

# 1<sup>st</sup> Quarter Report

## City of Northfield

Northfield, Minnesota

As of March 31, 2021

May 13, 2021

ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and City Council  
City of Northfield  
Northfield, Minnesota

Management is responsible for accompanying financial statement of the City of Northfield, which comprises the budget to actual statement of revenues and expenditures for the General Fund as of March 31, 2021 in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the City's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Sincerely,

AEM FINANCIAL SOLUTIONS, LLC

May 13, 2021

Honorable Mayor and City Council  
City of Northfield  
Northfield, Minnesota

Dear Honorable Mayor and City Council:

We have reconciled all bank accounts through March 31, 2021 and reviewed activity in all funds. The following is a summary of our observations. All information presented is unaudited.

### Cash and Investments

The City's cash and investment balances are as follows:

	03/31/2021	12/31/2020	Increase/ (Decrease)
Checking	\$ 746,832	\$ 550,056	\$ 196,776
Investments (at Market Value)	32,196,539	38,055,882	(5,859,343)
<b>Total Cash and Investments</b>	<b>\$ 32,943,371</b>	<b>\$ 38,605,938</b>	<b>\$ (5,662,567)</b>

Investment Type	03/31/2021	12/31/2020	Increase/ (Decrease)
Checking	\$ 746,832	\$ 550,056	\$ 196,776
EDA Savings	735,477	724,192	11,285
Commercial Paper	499,340	499,838	(498)
Collateralized Mortgage	1,733,603	1,711,024	22,579
Fed Agency Note	8,446,842	8,459,481	(12,639)
Mortgage-Backed Security	389,063	556,858	(167,795)
Money Market	922,427	1,332,680	(410,253)
Municipal Bond	2,182,633	1,830,752	351,881
U.S. Treasury Bond	8,175,618	7,954,847	220,771
4M Fund	6,871,462	11,646,531	(4,775,068)
4M Plus Fund	2,240,074	3,339,680	(1,099,606)
<b>Total investments</b>	<b>\$ 32,943,371</b>	<b>\$ 38,605,938</b>	<b>\$ (5,662,567)</b>

This line chart displays the monthly cash balances for the years 2016 through 2021, compared against a 50% Reserve line and a Prior Year Average. The Y-axis represents the cash balance in dollars, ranging from \$0 to \$12,000,000 in increments of \$2,000,000. The X-axis shows the months from January 1 to December. The 50% Reserve is a constant red line at approximately \$7,200,000. The Prior Year Average is a black dashed line at approximately \$7,200,000. The 2020 data (dark blue line with diamond markers) shows a significant peak in July, reaching nearly \$10,000,000, and a low in May, around \$5,000,000. The 2016 data (green line with triangle markers) shows a steady decline from January to May, followed by a sharp increase in July and a low in November. The 2017 data (pink line with circle markers) shows a general decline from January to May, followed by a sharp increase in July and a low in November. The 2018 data (light blue line with plus markers) shows a general decline from January to May, followed by a sharp increase in July and a low in November. The 2019 data (orange line with square markers) shows a general decline from January to May, followed by a sharp increase in July and a low in November. The 2021 data (light green line with triangle markers) shows a general decline from January to May, followed by a sharp increase in July and a low in November.

Month	2016	2017	2018	2019	2020	2021	50% Reserve	Prior Year Average
January 1	\$6,800,000	\$7,400,000	\$7,800,000	\$8,200,000	\$7,200,000	\$9,400,000	\$7,200,000	\$7,200,000
January	\$5,900,000	\$6,700,000	\$7,100,000	\$7,500,000	\$7,600,000	\$8,200,000	\$7,200,000	\$7,200,000
February	\$5,500,000	\$6,200,000	\$6,500,000	\$6,800,000	\$7,100,000	\$7,600,000	\$7,200,000	\$7,200,000
March	\$4,900,000	\$5,400,000	\$5,700,000	\$6,000,000	\$6,500,000	\$7,100,000	\$7,200,000	\$7,200,000
April	\$4,300,000	\$4,500,000	\$5,100,000	\$5,400,000	\$5,600,000	\$6,700,000	\$7,200,000	\$7,200,000
May	\$3,900,000	\$3,900,000	\$4,500,000	\$4,700,000	\$5,200,000	\$6,400,000	\$7,200,000	\$7,200,000
June	\$4,400,000	\$4,700,000	\$5,800,000	\$6,300,000	\$6,700,000	\$7,100,000	\$7,200,000	\$7,200,000
July	\$5,900,000	\$6,500,000	\$8,000,000	\$8,000,000	\$9,800,000	\$7,100,000	\$7,200,000	\$7,200,000
August	\$5,500,000	\$5,700,000	\$7,100,000	\$7,300,000	\$8,500,000	\$6,700,000	\$7,200,000	\$7,200,000
September	\$4,800,000	\$5,300,000	\$6,300,000	\$6,500,000	\$7,700,000	\$6,400,000	\$7,200,000	\$7,200,000
October	\$4,400,000	\$4,300,000	\$5,400,000	\$5,900,000	\$6,900,000	\$6,100,000	\$7,200,000	\$7,200,000
November	\$3,700,000	\$4,100,000	\$4,800,000	\$5,200,000	\$5,800,000	\$5,400,000	\$7,200,000	\$7,200,000
December	\$7,500,000	\$7,800,000	\$8,300,000	\$7,200,000	\$9,400,000	\$7,100,000	\$7,200,000	\$7,200,000

