
Increase (decrease) in liabilities	
Accounts payable	(693,573)
Third-party payor settlements payable	413,001
Accrued expenses	(980,271)
Net pension liability	(15,937,480)
(Increase) decrease in deferred inflows of resources	
Deferred pension resources	10,994,371
Net Cash Provided (Used) by Operating Activities	<u>\$ (4,582,588)</u>
Schedule of Noncash Investing Capital and Financing Activities	
Capital assets acquired by lease obligation	<u>\$ 972,821</u>

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

	Total 2023	Total 2022	Percent Increase (Decrease)	
Revenues				
Taxes	\$ 15,924,034	\$ 13,504,532	17.92	%
Special assessments	430,236	447,465	(3.85)	
Licenses and permits	921,559	850,749	8.32	
Intergovernmental	5,906,660	5,734,775	3.00	
Charges for services	2,107,318	2,152,142	(2.08)	
Fines and forfeits	105,160	99,912	5.25	
Investment earnings (loss)	1,314,039	(526,828)	(349.42)	
Miscellaneous	587,071	629,334	(6.72)	
Total Revenues	<u>\$ 27,296,077</u>	<u>\$ 22,892,081</u>	19.24	%
Per Capita	<u>\$ 1,375</u>	<u>\$ 1,114</u>	23.39	%
Expenditures				
Current				
General government	\$ 4,127,343	\$ 4,114,981	0.30	%
Public safety	6,645,997	5,940,834	11.87	
Public works	3,617,206	3,321,806	8.89	
Culture and recreation	3,760,893	3,597,825	4.53	
Housing and economic development	549,469	537,742	2.18	
Miscellaneous	262,645	240,115	9.38	
Capital outlay				
General government	35,011	471,392	(92.57)	
Public safety	80,155	396,377	(79.78)	
Public works	8,165,250	6,126,884	33.27	
Culture and recreation	217,556	30,095	622.90	
Housing and economic development	61,041	2,156,980	(97.17)	
Transit	125,980	12,557	903.27	
Debt service				
Principal	2,848,979	2,660,681	7.08	
Interest and other charges	705,708	654,367	7.85	
Issuance costs	47,138	78,688	(40.10)	
Total Expenditures	<u>\$ 31,250,371</u>	<u>\$ 30,341,324</u>	3.00	%
Per Capita	<u>\$ 1,574</u>	<u>\$ 1,477</u>	6.59	%
Total Long-term Indebtedness	<u>\$ 31,413,854</u>	<u>\$ 26,912,833</u>	16.72	%
Per Capita	<u>\$ 1,582</u>	<u>\$ 1,310</u>	20.79	
General Fund Balance - December 31	<u>\$ 10,798,737</u>	<u>\$ 9,817,757</u>	9.99	%
Per Capita	<u>\$ 544</u>	<u>\$ 478</u>	13.83	

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, 2023

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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
2014 - 2023
(Accrual Basis of Accounting)

	Fiscal Year				
	2023	2022	2021	2020	2019
Governmental Activities					
Net investment in capital assets	\$ 42,801,132	\$ 41,300,947	\$ 39,434,081	\$ 40,073,838	\$ 37,588,910
Restricted	7,869,991	6,982,652	7,419,113	5,752,199	4,982,397
Unrestricted	6,539,329	5,144,473	9,296,850	6,459,697	6,306,493
Total Governmental Activities Net Position	<u>57,210,452</u>	<u>53,428,072</u>	<u>56,150,044</u>	<u>52,285,734</u>	<u>48,877,800</u>
Business-type Activities					
Net investment in capital assets	33,767,743	32,677,989	32,891,088	32,017,801	28,248,889
Unrestricted	19,107,812	16,508,267	14,727,714	13,399,287	14,356,086
Total Business-type Activities Net Position	<u>52,875,555</u>	<u>49,186,256</u>	<u>47,618,802</u>	<u>45,417,088</u>	<u>42,604,975</u>
Primary Government					
Net investment in capital assets	76,568,875	73,978,936	72,325,169	72,091,639	65,837,799
Restricted	7,869,991	6,982,652	7,419,113	5,752,199	4,982,397
Unrestricted	<u>25,647,141</u>	<u>21,652,740</u>	<u>24,024,564</u>	<u>19,858,984</u>	<u>20,662,579</u>
Total Primary Government Net Position	<u>\$110,086,007</u>	<u>\$102,614,328</u>	<u>\$103,768,846</u>	<u>\$ 97,702,822</u>	<u>\$ 91,482,775</u>

Table 1

Fiscal Year				
2018	2017	2016	2015	2014
\$ 36,036,469	\$ 35,086,458	\$ 35,941,654	\$ 31,622,817	\$ 28,034,313
5,454,996	5,615,513	4,603,145	5,167,449	9,688,690
7,225,012	8,200,388	5,780,200	7,439,855	11,570,050
48,716,477	48,902,359	46,324,999	44,230,121	49,293,053
25,470,459	24,721,543	23,301,761	21,436,632	20,687,495
13,947,708	12,362,466	11,431,459	10,789,829	10,006,206
39,418,167	37,084,009	34,733,220	32,226,461	30,693,701
61,506,928	59,808,001	59,243,415	53,059,449	48,721,808
5,454,996	5,615,513	4,603,145	5,167,449	9,688,690
21,172,720	20,562,854	17,211,659	18,229,684	21,576,256
<u>\$ 88,134,644</u>	<u>\$ 85,986,368</u>	<u>\$ 81,058,219</u>	<u>\$ 76,456,582</u>	<u>\$ 79,986,754</u>

City of Northfield, Minnesota
Changes in Net Position (Continued on the Following Pages)
2014 - 2023
(Accrual Basis of Accounting)

