



**REGULAR CITY COUNCIL MEETING
RICHFIELD MUNICIPAL CENTER, COUNCIL CHAMBERS
AUGUST 10, 2022
7:00 PM**

INTRODUCTORY PROCEEDINGS

Call to order

Pledge of Allegiance

Open forum

Call into the open forum by dialing 1-415-655-0001 Use webinar access code: 2459 911 4770 and password: 1234.

Please refer to the Council Agenda & Minutes web page for additional ways to submit comments.

Each speaker is to keep their comment period to three minutes to allow sufficient time for others. Comments are to be an opportunity to address the Council on items not on the agenda. Individuals who wish to address the Council must have registered prior to the meeting.

Approve the Minutes of the: (1) Regular City Council Meeting of July 26, 2022; and (2) Special City Council Work Session of August 1, 2022.

PRESENTATIONS

1. 2022 Gene & Mary Jacobsen Citizen of the Year Presentation
2. Receipt of the City of Richfield Annual Financial Report for the fiscal year ended December 31, 2021.

AGENDA APPROVAL

3. Approval of the Agenda
4. **Consent Calendar contains several separate items, which are acted upon by the City Council in one motion. Once the Consent Calendar has been approved, the individual items and recommended actions have also been approved. No further Council action on these items is necessary. However, any Council Member may request that an item be removed from the Consent Calendar and placed on the regular agenda for Council discussion and action. All items listed on the Consent Calendar are recommended for approval.**

- A. First Reading of Ordinance Amending Section 300 and Section 1220 of the City Code of Ordinance relating to the Abolishment of the Liquor Department and Liquor Operations Director Position Within the City Organization.

Staff Report No. 109

- B. First reading of a proposed ordinance amendment updating the City's Zoning Code subsection that regulates fences, walls, and hedges.

Staff Report No. 110

- C. Consider adoption of a resolution authorizing the City of Richfield to accept grant funds in the amount of \$10,000 and enter into a Source Water Protection Grant Agreement (SWIFT Contract Number 214643) with Minnesota Department of Health (MDH) to upgrade security system infrastructure at the Water Treatment Plant and Well Houses.

Staff Report No. 111

- D. Consider the approval of a resolution appointing Assistant City Manager Sack Thongvanh as the City's Director Representative on the Local Government Information Systems (LOGIS) Board of Directors.

Staff Report No. 112

- E. Consider the adoption of a resolution supporting a Livable Communities Act Transit Oriented Development grant application to the Metropolitan Council for the proposed "Veterans Village" development by the American Legion Post 435 at 6501 Portland Avenue.

Staff Report No. 113

- F. Consider authorizing the Mayor and City Manager to execute a cost-share/reimbursement agreement with Partnership Academy for installation of a water utility service line in advance of the City's 65th Street Reconstruction Project due to expansion of the Partnership Academy campus.

Staff Report No. 114

- G. Approval of a resolution amending the allocation of the 2021 General Fund Budget.

Staff Report No. 115

- 5. Consideration of items, if any, removed from Consent Calendar

CITY MANAGER'S REPORT

- 6. City Manager's Report

CLAIMS AND PAYROLLS

- 7. Claims and Payroll

COUNCIL DISCUSSION

- 8. Hats Off to Hometown Hits

- 9. Adjournment

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9738.



CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

Regular Council Meeting

July 26, 2022

CALL TO ORDER

The meeting was called to order by Mayor Regan Gonzalez at 7:01 p.m. in the Council Chambers.

Council Members Present: Maria Regan Gonzalez, Mayor; Mary Supple; Simon Trautmann; Sean Hayford Oleary; and Ben Whalen

Council Members Absent: None

Staff Present: Katie Rodriguez, City Manager; Mary Tietjen, City Attorney; and Kari Sinning, City Clerk

Others Present: None

PLEDGE OF ALLEGIANCE

Mayor Regan Gonzalez led the Pledge of Allegiance.

OPEN FORUM

Mayor Regan Gonzalez reviewed the options to participate:

- Participate live by calling 1-415-655-0001 during the open forum portion
- Call prior to meeting 612-861-9711
- Email prior to meeting kwynn@richfieldmn.gov

There were no participants.

APPROVAL OF MINUTES

M/Supple, S/Whalen to approve the minutes of the: (1) Special Closed City Council Session of July 12, 2022; and (2) Regular City Council Meeting of July 12, 2022.