Receipts	YTD Budget	YTD Actual	Percent of YTD Budget		Disbursements	YTD Budget	YTD Actual	Percent of YTD Budget	
Taxes	\$ 1,880,274	\$ 7,148	0.4 %	↓	Mayor & Council	\$ 90,596	\$ 30,520	33.7 %	↑
Licenses and permits	126,219	92,223	73.1	↓	Administration	161,404	99,425	61.6	↑
Intergovernmental	1,017,679	166,649	16.4	↓	Elections	7,330	2,117	28.9	↑
Charges for services	374,095	256,806	68.6	↓	City Clerk	55,295	75,705	136.9	↓
Fines and forfeits	29,750	22,114	74.3	↓	Human Resources	138,575	115,304	83.2	↑
Other revenues	97,506	4,564	4.7	↓	Community Development	54,736	35,135	64.2	↑
Transfers in	41,442	-	-	↓	Planning	43,259	36,530	84.4	↑
	\$ 3,566,964	\$ 549,504	15.4 %	↓	General Government Building	28,926	24,545	84.9	↑
					Police	1,086,531	916,214	84.3	↑
					Fire	128,256	135,190	105.4	→
					Building Inspection	94,929	88,464	93.2	→
					Engineering	150,821	119,227	79.1	↑
					Streets	413,712	321,660	77.7	↑
					Street Lighting	66,250	41,996	63.4	↑
					Facilities	87,028	58,398	67.1	↓
					Ice Arena	95,355	130,385	136.7	↓
					General Parks	98,738	32,794	33.2	↑
					Athletic Facilities	34,509	5,738	16.6	↑
					Outdoor Pool	54,426	8,323	15.3	↑
					Recreation Administration	62,758	25,448	40.5	↑
					Library	380,341	358,365	94.2	→
					Information Technology	152,213	110,725	72.7	↑
					Unallocated	111,478	58,277	52.3	↑
					Transfers Out	56,500	-	-	↑
						\$ 3,653,964	\$ 2,830,485	77.5 %	↑
<b>Key</b>									
↑ Varies more than 10% than budget positively									
↓ Varies more than 10% than budget negatively									
→ Within 10% of budget									

Current short-term rates being offered by financial institutions are very low as evidenced by the table of U.S. Treasury rates below. The U.S. Treasury rates provide a benchmark perspective for rate of return.