	Fiscal Year				
	2023	2022	2021	2020	2019
Expenses					
Governmental activities					
General government	\$ 4,140,291	\$ 4,569,897	\$ 3,654,574	\$ 4,491,926	\$ 2,930,109
Public safety	7,346,035	7,336,398	4,454,656	5,110,574	5,884,599
Public works/streets	6,441,116	6,287,000	5,154,868	4,928,177	5,272,769
Culture and recreation	4,755,072	4,434,800	3,773,614	3,646,866	3,691,317
Housing and economic development	715,510	594,722	399,931	375,633	126,751
Transit	54,838	54,837	25,938	25,938	25,938
Miscellaneous	262,645	240,115	142,725	89,529	190,537
Interest on long-term debt	632,685	672,008	681,847	695,457	736,814
Total governmental activities expenses	<u>24,348,192</u>	<u>24,189,777</u>	<u>18,288,153</u>	<u>19,364,100</u>	<u>18,858,834</u>
Business-type activities					
Water	2,234,724	2,184,043	1,923,931	1,726,354	1,631,940
Wastewater	3,860,711	3,807,882	3,429,783	3,783,972	4,175,037
Garbage	984,523	929,018	950,778	835,774	840,429
Storm water drainage	933,397	920,017	678,361	727,063	743,286
Municipal Liquor Store	2,750,941	2,703,643	2,692,996	2,553,893	2,799,519
Total Business-type Activities Expenses	<u>10,764,296</u>	<u>10,544,603</u>	<u>9,675,849</u>	<u>9,627,056</u>	<u>10,190,211</u>
Total Primary Government Expenses	<u>\$ 35,112,488</u>	<u>\$ 34,734,380</u>	<u>\$ 27,964,002</u>	<u>\$ 28,991,156</u>	<u>\$ 29,049,045</u>
Program Revenues					
Governmental Activities					
Charges for services					
Licenses and permits	\$ -	\$ -	\$ 797,166	\$ 633,539	\$ 572,386
Other public works	109,611	171,151	100,291	202,482	133,824
Parks and recreation	594,825	391,475	459,705	287,100	366,083
Other activities	2,551,580	2,508,362	1,279,903	1,210,107	1,304,158
Operating grants and contributions	2,109,834	1,702,417	1,412,390	2,866,949	1,641,596
Capital grants and contributions	1,898,965	215,549	812,001	3,308,340	1,936,637
Total Governmental Activities					
Program Revenues	<u>7,264,815</u>	<u>4,988,954</u>	<u>4,861,456</u>	<u>8,508,517</u>	<u>5,954,684</u>
Business-type Activities					
Charges for services					
Water	2,621,302	2,130,582	2,120,107	2,214,235	2,010,971
Wastewater	5,106,902	5,307,855	4,969,964	4,886,287	4,641,574
Municipal Liquor Store	2,863,583	2,797,955	2,871,877	2,806,155	2,914,301
Other activities	2,320,822	2,107,186	2,039,351	1,974,963	1,905,471
Capital grants and contributions	-	-	-	334,321	-
Operating grants and contributions	157,209	29,341	64,286	-	221,425
Total Business-type Activities					
Program Revenues	<u>13,069,818</u>	<u>12,372,919</u>	<u>12,065,585</u>	<u>12,215,961</u>	<u>11,693,742</u>
Total Primary Government Program Revenues	<u>\$ 20,334,633</u>	<u>\$ 17,361,873</u>	<u>\$ 16,927,041</u>	<u>\$ 20,724,478</u>	<u>\$ 17,648,426</u>

Table 2

Fiscal Year				
2018	2017	2016	2015	2014
\$ 2,778,597	\$ 2,583,745	\$ 2,542,003	\$ 2,452,348	\$ 2,329,667
4,336,925	3,850,606	5,195,075	4,064,654	3,700,747
5,017,361	5,183,024	4,642,307	4,488,113	4,482,892
3,307,807	3,050,928	2,934,423	2,842,634	3,179,054
226,477	188,361	282,094	151,088	454,921
25,938	25,938	53,658	25,938	123,541
121,480	132,307	112,509	150,623	221,322
669,303	521,233	582,762	709,534	770,748
<u>16,483,888</u>	<u>15,536,142</u>	<u>16,344,831</u>	<u>14,884,932</u>	<u>15,262,892</u>
1,539,698	1,655,023	1,544,092	1,457,422	1,400,876
4,710,701	3,244,493	3,120,760	3,091,885	3,203,623
954,165	742,024	715,898	692,840	672,044
581,240	458,757	404,546	442,311	689,699
2,764,049	2,939,174	2,935,516	2,944,079	2,973,798
<u>10,549,853</u>	<u>9,039,471</u>	<u>8,720,812</u>	<u>8,628,537</u>	<u>8,940,040</u>
<u>\$ 27,033,741</u>	<u>\$ 24,575,613</u>	<u>\$ 25,065,643</u>	<u>\$ 23,513,469</u>	<u>\$ 24,202,932</u>
\$ 627,896	\$ 859,249	\$ 679,474	\$ 428,765	\$ 396,898
145,827	110,099	199,106	338,914	299,695
432,403	441,206	466,522	555,673	543,223
1,044,846	991,258	990,659	1,033,774	1,050,895
919,115	872,076	1,085,300	908,187	825,775
1,548,732	1,617,174	2,790,632	1,854,869	1,743,405
<u>4,718,819</u>	<u>4,891,062</u>	<u>6,211,693</u>	<u>5,120,182</u>	<u>4,859,891</u>
2,049,922	2,103,303	2,069,419	2,109,788	2,174,773
4,538,992	4,378,493	4,276,262	4,260,147	3,840,957
2,907,451	3,064,270	3,148,215	3,076,452	3,160,587
1,826,453	1,780,512	1,747,036	1,673,271	1,602,410
1,649,099	-	527,156	-	-
15,405	18,079	7,500	16,011	6,839
<u>12,987,322</u>	<u>11,344,657</u>	<u>11,775,588</u>	<u>11,135,669</u>	<u>10,785,566</u>
<u>\$ 17,706,141</u>	<u>\$ 16,235,719</u>	<u>\$ 17,987,281</u>	<u>\$ 16,255,851</u>	<u>\$ 15,645,457</u>