Motion carried: 5-0

ITEM #1

APPROVAL OF THE AGENDA

M/Whalen, S/Truatmann to approve the agenda.

Motion carried: 5-0

ITEM #2	CONSENT CALENDAR
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City Manager Rodriguez presented the consent calendar.

- A. Consider approval of the amended rental agreement between the City of Richfield and the MN Whitecaps Professional Women's hockey team for use of a locker room, ice time for practices and games, concessions, and alcohol sales. (Staff Report No. 106)
- B. Consider approval of the establishment of a Recreation Special Revenue Fund for the Sustainability Program that includes organized collection. (Staff Report No. 107)

RESOLUTION NO. 11990

**RESOLUTION AUTHORIZING ESTABLISHMENT OF NEW SPECIAL
REVENUE FUNDS FOR THE CITY'S ORGANIZED HAULING
PROGRAM, INCLUDING RECYCLING, ORGANICS, AND
SUSTAINABILITY PROGRAMS**

- C. Approval of the first reading of an ordinance amending the term of the Existing Franchise Agreement from August 1, 2022, to January 31, 2023, and schedule a second reading for September 13, 2022. (Staff Report No. 108)

Mayor Regan Gonzalez invited Bobby Long of NLTD Hockey Ventures LLC, shared that this would be a home for the Minnesota Whitecaps where they will be treated like professional athletes. Council Member Supple expressed excitement to watch them play. Long expressed the hope to bring the Isobel Cup to Richfield. Council Member Trautmann also extended a welcome and asked about season tickets. Long explained that they are figuring out the ticket sales and shared that securing a facility to play. Council Member Trautmann stated that they should connect with Visit Richfield and the Chamber of Commerce to make the home opener could be a great event. Mayor Regan Gonzalez also welcomed them and shared that Richfield is full of Hockey supporters. She also thanked the leadership of the Ice Arena Staff in re-envisioning and revitalizing the space for the future of the community and also shared a personal anecdote regarding playing hockey. Long extended an offer to Mayor Regan Gonzalez to do the opening ceremony puck drop on opening night.

M/Hayford Oleary, S/Supple to approve the consent calendar.

Motion carried: 5-0

ITEM #3	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM CONSENT CALENDAR
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None.

ITEM #4	CITY MANAGER'S REPORT
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City Manager Rodriguez had nothing to report; however, stated that council would like to continue the discussion from the previous work session regarding the use of American Rescue Plan Act (ARPA) funding.

Mayor Regan Gonzalez opened up the discussion.

Council Member Whalen shared that he is excited for the projects but questioned that if this is the correct source of funding and if there are projects missing that we would not have other opportunities to fund. He posed a question to Council to consider sharing funds allocated to the Emerald Ash Borer (EAB) project towards something that directly focused on energy use, reducing fossil fuel use, and more sustainable future.

Council Member Supple appreciated the balance and variety of projects that would be funded and asked staff to comment on what other projects might be suitable that would focus on sustainability.

Recreation Services Director Markle shared the thoughts from Sustainability Specialist Lindholm regarding the use of the ARPA funding for other projects and they concluded that utilizing the money for the EAB project would help to preserve our tree canopy and replant trees.

Council Member Trautmann appreciated the concern from Council Member Whalen and would, if possible, support a couple different options after comparing and viewing a cost benefit analysis but does not have a strong opinion currently.

Council Member Hayford Oleary understood the concern from Council Member Whalen and commented that changes from policies would promote sustainability. He stated that grant opportunities that may arise to convert to heat pumps or education or energy audits but that may likely benefit high-income households versus the EAB project would benefit low-income households. He asked Council Member Whalen why he chose the EAB project versus the splash pad.

Council Member Whalen expressed the need to utilize funds to help create more sustainable community which is also a federal, state, and local issue and that we can't keep operating in the direction we are going.

Mayor Regan Gonzalez asked a question regarding the gap that needs to be fulfilled for the climate action plan. Council Member Whalen stated that funding is the gap and expressed the need to make the climate action plan a priority. City Manager Rodriguez thanked Council Member Whalen for giving more details and stated that projects are voted on independently if they are from a local option sales tax which would be brought up in a future work session.

Mayor Regan Gonzalez commented the need to focus on the internal infrastructure to promote equity and sustainability.

Director Markle appreciated Council Member Whalen's comments on climate change and noted that there are strategic initiatives for external/internal education and engagement and also prioritizing items on the climate action plan.