Date	Treasury Yields								
	1 mo	3 mo	6 mo	1 yr	2 yr	3 yr	5 yr	7 yr	10 yr
03/31/2016	0.18	0.21	0.39	0.59	0.73	0.87	1.21	1.54	1.78
06/30/2016	0.20	0.26	0.36	0.45	0.58	0.71	1.01	1.29	1.49
09/30/2016	0.20	0.29	0.45	0.59	0.77	0.88	1.14	1.42	1.60
12/31/2016	0.44	0.51	0.62	0.85	1.20	1.47	1.93	2.25	2.45
03/31/2017	0.74	0.76	0.91	1.03	1.24	1.50	1.93	2.22	2.40
06/30/2017	0.84	1.03	1.14	1.24	1.38	1.55	1.89	2.14	2.31
09/30/2017	0.96	1.06	1.20	1.31	1.47	1.62	1.92	2.16	2.33
12/31/2017	1.28	1.39	1.53	1.76	1.89	1.98	2.20	2.33	2.40
03/31/2018	1.63	1.73	1.93	2.09	2.27	2.39	2.56	2.68	2.74
06/29/2018	1.77	1.93	2.11	2.33	2.52	2.63	2.73	2.81	2.85
09/28/2018	2.12	2.19	2.36	2.59	2.81	2.88	2.94	3.01	3.05
12/31/2018	2.44	2.45	2.56	2.63	2.48	2.46	2.51	2.59	2.69
03/29/2019	2.43	2.40	2.44	2.40	2.27	2.21	2.23	2.31	2.41
06/28/2019	2.18	2.15	2.12	2.09	1.92	1.75	1.71	1.76	1.87
07/31/2019	2.01	2.08	2.10	2.00	1.89	1.84	1.84	1.92	2.02
08/30/2019	2.10	1.99	1.89	1.76	1.50	1.42	1.39	1.45	1.50
09/30/2019	1.91	1.88	1.83	1.75	1.63	1.56	1.55	1.62	1.68
12/31/2019	1.48	1.55	1.60	1.59	1.58	1.62	1.69	1.83	1.92
03/31/2020	0.05	0.11	0.15	0.17	0.23	0.29	0.37	0.55	0.70
06/30/2020	0.13	0.14	0.16	0.18	0.16	0.16	0.18	0.29	0.49
09/30/2020	0.08	0.08	0.10	0.11	0.12	0.13	0.16	0.28	0.47
12/31/2020	0.08	0.09	0.09	0.10	0.12	0.17	0.36	0.65	0.93
03/31/2021	0.01	0.03	0.05	0.07	0.16	0.35	0.92	1.40	1.74

### Budget Summary

A more detailed analysis of funds is included as Attachment A.

### Cash Balance Summary

A detailed view of department totals compared with budget is included as Attachment B.

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This information is unaudited and is intended solely for the information and use of management and City Council and is not intended and should not be used by anyone other than these specified parties.

If you have any questions or wish to discuss any of the items contained in this letter or the attachments, please feel free to contact us at your convenience. We wish to thank you for the continued opportunity to be of service and for the courtesy and cooperation extended to us by your staff.

Sincerely,

AEM FINANCIAL SOLUTIONS, LLC

City of Northfield, Minnesota  
Statement of Revenues and Expenditures -  
Budget and Actual -  
General Fund (Unaudited)  
For the Three Months Ended March 31, 2021

Attachment A

	Annual Budget	Budget thru 03/31/2021	Actual Thru 03/31/2021	Variance - Favorable (Unfavorable)		Percent Received or Expended Based on Budget thru 03/31/2021
<b>Revenues</b>						
Taxes	\$ 7,521,097	\$ 1,880,274	\$ 7,148	\$ (1,873,126)	*	0.4 %
Licenses and permits	504,875	126,219	92,223	(33,996)	(1)	73.1
Intergovernmental	4,070,716	1,017,679	166,649	(851,030)	(2)	16.4
Charges for services	1,496,378	374,095	256,806	(117,289)	(3)	68.6
Fines and forfeits	119,000	29,750	22,114	(7,636)		74.3
Other revenues	390,023	97,506	4,564	(92,942)	(4)	4.7
<b>Total Revenues</b>	<b>14,102,089</b>	<b>3,525,522</b>	<b>549,504</b>	<b>(2,976,018)</b>		<b>15.6</b>
<b>Expenditures</b>						
Mayor & Council	362,385	90,596	30,520	60,076	(5)	33.7
Administration	645,614	161,404	99,425	61,979	(6)	61.6
Elections	29,319	7,330	2,117	5,213		28.9
City Clerk	221,181	55,295	75,705	(20,410)		136.9
Human Resources	554,301	138,575	115,304	23,271		83.2
Community Development	218,943	54,736	35,135	19,601		64.2
Planning	173,037	43,259	36,530	6,729		84.4
General Government Building	115,704	28,926	24,545	4,381		84.9
Police	4,346,123	1,086,531	916,214	170,317		84.3
Fire	513,024	128,256	135,190	(6,934)		105.4
Building Inspection	379,715	94,929	88,464	6,465		93.2
Engineering	603,284	150,821	119,227	31,594	(7)	79.1
Streets	1,654,846	413,712	321,660	92,052	(8)	77.7
Street Lighting	265,000	66,250	41,996	24,254		63.4
Facilities	348,113	87,028	58,398	28,630	(9)	67.1
Ice Arena	381,420	95,355	130,385	(35,030)	(10)	136.7
General Parks	394,952	98,738	32,794	65,944	(11)	33.2
Athletic Facilities	138,035	34,509	5,738	28,771	(12)	16.6
Outdoor Pool	217,703	54,426	8,323	46,103	(13)	15.3
Recreation Administration	251,030	62,758	25,448	37,310	(14)	40.5
Library	1,521,364	380,341	358,365	21,976		94.2
Information Technology	608,852	152,213	110,725	41,488	(15)	72.7
Unallocated	445,910	111,478	58,277	53,201	(16)	52.3
<b>Total Expenditures</b>	<b>14,389,855</b>	<b>3,597,464</b>	<b>2,830,485</b>	<b>766,979</b>		<b>78.7</b>
<b>Excess Revenues (Expenditures)</b>	<b>(287,766)</b>	<b>(71,942)</b>	<b>(2,280,981)</b>	<b>(2,209,040)</b>		<b>N/A</b>
<b>Other Financing Sources and Uses</b>						
Transfers in	165,766	41,442	-	(41,442)		-
Transfers out	(226,000)	(56,500)	-	56,500		-
<b>Total Other Financing Sources (Uses)</b>	<b>(60,234)</b>	<b>(15,059)</b>	<b>-</b>	<b>15,059</b>		<b>-</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	<b>\$ (348,000)</b>	<b>\$ (87,000)</b>	<b>\$ (2,280,981)</b>	<b>\$ (2,193,981)</b>		<b>N/A %</b>