City of Northfield, Minnesota
Changes in Net Position (Continued)
2014 - 2023
(accrual basis of accounting)

	Fiscal Year				
	2023	2022	2021	2020	2019
Program Revenues - Continued					
Net (expense)/revenue					
Governmental activities	\$ (17,083,377)	\$ (19,200,823)	\$ (13,426,697)	\$ (10,855,583)	\$ (12,904,150)
Business-type activities	<u>2,305,522</u>	<u>1,828,316</u>	<u>2,389,736</u>	<u>2,588,905</u>	<u>1,503,531</u>
Total Primary Government Net Expense	<u>\$ (14,777,855)</u>	<u>\$ (17,372,507)</u>	<u>\$ (11,036,961)</u>	<u>\$ (8,266,678)</u>	<u>\$ (11,400,619)</u>
General Revenues and Other					
Changes in Net Position					
Governmental activities					
Taxes					
Property taxes	\$ 14,411,913	\$ 12,027,538	\$ 10,729,467	\$ 10,314,775	\$ 9,343,724
Franchise taxes	1,375,359	1,337,548	1,097,698	191,478	197,626
Hotel/motel taxes	206,269	181,046	147,947	94,748	179,686
Unrestricted grants and contributions	3,406,604	3,450,210	5,536,476	3,254,785	3,079,906
Investment earnings	1,314,039	(526,828)	(274,855)	251,495	378,618
Miscellaneous	73,812	79,794	57,582	103,704	76,432
Contributions of capital assets	-	(125,164)	(56,917)	-	-
Transfers	77,761	54,707	53,609	1,549,994	153,192
Total Governmental Activities	<u>20,865,757</u>	<u>16,478,851</u>	<u>17,291,007</u>	<u>15,760,979</u>	<u>13,409,184</u>
Business-type Activities					
Investment earnings (loss)	1,348,450	(331,319)	(191,330)	257,669	391,992
Gain on sale of capital assets	41,629	-	-	18,071	-
Transfers of capital assets	-	125,164	56,917	-	-
Transfers	(6,302)	(54,707)	(53,609)	(1,549,994)	(153,192)
Extraordinary item - impairment gain on fire and flood damage net of insurance recovery	-	-	-	-	1,444,477
Total Business-type Activities	<u>1,383,777</u>	<u>(260,862)</u>	<u>(188,022)</u>	<u>(1,274,254)</u>	<u>1,683,277</u>
Total Primary Government	<u>\$ 22,249,534</u>	<u>\$ 16,217,989</u>	<u>\$ 17,102,985</u>	<u>\$ 14,486,725</u>	<u>\$ 15,092,461</u>
Changes in Net Position					
Governmental activities	\$ 3,782,380	\$ (2,721,972)	\$ 3,864,310	\$ 4,905,396	\$ 505,034
Business-type activities	<u>3,689,299</u>	<u>1,567,454</u>	<u>2,201,714</u>	<u>1,314,651</u>	<u>3,186,808</u>
Total Primary Government	<u>\$ 7,471,679</u>	<u>\$ (1,154,518)</u>	<u>\$ 6,066,024</u>	<u>\$ 6,220,047</u>	<u>\$ 3,691,842</u>

Table 2 (Continued)

Fiscal Year				
2018	2017	2016	2015	2014
<u>\$(11,765,069)</u>	<u>\$(10,645,080)</u>	<u>\$(10,133,138)</u>	<u>\$ (9,764,750)</u>	<u>\$(10,403,001)</u>
<u>2,437,469</u>	<u>2,305,186</u>	<u>3,054,776</u>	<u>2,507,132</u>	<u>1,845,526</u>
<u><u>\$ (9,327,600)</u></u>	<u><u>\$ (8,339,894)</u></u>	<u><u>\$ (7,078,362)</u></u>	<u><u>\$ (7,257,618)</u></u>	<u><u>\$ (8,557,475)</u></u>
\$ 8,861,136	\$ 8,211,742	\$ 8,080,765	\$ 7,748,248	\$ 7,896,765
201,452	200,007	206,945	194,015	195,174
125,994	116,745	116,895	95,264	92,993
3,344,284	3,649,679	3,539,565	3,161,620	3,093,285
258,412	78,011	100,699	87,347	381,593
136,840	77,029	58,147	49,407	280,486
(111,265)	-	-	-	-
45,000	35,000	125,000	125,000	180,018
<u>12,861,853</u>	<u>12,368,213</u>	<u>12,228,016</u>	<u>11,460,901</u>	<u>12,120,314</u>
203,058	80,603	104,139	50,587	159,323
16,666	-	-	-	-
111,265	-	(527,156)	-	-
(45,000)	(35,000)	(125,000)	(125,000)	(180,018)
-	-	-	-	-
<u>285,989</u>	<u>45,603</u>	<u>(548,017)</u>	<u>(74,413)</u>	<u>(20,695)</u>
<u><u>\$ 13,147,842</u></u>	<u><u>\$ 12,413,816</u></u>	<u><u>\$ 11,679,999</u></u>	<u><u>\$ 11,386,488</u></u>	<u><u>\$ 12,099,619</u></u>
\$ 1,096,784	\$ 1,723,133	\$ 2,094,878	\$ 1,696,151	\$ 1,717,313
<u>2,723,458</u>	<u>2,350,789</u>	<u>2,506,759</u>	<u>2,432,719</u>	<u>1,824,831</u>
<u><u>\$ 3,820,242</u></u>	<u><u>\$ 4,073,922</u></u>	<u><u>\$ 4,601,637</u></u>	<u><u>\$ 4,128,870</u></u>	<u><u>\$ 3,542,144</u></u>