Council Member Trautmann affirmed the reality of climate change and thanked Council Member Whalen for raising the opportunity for Council and Staff to address climate change.

Council Member Hayford Oleary commented that Director Asher said in the work session that \$300,000 is the functional minimum for the EAB project and asked Council if they would want to ask staff to research if there is an alternative project directed at climate change that would be around

\$150,000. He offered education for homeowners or retrofitting a city building to reduce climate change impacts as solutions.

Council Member Whalen expressed the need for Council to be clearer upon implementing the climate action plan and creating a budget for it to be successful.

City Manager Rodriguez summarized the discussion by asking Council if they would like staff to review the climate action plan to see if there is a use of \$150,000. Mayor Regan Gonzalez stated that she would support the use of \$150,000 depending on the outcome of the proposed project. Council Member Supple clarified what she heard from Council Member Whalen was that we could look at the uses of the \$150,000 but we also need to make the climate action plan a priority and create a budget for the future. Council Member Whalen shared hesitance because in his interpretation staff already stated the use for the funding. Mayor Regan Gonzalez stated that Council should have a future discussion regarding funding for the climate action plan. Director Markle offered to have staff meet to see if there is a need for the \$150,000 that could be used from the climate action plan and weigh the pros and cons of the EAB project only being funded for \$300,000.

Council Member Trautmann thanked staff and Council for the conversation and expressed trust in staff to promote the Council's vision but not to simply act performatively.

Council Member Whalen echoed the comment from Council Member Trautmann and acknowledged that funding is not always the barrier to build the capacity to set up for future conversations.

Mayor Regan Gonzalez summarized the discussion and directed staff to delve into the climate action plan to see if ARPA funds can be used and bring it back to Council. She also stated the need for more clarity as a Council to continue to work on the climate action plan.

Council Member Whalen encouraged residents to view the full proposals for the ARPA funding.

Mayor Regan Gonzalez thanked staff for gathering the proposals and thinking of a variety of things for the long-term success of the community.

Council Member Hayford Oleary expressed excitement and support for the community mural at Galaxy Foods.

ITEM #5	CLAIMS AND PAYROLL
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M/Supple, S/Trautmann that the following claims and payrolls be approved:

<u>U.S. BANK</u>	<u>7/26/2022</u>
A/P Checks: 307718 – 308011	\$1,589,596.20
Payroll: 171838 – 172199	<u>\$790,863.83</u>
TOTAL	\$2,380,460.03

Council Member Trautmann thanked staff.

Motion carried: 5-0

ITEM #6**HATS OFF TO HOMETOWN HITS**

Council Member Whalen encouraged residents to vote in the Primary Election that includes the Council At Large position and the County Attorney. City Clerk Sinning added the times for voters to come vote in person absentee and invited residents and council to the public accuracy test.

Council Member Supple thanked Public Works staff and mentioned how to address emergency needs when normal office hours are closed. She also thanked those that supported the Donaldson Park basketball tournament. She also mentioned Unity in the Community on August 5th.

Council Member Hayford Oleary mentioned the Safe Routes to School workshop at RDLS and the Urban Wildland Half Marathon as he will lead the 5k race on his bike.

Council Member Trautmann also mentioned the Urban Wildland Half Marathon and encouraged volunteers for the event. He also lifted up early voting.

Mayor Regan Gonzalez shared art events that would be held at the Richfield Lake Amphitheatre on Wednesdays in August. She also mentioned National Night Out on August 2nd.

ITEM #7**ADJOURNMENT**

The meeting was adjourned by unanimous consent at 7:54 p.m.

Date Approved: August 10, 2022

Maria Regan Gonzalez
Mayor

Kari Sinning
City Clerk

Katie Rodriguez
City Manager



CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

Special City Council Work Session

August 1, 2022

CALL TO ORDER

The work session was called to order by Mayor Regan Gonzalez at 5:06 p.m. in the Bartholomew Room.

Council Members Present: Maria Regan Gonzalez, Mayor; Mary Supple; Simon Trautmann; Sean Hayford Oleary; and Ben Whalen

Council Members Absent: None

Staff Present: Katie Rodriguez, City Manager; Jay Henthorne, Public Safety Director; Mike Dobesh, Fire Chief; Kristin Asher, Public Works Director; Julie Urban, Assistant Community Development Director; Amy Markle, Recreation Services Director; Chris Swanson, Management Analyst

Others Present: Craig Rapp, Rapp Consulting; Lee Ohnesorge, HRA Commissioner

Mayor Regan Gonzalez explained that there is one topic for discussion for the work session and turned it over to City Manager Rodriguez.