\* Typically property taxes are received in July and December (with 70% advance in June).

City of Northfield, Minnesota  
Statement of Revenues and Expenditures -  
Budget and Actual -  
General Fund (Unaudited) (Continued)  
For the Three Months Ended March 31, 2021

Attachment A

<u>Item</u>	<u>Explanation of items percentage received/expended less than 80% or greater than 120% and \$ variance greater than \$25,000.</u>
(1)	There has been no liquor license revenue through the first quarter. Mechanical permits generated less revenue than expected.
(2)	Local Government Aid is received in July and December.
(3)	Pool revenue is seasonal. These variances usually dissipate as the year continues.
(4)	Variance due to unrealized loss on investments combined with less contributions and donations than anticipated.
(5)	Variance due to general supplies, professional services, programs and public services, CE HRC & volunteer, and partnership program budgets not being used through first quarter.
(6)	Variance due to IT equipment replacement charge, mileage/meals/lodging, dues & memberships, and other professional services budgets not used through first quarter. Legal services expenses were less than anticipated
(7)	Variance due to less wages & benefits, motor fuel & lubricants, general supplies, equipment maintenance, other professional services, and staff training than anticipated.
(8)	Variance due to sidewalk maintenance, street maintenance, and tree maintenance budgets not used through first quarter.
(9)	Variance due to clothing allowance, building maintenance/repair supplies, equipment maintenance, and other professional services budgets not used through first quarter. Salaries & benefits and janitorial services expenses were less than anticipated.
(10)	Variance due to capital lease principal payment of \$61K in the first quarter.
(11)	Variance due to trail maintenance, park maintenance, and contracted tree maintenance budgets not used through first quarter. Wages & benefits and other professional services expenses were less than anticipated.
(12)	Athletic facilities expenditures are seasonal. These variances usually dissipate as the year continues.
(13)	Pool expenditures are seasonal. These variances usually dissipate as the year continues.
(14)	Variance due to contracted recreation services budget not used through first quarter.
(15)	Variance due to less wages & benefits, other professional services, and auditing and accounting services than anticipated.
(16)	Variance due to convention & visitors bureau expenses less than anticipated and the contingency budget reserve not used through first quarter.

City of Northfield, Minnesota  
Unaudited Cash Balances by Fund  
March 31, 2020, December 31, 2020 and March 31, 2021