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City of Northfield, Minnesota
Governmental Activities Tax Revenues by Source
2014 - 2023
(Accrual Basis of Accounting)

Table 3

Fiscal Year	General Property Taxes	Tax Increment Taxes	Hotel- Motel Tax	Franchise Tax	Total
2023	\$ 13,544,649	\$ 867,264	\$ 206,269	\$ 1,375,359	\$ 15,993,541
2022	11,359,699	667,839	181,046	1,337,548	13,546,132
2021	10,184,843	544,624	147,947	1,097,698	11,975,112
2020	9,836,441	478,334	94,748	191,478	10,601,001
2019	8,961,746	381,978	179,686	197,626	9,721,036
2018	8,519,918	341,218	125,994	201,452	9,188,582
2017	7,878,710	333,032	116,745	200,007	8,528,494
2016	7,758,176	322,589	116,895	206,945	8,404,605
2015	7,488,485	259,763	95,264	194,015	8,037,527
2014	7,619,913	276,852	92,993	195,174	8,184,932

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

	Fiscal Year				
	2023	2022	2021	2020	2019
General Fund					
Nonspendable	\$ 144,289	\$ 236,076	\$ 122,799	\$ 115,374	\$ 106,932
Restricted	31,037	32,315	37,129	13,815	13,520
Committed	-	335,694	785,044	74,000	71,742
Unassigned	10,623,411	9,213,672	8,859,509	8,830,986	7,924,356
Total General Fund	<u>\$ 10,798,737</u>	<u>\$ 9,817,757</u>	<u>\$ 9,804,481</u>	<u>\$ 9,034,175</u>	<u>\$ 8,116,550</u>
All Other Governmental Funds					
Nonspendable	\$ 2,463	\$ 3,368	\$ 2,669	\$ 2,363	\$ 1,679
Restricted	9,744,485	8,045,898	9,387,932	6,407,991	5,028,837
Committed	1,960,665	1,166,281	1,205,558	1,209,220	1,164,691
Assigned	2,782,592	1,141,052	1,001,729	1,841,754	1,603,298
Unassigned	(5,163,570)	(3,820,800)	(1,784,220)	(2,264,400)	(1,812,606)
Total All Other Governmental Funds	<u>\$ 9,326,635</u>	<u>\$ 6,535,799</u>	<u>\$ 9,813,668</u>	<u>\$ 7,196,928</u>	<u>\$ 5,985,899</u>

Table 4

Fiscal Year				
2018	2017	2016	2015	2014
\$ 93,737	\$ 103,591	\$ 115,936	\$ 99,115	\$ 93,337
9,137	6,733	6,491	6,491	6,604
71,742	71,742	71,742	-	-
7,796,388	7,466,114	7,121,262	6,790,550	6,790,550
<u>\$ 7,971,004</u>	<u>\$ 7,648,180</u>	<u>\$ 7,315,431</u>	<u>\$ 6,896,156</u>	<u>\$ 6,890,491</u>
\$ 609	\$ 2,316	\$ 2,881	\$ 2,731	\$ 3,005
6,811,822	6,055,095	6,266,885	6,803,989	10,844,573
1,079,664	1,165,600	888,424	46,056	89,816
1,468,808	1,508,874	1,745,125	4,533,124	4,231,212
(503,057)	(272,495)	(228,172)	(314,233)	(64,163)
<u>\$ 8,857,846</u>	<u>\$ 8,459,390</u>	<u>\$ 8,675,143</u>	<u>\$ 11,071,667</u>	<u>\$ 15,104,443</u>

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

	Fiscal Year				
	2023	2022	2021	2020	2019
Revenues					
Taxes	\$ 15,924,034	\$ 13,504,532	\$ 11,952,739	\$ 10,538,215	\$ 9,699,385
Licenses, fees and permits	921,559	850,749	797,166	633,539	572,386
Fines and forfeits	105,160	99,912	71,543	61,562	88,415
Charges for services	2,107,318	2,152,142	1,782,808	1,681,087	1,672,511
Special assessments	430,236	447,465	436,211	1,393,145	672,538
Intergovernmental	5,906,660	5,734,775	6,080,037	8,526,994	4,494,474
Investment earnings	1,314,039	(526,828)	(274,855)	251,495	378,618
Miscellaneous	587,071	629,334	531,760	478,249	821,265
Total Revenues	<u>27,296,077</u>	<u>22,892,081</u>	<u>21,377,409</u>	<u>23,564,286</u>	<u>18,399,592</u>
Expenditures					
Current:					
General government	4,127,343	4,114,981	3,531,019	4,397,954	2,925,655
Public safety	6,645,997	5,940,834	5,138,674	4,944,085	4,972,264
Public works	3,617,206	3,321,806	2,758,210	2,684,042	2,681,829
Culture and recreation	3,760,893	3,597,825	3,023,449	2,747,671	2,802,266
Transit	-	-	-	-	-
Housing and economic development	549,469	537,742	399,931	375,633	126,751
Nondepartmental	262,645	240,115	142,725	89,529	190,537
Capital Outlay:					
General government	35,011	471,392	438,857	-	42,625
Public safety	80,155	396,377	156,451	278,938	753,082
Public works	8,165,250	6,126,884	3,818,325	9,088,261	4,953,492
Culture and recreation	217,556	30,095	207,980	120,282	155,829
Transit	125,980	12,557	-	-	-
Housing and economic development	61,041	2,156,980	43,205	172,856	271,726
Debt Service:					
Principal	2,848,979	2,660,681	2,110,172	2,131,280	1,906,622
Interest and other	705,708	654,367	745,952	672,680	770,521
Issuance fees	47,138	78,688	-	-	-
Total Expenditures	<u>31,250,371</u>	<u>30,341,324</u>	<u>22,514,950</u>	<u>27,703,211</u>	<u>22,553,199</u>
Revenues over (under) expenditures	<u>(3,954,294)</u>	<u>(7,449,243)</u>	<u>(1,137,541)</u>	<u>(4,138,925)</u>	<u>(4,153,607)</u>
Other Financing Sources (Uses):					
Bonds issued	7,350,000	4,020,000	4,255,000	4,360,000	6,335,000
Bond premium/(discount)	478,892	87,840	198,446	316,937	266,698
Transfers in	1,608,197	1,387,803	265,407	1,759,625	1,200,378
Transfers out	(1,710,979)	(1,333,096)	(236,798)	(209,631)	(1,047,186)
Payment to refunded bond escrow agent	-	-	-	-	(5,020,000)
Sale of capital assets	-	22,103	42,532	40,648	36,027
Total Other Financing Sources (Uses)	<u>7,726,110</u>	<u>4,184,650</u>	<u>4,524,587</u>	<u>6,267,579</u>	<u>1,770,917</u>
Net Change in Fund Balances	<u>\$ 3,771,816</u>	<u>\$ (3,264,593)</u>	<u>\$ 3,387,046</u>	<u>\$ 2,128,654</u>	<u>\$ (2,382,690)</u>
Debt service as a percentage of noncapital expenditures	15.7%	15.4%	16.0%	15.5%	17.9%