ITEM #1

PREVIEW A PRESENTATION ON STRATEGIC PLANNING WITH CRAIG RAPP, RAPP CONSULTING.

City Manager Rodriguez gave an introduction to the strategic planning process and turned it over to Craig Rapp, Rapp Consulting. Mr. Rapp went over the strategic planning process and priorities identified by the city during this work.

Craig Rapp presented the Operational Excellence strategic priority to council, there was some general discussion. He then continued with the Community Development strategic priority.

Council Member Whalen commented he is happy to see the city is focused on ensuring the reducing the number of cost burdened households is included in the plan, but he also wants something on how we can maintain or grow the number of affordable units in the city. Assistant Community Development Director Urban responded that community development could try and find another target they could track on this matter.

Council Member Supple asked about how the city can maintain or grow the number of affordable commercial spaces in the city. Craig Rapp outlined that some of that work is already included in the Sustainable Infrastructure priority, which he then presented.

Council Member Whalen commented about the climate piece of the plan and wanted to know how the city plans to communicate these targets to the community and noted all the work seems to be left to the recreation department and the sustainability commission. He also noted the two top priorities have not been determined and suggested promoting them when done.

Craig Rapp presented the High-Quality workforce strategic priority to council, there was some general discussion. He then presented the equity and inclusion priority.

Council Member Trautmann noted that equity work is placed in a silo in many organizations and would like the city to look at how the work is discussed as an organization.

Council Member Supple recognized that the equity work covers many traditionally excluded groups.

Council Member Whalen stated he is excited about all this work. He wondered if the city should get more specific about outcomes for the equity work as he wants to see some of the work completed by 2025.

Council Member Trautmann noted it would be nice to have some of the equity items more flushed out, but understands the limitations by not having an equity coordinator currently on staff. He also hopes that once that position is filled, that person can quickly start work on projects within the plan.

Mayor Regan Gonzalez agreed overall and understands the city wants to lead by values with some additional core items to take into consideration. She felt this document sets strong priorities and action steps which are aligned with the values.

City Manager Rodriguez asked for comments or questions on the strategic priority initiatives presented.

Council Member Hayford Oleary asked about general formatting of the initiatives. He also asked about the Economic Development Coordinator and if this is a new position or is currently in the budget. Assistant Community Development Director Urban responded that this was a new position that is in the budget. Council Member Hayford Oleary asked if some of the redevelopment work is being pushed out as community development waits to hire a development coordinator. Assistant Community Development Director Urban responded that was correct.

Council Member Supple stated this is much like the equity work.

Council Member Hayford Oleary asked about the status was of some waypoint signs. Recreation Services Director Markle stated they are still planned for the future and believed they will be included in the 65th street work.

Council Member Whalen stated he was excited about this plan as he believes these items are very concrete and specific. He expressed excitement about where the city is headed.

Council Member Supple confirmed that parks are still included in the standard capital planning process.

Craig Rapp talked about the power of having a dashboard or a similar system to enable staff to show our community the work we're doing. Council Member Whalen wanted to expand on that point. He recognized having data on a dashboard is good but that is only a small part of the story. He would like to grow communications on this work to include clear messages about initiatives.

Craig Rapp provided closing statements by reminding everyone that this is an ongoing journey.

The Council thanked everyone who worked on this project.

Mayor Regan Gonzalez was thankful for the focus on equity but wanted staff to spend time not on surveys, but in conversation and partnership with existing groups in our community.

Council Member Whalen asked about a timeline for next steps and asked for a communications plan for review when the plan is submitted for final council approval.

City Manager Rodriguez stated she would discuss this with the communications team and provide a timeline for both the final approval of strategic plan and the corresponding communications strategy.

Council Member Hayford Oleary asked about how the process will relate to specific policy or ordinance changes he may want staff to pursue. City Manager Rodriguez said the work plan will help lead that discussion and will allow staff to develop that process. She then provided a summary of changes to the strategic plan.

ADJOURNMENT

The work session was adjourned by unanimous consent at 6:50 p.m.