Attachment B

Fund		Balance 03/31/2020	Balance 12/31/2020	Balance 03/31/2021	YTD Change From 12/31/2020	
101	General fund	\$ 6,433,572	\$ 9,385,313	\$ 6,804,628	\$ (2,580,685)	(1)
211	Community resource center	105,141	219,026	119,935	(99,091)	
215	Motor vehicle fund	317,989	309,653	327,901	18,248	
229	Communication fund	608,467	659,868	655,270	(4,598)	
240	Library gift fund	71,146	71,420	68,367	(3,053)	
241	G.W. Bunday fund	24,832	24,967	24,960	(7)	
242	Scriver memorial fund	146,389	146,999	146,575	(424)	
243	L.J. Gustafson fund	30,401	29,793	29,771	(22)	
244	M. Houston trust fund	42,812	43,046	43,035	(11)	
245	C.C. Cloherty endowed book	12,852	12,755	12,713	(42)	
246	Arts and culture	30,768	62,132	62,116	(16)	
250	CDBG fund	6,204	(374)	(24,491)	(24,117)	
270	Municipal TIF district #4	142,556	(4,049)	(4,049)	-	
271	Jefferson square townhome TIF	13,029	17,684	13,815	(3,869)	
290	EDA - general operating	26,533	198,388	162,439	(35,949)	
292	EDA - investment fund	652,670	982,990	664,275	(318,715)	(2)
293	EDA - MIF investment fund	170,223	173,363	175,090	1,727	
295	Housing and redevelopment fund	1,379,567	1,410,758	1,363,181	(47,577)	
308	2007A GO improvement debt fund	42,398	50,078	50,222	144	
309	2008B GO improvement bond fund	(3,315)	(1,132)	(1,132)	-	
310	2009A GO improvement bond fund	(16,611)	(9,123)	(8,793)	330	
311	2010A GO improvement bond fund	(2,639)	169,896	4,449	(165,447)	(3)
312	2011A GO improvement bond fund	129,772	214,001	85,910	(128,091)	(3)
313	2012A GO improvement bond fund	63,263	158,062	61,143	(96,919)	
314	2013 bonds fund	141,035	230,892	140,201	(90,691)	
315	2014 bonds fund	216,935	333,333	206,448	(126,885)	(3)
316	2015 bonds fund	309,640	434,942	265,236	(169,706)	(3)
317	2016 bonds fund	415,630	488,574	403,221	(85,353)	
318	2017 bonds fund	190,963	290,490	188,133	(102,357)	(3)
319	2018 bonds fund	77,376	247,505	69,251	(178,254)	(3)
320	2019 bonds fund	-	250,716	27,067	(223,649)	(3)
321	2020 bonds fund	-	(200)	4,991	5,191	
351	Community resource center	-	36	36	-	
352	2006A Lease revenue bond - aquatic	317	239,989	24,471	(215,518)	(3)
354	2012 COP debt service fund	98,850	197,047	119,004	(78,043)	
355	2012 Equipment certificate	4,752	4,603	4,601	(2)	
356	2016C Equipment certificate	5,223	142,118	9,885	(132,233)	(3)
357	2018A NAFRS debt service	45,578	620,769	438,553	(182,216)	(3)
379	Presidential commons TIF	(19,987)	66,210	8,188	(58,022)	
381	Hiley Neff TIF fund	(91,730)	(83,659)	(83,659)	-	
382	Riverfront TIF district	40,748	245,148	58,655	(186,493)	(4)
385	Spring creek TIF district	14,522	32,157	17,567	(14,590)	
386	Aurora TIF	(245)	3,936	356	(3,580)	
387	5th & Washington TIF	-	(206)	(206)	-	
419	2018 Capital projects fund	(1,254,789)	(762,779)	(762,779)	-	
420	2019 Capital projects fund	92,709	(478,976)	(534,326)	(55,350)	
421	2020 Capital projects fund	(551,210)	1,719,584	1,405,373	(314,211)	(5)
422	2021 Capital projects fund	-	(69,316)	(145,024)	(75,708)	
451	Park fund	402,157	272,405	377,134	104,729	(6)
453	Fire replacement fund	80,065	80,503	80,482	(21)	
454	City facilities fund	173,004	200,922	170,874	(30,048)	
455	Vehicle & equipment replacement fund	574,102	553,625	492,625	(61,000)	
456	Hauberg park fund	6,324	7,498	7,496	(2)	
460	Public safety center construction	409,757	411,998	411,895	(103)	
463	NAFRS building fund	237,587	-	-	-	
475	Capital reserve fund	813,790	940,668	937,548	(3,120)	
601	Water fund	7,300,022	7,539,897	7,709,797	169,900	(7)
602	Wastewater fund	2,457,972	3,301,106	3,425,710	124,604	(8)
603	Garage fund	1,513,324	1,568,465	1,541,550	(26,915)	
604	Storm water drainage fund	1,155,464	1,467,693	1,474,078	6,385	
609	Liquor store fund	1,474,715	1,512,558	1,539,142	26,584	
701	Information technology fund	683,410	759,757	750,996	(8,761)	
705	Insurance fund	898,220	1,158,750	969,893	(188,857)	(9)
851	Whittier trust fund	353,136	351,666	351,578	(88)	
853	Rescue squad trust fund	21	-	-	-	
900	Investment fund	-	-	-	-	
Total		<u>\$ 28,697,406</u>	<u>\$ 38,605,938</u>	<u>\$ 32,943,371</u>	<u>\$ (5,662,567)</u>	