Table 5

Fiscal Year				
2018	2017	2016	2015	2014
\$ 9,146,642	\$ 8,501,718	\$ 8,405,183	\$ 7,978,678	\$ 8,164,634
627,896	859,249	679,474	428,765	396,898
111,751	98,171	82,032	113,521	114,273
1,521,326	1,454,847	1,561,121	1,767,392	1,701,689
593,867	580,762	668,700	725,693	777,420
5,485,051	4,544,279	6,458,670	3,733,577	4,309,972
258,412	78,011	100,699	87,347	381,593
502,536	499,889	549,765	1,254,913	628,366
<u>18,247,481</u>	<u>16,616,926</u>	<u>18,505,644</u>	<u>16,089,886</u>	<u>16,474,845</u>
2,745,528	2,433,481	2,408,862	2,341,517	2,138,242
4,372,987	4,291,893	4,070,750	4,017,614	3,459,404
2,566,496	2,489,659	2,381,026	2,231,624	2,338,145
2,509,446	2,400,275	2,281,839	2,238,545	2,216,064
-	-	-	-	91,916
226,944	185,895	282,094	125,427	447,826
121,480	131,058	112,509	150,623	221,322
112,841	88,705	22,006	32,139	109,919
3,572,030	193,330	765,063	107,144	2,758,586
4,024,319	1,655,893	4,257,931	2,182,288	3,363,651
408,464	767,291	2,853,881	1,347,464	416,770
-	-	27,720	-	5,687
-	21,506	-	79,010	172,139
2,314,653	2,744,125	2,043,881	2,285,015	2,138,563
532,805	562,336	572,068	749,072	738,364
97,032	4,725	28,594	33,736	28,815
<u>23,605,025</u>	<u>17,970,172</u>	<u>22,108,224</u>	<u>17,921,218</u>	<u>20,645,413</u>
(5,357,544)	(1,353,246)	(3,602,580)	(1,831,332)	(4,170,568)
5,905,000	1,405,000	1,425,000	1,925,000	3,210,000
66,784	12,778	45,554	35,574	-
484,780	880,683	1,499,964	1,422,634	3,550,128
(439,780)	(845,683)	(1,374,964)	(1,297,634)	(3,730,110)
-	-	-	(2,560,000)	108,626
62,040	17,464	25,337	-	57,747
<u>6,078,824</u>	<u>1,470,242</u>	<u>1,620,891</u>	<u>(474,426)</u>	<u>3,196,391</u>
<u>\$ 721,280</u>	<u>\$ 116,996</u>	<u>\$ (1,981,689)</u>	<u>\$ (2,305,758)</u>	<u>\$ (974,177)</u>
21.3%	17.6%	21.3%	20.7%	20.2%

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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	
2023	\$ 17,189,376	\$ 4,828,275	\$ 156,805	\$22,174,456	62.643 %	\$ 2,002,958,800	1.11	%
2022	14,739,879	4,496,967	149,837	19,386,683	59.867	1,759,012,900	1.10	
2021	13,631,599	4,405,435	241,595	18,278,629	56.661	1,658,005,700	1.10	
2020	12,778,158	4,150,117	225,069	17,153,344	58.161	1,566,037,200	1.10	
2019	11,921,696	3,960,955	221,365	16,104,016	53.220	1,474,689,900	1.09	
2018	11,104,755	3,751,027	228,755	15,084,537	57.160	1,387,176,300	1.09	
2017	10,533,222	3,580,397	210,583	14,324,202	55.670	1,322,187,500	1.08	
2016	9,673,963	3,485,445	200,569	13,359,977	57.550	1,230,567,100	1.09	
2015	9,364,921	3,461,187	192,895	13,019,003	56.750	1,202,202,700	1.08	
2014	8,648,275	3,294,362	186,430	12,129,067	59.785	1,134,820,400	1.07	

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
2023	51.51 %	11.13 %	62.64 %	31.74 %	4.96 %	36.70 %
2022	48.53	11.33	59.86	35.40	3.94	39.34
2021	45.90	10.76	56.66	35.69	4.17	39.86
2020	47.26	10.90	58.16	35.17	4.37	39.54
2019	45.74	10.48	56.22	35.29	4.23	39.52
2018	46.04	11.12	57.16	35.70	4.56	40.26
2017	43.93	11.74	55.67	35.15	4.80	39.95
2016	45.97	11.67	57.64	35.80	5.08	40.88
2015	45.37	11.38	56.75	33.27	5.59	38.86
2014	47.80	11.99	59.79	32.78	5.62	38.40