Date Approved: August 10, 2022

Maria Regan Gonzalez
Mayor

Chris Swanson
Management Analyst

Katie Rodriguez
City Manager

**CITY COUNCIL MEETING****8/10/2022**

REPORT PREPARED BY: Jay Henthorne, Director of Public Safety/Chief of Police

DEPARTMENT DIRECTOR REVIEW: Jay Henthorne, Director of Public Safety/Chief of Police
8/1/2022

OTHER DEPARTMENT REVIEW:

CITY MANAGER REVIEW:

ITEM FOR COUNCIL CONSIDERATION:**2022 Gene & Mary Jacobsen Citizen of the Year Presentation****EXECUTIVE SUMMARY:**

The Richfield Human Rights Commission has selected a Citizen of the Year award recipient since 1971. The award is given to a family, group, organization, business or individual who lives or works in Richfield and whose actions demonstrate an awareness and commitment to the attitudes and practices that foster human understanding, tolerance and the spirit of human relations.

The Human Rights Commission has awarded the 2022 Gene and Mary Jacobsen Outstanding Citizen award to Rissa Pahl.

Rissa's years of dedication and service to the Richfield children and families as a home daycare provider for thirty plus years. Rissa is now into her "second career" in a lead position at Havenwood Homes where she continues in her vocation of caring for aging and vulnerable adults.

Rissa exemplifies what it is to be a good neighbor. She is always informed about local government affairs and shares her vast knowledge while being one of the administrators of the Richfield Community Facebook page. Rissa has also been instrumental in keeping Richfield residents informed about community events and how members of the community can become involved in City meetings. Communication within our City is vital, but during COVID-19 it was critical that our neighbors had a way to communicate with each other. Rissa was a compass for many people who sought community support during those difficult days.

RECOMMENDED ACTION:**BASIS OF RECOMMENDATION:****A. HISTORICAL CONTEXT**

The Richfield Human Rights Commission has selected a Citizen of the Year award recipient since 1971. The award is given to a family, group, organization, business or individual who lives or works in Richfield and whose actions demonstrate an awareness and commitment to the attitudes and practices that foster human understanding, tolerance and the spirit of human relations.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

C. CRITICAL TIMING ISSUES:

D. FINANCIAL IMPACT:

E. LEGAL CONSIDERATION:

ALTERNATIVE RECOMMENDATION(S):

PRINCIPAL PARTIES EXPECTED AT MEETING:

Kim Jacobsen Rissa Pahl

**CITY COUNCIL MEETING****8/10/2022**

REPORT PREPARED BY: Kumud Verma, Finance Manager

DEPARTMENT DIRECTOR REVIEW:

OTHER DEPARTMENT REVIEW:

CITY MANAGER REVIEW: Katie Rodriguez, City Manager
8/5/2022**ITEM FOR COUNCIL CONSIDERATION:****Receipt of the City of Richfield Annual Financial Report for the fiscal year ended December 31, 2021.****EXECUTIVE SUMMARY:**

As required by state law all general purpose local governments must be audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants.

In addition, state law also requires that local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with U.S. generally accepted accounting standards unless a formal extension is applied for and accepted. The City requested and was granted an extension this year to August 15, 2022.

Accordingly, the City's auditing firm, BerganKDV, Ltd. has completed the annual audit of the City's financial records and has issued an unmodified opinion on those records for the fiscal year ended December 31, 2021.

The financial statements will be published locally and was submitted to the Government Finance Officers Association on August 1, 2022 for the Certificate of Achievement for Excellence in Financial Reporting program. In addition, the annual report will be filed to the Office of the State Auditor pursuant to State law.

Therefore, staff presents to the City Council, the Annual Financial Report for fiscal year ended December 31, 2021.

RECOMMENDED ACTION:**By Motion: Accept the Annual Financial Report of the City for the year ended December 31, 2021.****BASIS OF RECOMMENDATION:****A. HISTORICAL CONTEXT**

The City's auditing firm, BerganKDV, Ltd. has completed the annual audit of the City's financial records for the fiscal year ended December 31, 2021.

As part of the audit, BerganKDV, LTD. has issued an unmodified opinion on the City's financial statements for the year ending December 31, 2021.

A representative of BerganKDV, LTD. will be present at the tonight's Council meeting to make a brief presentation on the 2021 financial information and answer questions.

In addition, the Annual Report will be submitted to the State of Minnesota pursuant to State law and to the Government Finance Officers Association for the Certificate of Achievement for Excellence in Financial Reporting program.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

Action needs to be taken at the August 10, 2022 City Council meeting is the official receipt of the December 31, 2021 City of Richfield Annual Financial Report by the City Council.