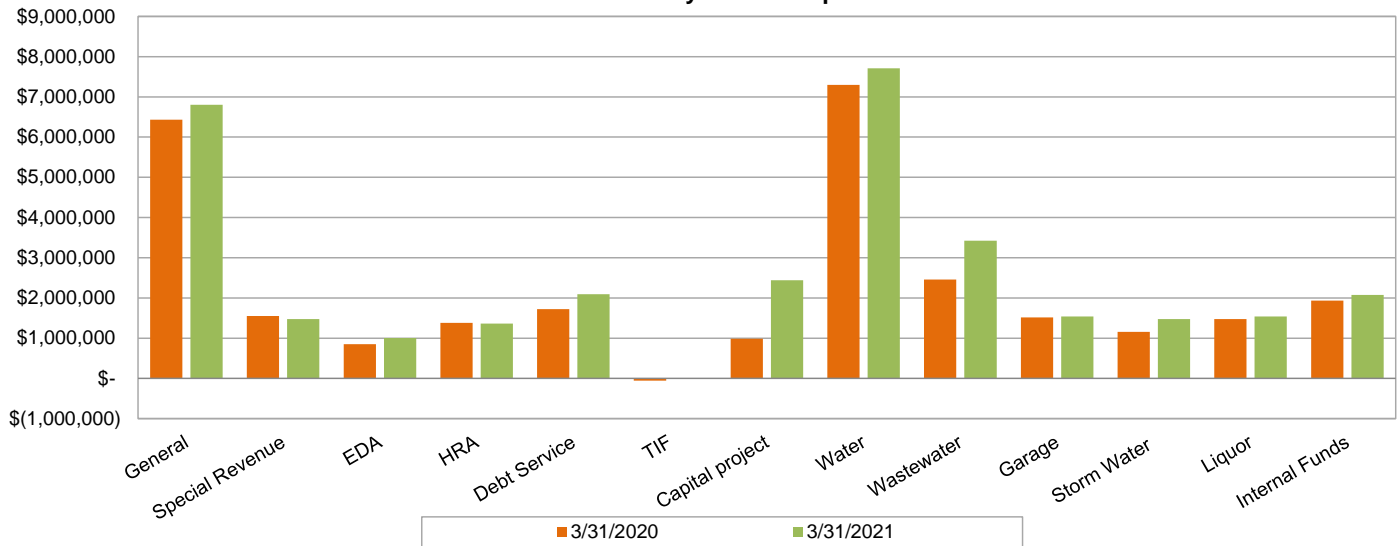


City of Northfield, Minnesota  
Unaudited Cash Balances by Fund (Continued)  
March 31, 2020, December 31, 2020 and March 31, 2021

Attachment B

Item	Explanation of changes greater than \$100,000.
(1)	See Attachment A for detail of fund activity.
(2)	Decrease due to \$300K development loans issued.
(3)	Decrease due to bond payment in first quarter.
(4)	Decrease due to payment on 2006 TIF note.
(5)	Decrease due to contractor payments on 2020 capital projects.
(6)	Increase due to 25K receipt from the City of Dundas for the E Cannon River Trail Improvement Project and 94K receipt for St Olaf Hall/Townhome park fee.
(7)	Increase due to 15K investment interest, 30K payment received from an interfund loan, and water revenue.
(8)	Increase due to sewer revenue.
(9)	Decrease due to 1st quarter worker's compensation, property, and flood insurance premiums.

**Cash Balance by Fund Compared to Prior Period**



**Fund**

➔ General  
 ↓ Special Revenue  
 ↑ EDA  
 ↓ HRA  
 ➔ Debt Service  
 ↑ TIF  
 ↑ Capital project

**Key**

➔ Water  
 ↑ Wastewater  
 ➔ Garage  
 ↑ Storm Water  
 ➔ Liquor  
 ➔ Internal Funds  
 ↑ Varies more than 10% of prior period positively  
 ↓ Varies more than 10% of prior period negatively  
 ➔ Balance within 10% of prior period