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 School		Special Districts				Total Direct and Overlapping Rates	
23.82	%	3.26	%	62.64	%	63.78	%
27.02		3.49		59.86		129.71	
29.96		3.37		56.66		129.85	
30.47		3.39		58.16		131.56	
31.22		3.45		56.22		130.41	
33.15		3.40		57.16		133.97	
30.94		3.42		55.67		129.98	
32.90		3.66		57.64		135.08	
34.06		3.65		56.75		133.32	
36.41		4.07		59.79		138.67	

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

Table 8

Taxpayer	2023			2014		
	Taxable Tax Capacity	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Malt-O-Meal / Post	\$ 512,340	1	2.31 %	\$ 395,425	1	3.26 %
Hidden Valley Apartments	302,760	2	1.37	92,537	7	0.76
St Olaf College	253,222	3	1.14			
McLane Minnesota, Inc	237,780	4	1.07	184,304	3	1.52
Xcel Energy	234,760	5	1.06	231,030	2	1.90
Strobel & Werner Real Estate	209,196	6	0.94			
Cardinal CG Company	137,908	7	0.62	78,793	10	0.65
5th Street Lofts LLC	136,146	8	0.61			
Target/Dayton Hudson Corp	124,056	9	0.56	112,866	5	0.93
Community Resource Bank	118,082	10	0.53	126,614	4	1.04
Hayzin LLC				99,318	6	0.82
Allina Health Systems				87,334	8	0.72
Carleton College				80,458	9	0.66
Total	<u>\$ 2,266,250</u>		<u>10.22 %</u>	<u>\$ 1,488,679</u>		<u>12.27 %</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
2023	\$ 13,403,796	\$ 13,316,769	99.40 %	\$ -	\$ 13,316,769	99.40 %
2022	11,244,996	11,208,422	99.70	33,834	11,242,256	100.00
2021	10,067,146	10,035,663	99.70	30,098	10,065,761	100.00
2020	9,709,177	9,655,352	99.40	52,845	9,708,197	100.00
2019	8,849,117	8,807,734	99.50	40,079	8,847,813	100.00
2018	8,437,869	8,341,974	98.90	94,624	8,436,598	100.00
2017	7,797,481	7,727,970	99.10	68,372	7,796,342	100.00
2016	7,655,738	7,608,047	99.40	46,218	7,654,265	100.00
2015	7,411,661	7,356,097	99.30	54,244	7,410,341	100.00
2014	7,345,288	7,293,692	99.30	49,725	7,343,417	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							
	General Obligation Bonds	Improvement Bonds	Tax Increment Bonds	General Obligation Revenue Bonds	Certificates of Participation	Financed Purchase Arrangement	Notes Payable	Total Governmental Activities
2023	\$ 23,245,554	\$ 8,322,697	\$ 146,500	\$ 236,711	\$ -	\$ 115,083	\$ 627,354	\$ 32,693,899
2022	16,360,705	9,620,985	213,500	463,423	-	379,404	776,520	27,814,537
2021	12,962,436	10,989,273	275,500	685,134	-	635,950	905,164	26,453,457
2020	10,498,070	10,616,444	337,500	896,845	-	883,262	932,448	24,164,569
2019	9,336,704	8,657,985	399,500	1,108,557	-	961,057	1,038,813	21,502,616
2018	5,099,232	7,783,696	461,000	1,315,268	5,020,000	1,152,418	1,149,587	21,981,201
2017	861,313	7,534,079	527,500	1,516,979	5,295,000	1,361,046	1,256,212	18,352,129
2016	1,161,208	7,731,644	584,000	1,713,691	5,565,000	1,561,305	1,380,677	19,697,525
2015	829,477	7,782,977	665,000	1,912,113	5,835,000	1,752,398	1,487,176	20,264,141
2014	1,124,477	7,469,341	741,000	4,222,113	6,100,000	1,939,668	1,587,157	23,183,756

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			
147 %	\$ 19,368,551	\$ -	\$ 19,368,551	\$ 52,062,450	*	2,488
143	1,479,569	27,883	1,507,452	29,321,989	12.36 %	1,427
145	1,768,393	55,167	1,823,560	28,277,017	12.26	1,360
141	3,204,565	81,424	3,285,989	27,450,558	11.69	1,339
134	3,975,633	106,691	4,082,324	25,584,940	11.80	1,253
146	5,673,965	131,006	5,804,971	27,786,172	10.56	1,362
128	7,628,978	154,405	7,783,383	26,135,512	10.55	1,281
147	9,434,988	176,922	9,611,910	29,309,435	8.99	1,442
156	10,619,687	198,592	10,818,279	31,082,420	8.32	1,531
191	12,093,323	219,444	12,312,767	35,496,523	6.85	1,762

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
2023	\$ 23,245,554	\$ 2,675,921	\$ 20,569,633	1.03 %	\$ 983
2022	16,360,705	1,962,965	14,397,740	0.82	701
2021	12,962,436	2,169,774	10,792,662	0.65	519
2020	10,498,070	1,909,368	8,588,702	0.55	419
2019	9,336,704	821,425	8,515,279	0.58	417
2018	5,099,232	105,043	4,994,189	0.36	245
2017	861,313	116,197	745,116	0.06	37
2016	1,161,208	454,243	706,965	0.06	35
2015	829,477	475,708	353,769	0.03	17
2014	1,124,477	449,986	674,491	0.06	33

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, 2023

Table 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid With Property Taxes			
School District			
ISD No. 659	\$ 46,530,000	55.92 %	\$ 26,019,576
Rice County	60,370,000	20.06	<u>12,110,222</u>
Subtotal - Overlapping Debt			38,129,798
City Direct Debt			<u>32,693,899</u>
Total Direct and Overlapping Debt			<u><u>\$ 70,823,697</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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Debt Limit	\$ 60,088,764	\$ 52,770,387	\$ 49,740,171	\$ 46,981,116	\$ 44,240,697
Total Net Debt Applicable to Limit	<u>14,625,000</u>	<u>15,752,924</u>	<u>12,790,187</u>	<u>10,629,468</u>	<u>9,664,323</u>
Legal Debt Margin	<u><u>\$ 45,463,764</u></u>	<u><u>\$ 37,017,463</u></u>	<u><u>\$ 36,949,984</u></u>	<u><u>\$ 36,351,648</u></u>	<u><u>\$ 34,576,374</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