The City's auditor has performed an audit of the City's financial records for the year ended December 31, 2021 and prepared reports to the City Council concerning legal compliance and internal controls.

C. CRITICAL TIMING ISSUES:

Action on this item is requested at the August 10, 2022 City Council meeting as there is a reporting deadline with the State of Minnesota.

D. FINANCIAL IMPACT:

E. LEGAL CONSIDERATION:

The Annual Report will be submitted to the State of Minnesota, pursuant to State law.

The Annual Report will be published in the Sun Current in August.

ALTERNATIVE RECOMMENDATION(S):

None

PRINCIPAL PARTIES EXPECTED AT MEETING:

Representative from BerganKDV

ATTACHMENTS:

Description		Type
▣	Annual Comprehensive Financial Report for Fiscal Year 2021	Backup Material
▣	2021 Richfield Communications Letter	Backup Material
▣	2021 Schedule of Expenditures of Federal Awards and Independent Auditor's Reports	Backup Material

CITY OF RICHFIELD
RICHFIELD, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

PREPARED BY:
FINANCE DEPARTMENT

Member GFOA of U.S. and Canada

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**CITY OF RICHFIELD, MINNESOTA
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INTRODUCTORY SECTION

CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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Finance Department

August 1, 2022

The Honorable Mayor and
Members of the City Council,
City of Richfield, Minnesota

MAYOR

MARIA REGAN
GONZALEZ

CITY COUNCIL

SEAN HAYFORD OLEARY
MARY SUPPLE
SIMON TRAUTMANN
BEN WHALEN

CITY MANAGER

KATIE RODRIGUEZ

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. 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 Richfield for the fiscal year ended December 31, 2021.

This report consists of management's representations concerning the finances of the City of Richfield. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Richfield has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, misuse and to compile sufficient reliable information for the preparation of the City of Richfield's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Richfield'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 respects.

The City of Richfield's financial statements have been audited by BerganKDV, 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 Richfield for the fiscal year ended December 31, 2021, 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 Richfield's financial statements for the fiscal year ended December 31, 2021, 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.

The independent audit of the financial statements of the City of Richfield was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Those reports are available in the City of Richfield's separately issued Special Purpose Audit Reports.

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 Richfield's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City was incorporated on February 26, 1908. Since 1964, the City has operated under a council/manager form of government, as authorized by its charter, and exists under the laws of the State of Minnesota.

The City has a population of 36,994 (2020 Census) and covers an area of approximately seven square miles. Located in Hennepin County, Richfield is the first suburb south of Minneapolis. Richfield is bordered on the north by the Crosstown Highway 62; bordered on the east by the Minneapolis-St. Paul International Airport; bordered on the south by Interstate 494; and bordered on the west by Xerxes Avenue and the City of Edina. In addition, Interstate 35W, the major north/south thoroughfare in the Twin City area, runs north/south through the middle of Richfield.

The City of Richfield provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; and recreational activities and cultural events. The City of Richfield also operates four municipal liquor stores, water and sewer utility, storm water utility, a two sheet ice arena, a municipal swimming pool and a mini golf course.

The annual budget serves as the foundation for the City of Richfield's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review prior to September 15. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than the last date established by law for the County Auditor to levy taxes. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and the ice arena fund this comparison is presented in the Required Supplementary Information section. For nonmajor governmental funds with appropriated annual budgets, this comparison is presented in the combining and individual fund statements and schedules.

Factors Affecting Financial Condition

Richfield was initially developed as a residential community. Residents of Richfield generally work at the adjacent airport, in the downtown Minneapolis-St. Paul area or on the I-494 strip. Richfield's commercial/industrial base is comparatively small when looking at other Twin City metropolitan area communities. In fact, when viewing the total estimated market value of the community, approximately 67% of the market value is comprised of residential properties, 16% apartments, and only 17% commercial/industrial property. Changes in the state's tax policy have indicated for some time a need for a more diversified tax base, including more commercial development.

Richfield has responded to this by encouraging commercial development within the City. However, over 99% of the land area in Richfield is already developed. Commercial development in Richfield is a more complex process that requires extensive redevelopment and often the use of tax increment financing assistance.

Since 1975, the City has created twenty-one tax increment districts. These tax increment districts were formed in order to help transform areas which are becoming market obsolete into a more vital commercial tax base. The City has transformed itself as a result of this redevelopment which includes not only commercial, but residential developments. Consequently, as the tax increment districts decertify, the City will realize the full market value benefit of these districts. The City has had one district decertified in 2002, a second district decertified in 2010, with a third district decertified in 2012, and two more decertified in 2019.