2018	2017	2016	2015	2014
\$ 41,615,289	\$ 39,665,625	\$ 36,917,013	\$ 36,066,081	\$ 34,044,612
9,825,000	6,125,000	12,176,500	11,771,000	8,710,000
<u>\$ 31,790,289</u>	<u>\$ 33,540,625</u>	<u>\$ 24,740,513</u>	<u>\$ 24,295,081</u>	<u>\$ 25,334,612</u>

Legal Debt Margin Calculation for Fiscal Year 2023

Total Estimated Market Value	<u>\$ 2,002,958,800</u>
Debt Limit (3% of Total Assessed Value)	<u>60,088,764</u>
Debt Applicable to Limit:	
General Obligation Bonds	<u>14,625,000</u>
Legal Debt Margin	<u>\$ 45,463,764</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	
2023	\$ 12,306,404	\$ 5,703,781	\$ 6,602,623	\$ 225,000	\$ 117,103	19.30
2022	10,111,358	5,410,258	4,701,100	307,285	16,602	14.51
2021	9,793,015	4,479,599	5,313,416	1,456,171	60,317	3.50
2020	10,059,369	4,821,526	5,237,843	1,474,488	82,853	3.36
2019	9,890,968	5,250,437	4,640,531	1,679,488	102,543	2.60
2018	8,447,387	5,515,177	2,932,210	1,939,062	150,864	1.40
2017	8,217,766	4,066,046	4,151,720	1,794,062	200,148	2.08
2016	8,132,625	3,787,027	4,345,598	2,408,636	212,826	1.66
2015	7,958,662	3,665,992	4,292,670	2,018,636	258,250	1.89
2014	7,721,254	3,872,724	3,848,530	2,003,023	302,909	1.67

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		
\$ 429,167	\$ 1,250,000	\$ 194,225	0.30	\$ 867,024	\$ 216,216	\$ 52,564	3.23	
314,699	1,320,000	229,871	0.20	671,489	196,404	54,744	2.67	
431,342	1,210,085	235,939	0.30	543,172	186,606	54,907	2.25	
1,044,160	1,385,512	173,064	0.67	472,334	181,460	54,536	2.00	
366,219	1,090,512	175,847	0.29	373,911	172,274	61,432	1.60	
432,991	1,240,938	137,382	0.31	339,982	567,625	55,927	0.55	
575,626	1,145,938	164,316	0.44	334,418	640,965	86,963	0.46	
579,120	896,364	164,586	0.55	334,785	187,499	96,734	1.18	
479,986	1,201,364	148,689	0.36	281,750	175,981	105,206	1.00	
370,432	1,266,364	175,941	0.26	276,852	182,091	103,562	0.97	

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
2023	20,924	6,817	*	*	2.10 %
2022	20,547	6,723	\$ 3,624,851	\$ 53,548	2.60
2021	20,790	6,723	3,466,996	51,545	2.70
2020	20,494	6,564	3,209,215	47,839	4.20
2019	20,426	6,522	3,019,915	45,092	3.20
2018	20,398	6,492	2,933,428	44,096	2.20
2017	20,405	6,461	2,756,600	41,787	3.50
2016	20,320	6,361	2,635,830	40,167	3.30
2015	20,303	6,414	2,585,391	39,532	4.70
2014	20,146	6,341	2,431,411	37,320	4.30

*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	2023			2014		
	Employees	Rank	Percentage of Total City Employment (a)	Employees	Rank	Percentage of Total City Employment
ISD 659	1,073	1	2.94 %	504	5	0.98 %
Carleton College	860	2	2.36	700	3	1.36
St Olaf College	850	3	2.33	860	1	1.67
Northfield Hospital	694	4	1.90	700	4	1.36
McLane Minnesota Inc.	550	5	1.51	480	7	0.93
Post Consumer Products	400	6	1.10	750	2	1.46
Taylor Truck Line, Inc.	360	7	0.99	360	8	0.70
Multek Flexible Circuits	345	8	0.95	450	6	0.88
Lutheran Home - The Cannon Valley	330	9	0.90			
Three Links Care Center	250	10	0.69	250	9	0.49
City of Northfield				170	10	0.33
Total	<u>5,712</u>		<u>15.66 %</u>	<u>5,224</u>		<u>10.16 %</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				
	2023	2022	2021	2020	2019
General Government					
Management services	4.1	4.0	5.3	4.1	3.0
Finance	4.0	4.0	3.9	4.0	4.0
Human resources	5.2	5.0	4.2	3.7	3.6
Community development	3.0	3.0	2.2	1.1	1.1
Planning	2.0	2.0	1.1	1.9	1.9
Building inspections	3.1	3.0	2.8	3.6	3.6
Information technology	3.0	3.0	3.0	3.0	3.0
Police					
Officers	23.0	24.0	23.0	23.0	23.0
Civilians	8.0	8.0	7.0	7.2	5.0
Public Works					
Engineering	6.0	5.0	5.2	5.0	4.6
Streets and park maintenance	13.5	13.0	12.7	13.2	13.3
Economic Development	1.0	1.0	1.0	1.2	1.2
Housing	1.0	1.0	1.0	1.1	1.1
Buildings and Recreation Facilities	4.0	4.0	4.0	4.0	3.4
Library	14.8	14.6	13.9	13.6	13.1
Motor Vehicle	3.3	3.2	3.0	3.0	3.2
Water	7.6	7.0	7.2	6.1	5.4
Wastewater	5.8	6.0	5.6	7.1	8.8
Refuse	1	1	1	1	1
Storm Water	1.0	1.0	1.0	1.4	1.4
Liquor Operations	6.2	6.5	6.4	6.4	7.0
Total	120.6	118.8	114.0	114.7	111.8

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				
2018	2017	2016	2015	2014
3.0	3.0	3.0	3.0	3.0
4.0	4.0	4.0	4.0	4.0
2.6	2.6	2.6	3.0	3.0
0.7	0.7	1.1	1.1	1.5
1.4	1.4	1.6	1.3	1.3
4.2	4.2	2.6	2.5	2.5
3.2	3.2	3.2	3.2	3.2
22.0	22.0	22.0	22.0	22.0
6.0	6.0	5.0	5.0	5.0
4.8	4.8	4.3	4.5	4.5
10.5	10.5	8.6	9.0	9.0
1.2	1.2	1.7	0.8	0.5
1.1	1.1	0.5	0.7	0.7
3.1	3.1	3.4	3.0	3.0
11.8	11.8	11.5	12.2	12.0
3.2	3.2	2.6	2.6	2.6
6.8	6.8	4.9	4.5	5.0
6.9	6.9	7.5	7.5	5.0
1	1	-	-	-
0.4	0.4	1.4	0.5	0.5
7.0	7.0	7.0	7.0	7.5
<u>104.9</u>	<u>104.9</u>	<u>98.5</u>	<u>97.4</u>	<u>95.8</u>

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

Function/Program	Fiscal Year				
	2023	2022	2021	2020	2019
Police					
Traffic violations	1,829	1,250	708	904	714
Group A Crimes	622	606	596	416	166
Group B Crimes	263	331	296	489	384
Building Inspection					
Permits issued	1,360	3,020	2,011	1,244	1,102
Total value	\$ 62,558,926	\$ 72,611,379	\$ 103,058,714	\$ 64,811,938	\$ 43,985,221
Single-family home permits issued	16	16	33	13	39
Single-family home value	6,371,610	6,499,955	11,623,852	4,780,509	6,983,944
Library					
Population served	27,181	26,332	27,510	27,273	27,110
Circulation	298,811	285,060	298,396	258,217	340,018
Hours open	3,155	3,163	3,225	2,588	3,143
Cardholders	14,409	13,672	15,133	15,490	18,149
Visits	154,764	140,471	116,044	96,841	175,610
Water					
Connections	6,180	6,092	6,041	5,996	5,968
Total water pumped (millions of gallons)	738.8	725.6	739.1	666.5	673.5
Average daily consumption (millions of gallons)	2.0	1.9	2.0	1.9	1.9
Peak daily consumption (millions of gallons)	3.7	3.8	3.8	3.4	3.1
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	1.9	2.0	2.5	2.5

Sources: Various city departments.

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

Note: Traffic Violations in 2014 and 2015 included traffic warnings.

Table 18

Fiscal Year				
2018	2017	2016	2015	2014
904	601	569	3,367	2,227
221	229	234	243	288
376	328	415	494	439
948	673	690	975	731
\$ 51,849,365	\$ 102,549,565	\$ 68,569,787	\$ 27,934,305	\$ 25,088,302
35	30	30	31	26
9,324,358	7,627,499	5,988,500	7,673,730	6,447,000
27,002	26,930	26,851	26,563	26,563
330,734	320,190	285,737	244,264	346,702
3,170	3,204	2,976	2,763	3,022
19,185	17,869	17,153	16,480	17,970
183,086	177,980	143,093	116,066	205,271
5,896	5,869	5,823	5,767	5,709
685.9	733.1	725	744.7	793.5
1.8	2.0	2.0	2.0	2.1
3.6	3.3	3.3	4.9	4.1
5.2	5.2	5.2	3.2	3.2
2.2	2.4	2.2	2.0	2.3

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

Function/Program	Fiscal Year				
	2023	2022	2021	2020	2019
Police					
Stations	1	1	1	1	1
Fire Stations	1	1	1	1	1
Public Works					
Miles of street, local, county and state highways	106.93	106.10	106.10	105.90	105.80
Parks and Recreation					
Number of parks	46	46	45	45	45
Acreage	442	442	441	441	441
Playgrounds	21	21	21	21	21
Baseball/softball diamonds	10	10	10	10	10
Soccer/football fields	9	9	9	9	9
Community centers	1	1	1	1	1
Indoor ice arena	1	1	1	1	1
Outdoor pool	1	1	1	1	1
Water					
Storage capacity (thousands of gallons)	3,000	3,000	3,000	3,000	3,000
Wastewater					
Treatment capacity (millions of gallons)	5.2	5.2	5.2	5.2	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				
2018	2017	2016	2015	2014
1	1	1	1	1
1	1	1	1	1
105.70	104.08	104.08	93.00	93.00
45	45	45	45	45
441	441	441	425	425
21	20	20	19	19
10	12	12	8	8
9	10	10	10	10
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
3,000	3,000	3,000	3,000	3,000
3.5	3.5	3.5	3.5	3.5

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OTHER REQUIRED REPORTS

CITY OF NORTHFIELD
NORTHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 5, 2024.

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

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 5, 2024

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

Honorable Mayor and City Council
City of 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, 2023, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 5, 2024. We did not audit the financial statements of the Northfield Municipal Hospital discretely presented component unit. Those financial statements were audited by other auditors, whose report dated April 25, 2024, expressed an unmodified opinion on those statements.

Report on Internal Control Over Financial Reporting

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2023-001 to be a significant deficiency.

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

Report on Compliance and Other Matters

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

The City's Responses to Findings

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

Purpose of this Report

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



Abdo
Mankato, Minnesota
June 5, 2024



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City of Northfield, Minnesota
Schedule of Findings and Responses
For the Year Ended December 31, 2023

<u>Finding</u>	<u>Description</u>
2023-001	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.