In addition to the City's efforts in commercial redevelopment, several housing programs have been established to encourage reinvestment in the City's housing stock. The City enjoys an AA+ bond rating and an Aa2 bond rating from Standard and Poor's and Moody's respectively.

Long-term Financial Planning

The Metropolitan Council requires all cities in the seven-county metropolitan area to have a Comprehensive Plan and State law requires cities to update their plans every 10 years. The Comprehensive Plan guides development and redevelopment and addresses changes likely to occur due to various social and market forces. The City's 2040 Comprehensive Plan was adopted in 2020.

In addition, the City on an annual basis engages in long-term financial and capital planning. The objective of this process is to provide a framework for decision making required to identify and implement strategies that will assure long-term community viability. Accordingly, outcomes of the process include promotion of long-term community affordability and livability, reinvesting in the City's housing stock to position the City to compete with other communities, addressing transportation impacts within the City, establish a financial framework to maintain and replace the City's physical and technical infrastructure, and review options and opportunities to improve delivery of City services.

Relevant Financial Policies

The City has adopted a set of financial management policies that focus on such areas as capital budgeting, revenue policies, debt management, general fund balances, cash and investments, risk management and operating budgets.

The City has established a fund balance policy for the general fund with a goal of maintaining an unassigned fund balance of 40% of general fund expenditures. At the end of 2021, the unassigned fund balance of the general fund is at 40% of general fund expenditures.

Major Initiatives

Major initiatives in 2021 included the following:

Right Of Way Improvements:

- **77th Street Underpass** - This project will extend 77th Street under Trunk Highway 77, connecting to the 24th Avenue Interchange at I-494. This project will provide regional access to the Minneapolis-St. Paul International Airport and to the Mall of America. The project also completes the last link in the local ring route that, together with the additional access, is needed for access changes along I-494. The total estimated cost is \$24,210,000. Construction began in 2021 and is estimated to be completed in 2023.
- **Residential Mill & Overlay** - A City-wide six year mill and overlay program completed 85 miles of residential streets. The roads were milled and overlaid as a result of the program. The City will deliver a pavement management program to protect the investments made in roadway infrastructure in future years.

Commercial Redevelopment and Housing Initiatives

- 2021 saw the planning and development of several large projects:
 - Construction of the RF64 townhome project (along 17th Avenue between 63rd and 65th Street) continued. 48 of the 64 townhomes are now either complete or under construction.
 - The apartment component of the RF64 development, Rya Apartments, is immediately west of Target and Home Depot on Richfield Parkway. Construction of the two apartment buildings (237 total units) began in 2021 and will be completed by summer 2022.
 - The 192-unit Novo apartment project at 66th Street and Queen Avenue opened in the spring of 2021.
 - Construction of the Landsby at Penn, a new 132-unit apartment building in the northwest corner of the Lunds parking lot (6228 Penn Avenue), continued throughout 2021.
 - The mixed use project at 101 66th Street East (Emi) was sold to North Bay Companies. Revised plans for a 5-story project with approximately 80 apartments and 2,600 square feet of ground floor retail was approved in January 2022 and is expected to be under construction by fall.
 - Construction of the Riley apartment project at 64th and Lyndale Avenue began alongside the rehabilitation of 22 existing apartments in an adjacent existing apartment building. The Riley will include 82 new apartments.
 - Land use approvals were granted for a mixed use project at 65th Street and Lyndale Avenue. The Lynvue will include 157 new apartments and 8,000 square feet of ground floor retail space.
 - Richfield Flats, a proposal for 55 low income housing tax credit units, was not awarded tax credits in 2021. The developer will resubmit in 2022.
- The City continues to operate several very successful programs that encourage reinvestment in the City's housing stock. These programs include, but are not limited to, incentive loan programs for remodeling homes to higher values; funding assistance for the replacement of small substandard homes with larger new-construction; partnerships with non-profit builders and developers like Habitat for Humanity; and a first-time homebuyer program specifically targeted at current renters.
- In 2021, the Richfield Economic Development Authority forgave 58 COVID-19 Business Loans that helped local businesses to weather the pandemic. The EDA also continued to partner with the Center for Energy and Efficiency and provide grant funding totaling \$20,000 to 15 local businesses to make energy-related improvements.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the City of Richfield, Minnesota for its annual report for the fiscal year ended December 31, 2020. This was the thirty-fourth consecutive year that the City has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the finance department. We express our appreciation to all members of the department who assisted and contributed to its preparation. We also thank the Mayor and members of the City Council for their interest and support in planning and conducting the financial operations for the City of Richfield in a responsible and progressive manner.

Respectfully submitted,


Katie Rodriguez
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Richfield
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

**CITY OF RICHFIELD, MINNESOTA
CITY OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2021**

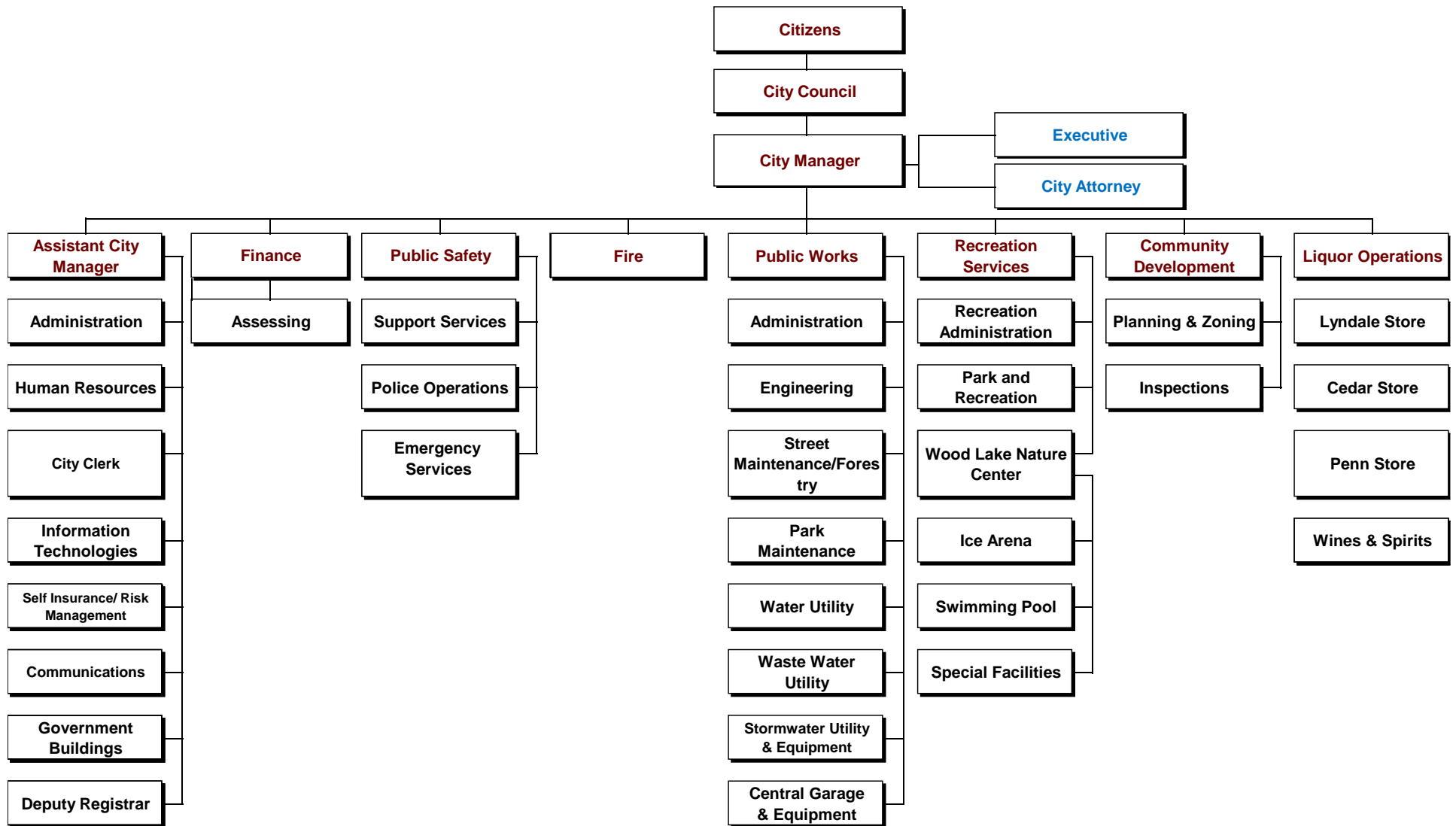
City Officials

Name	Title	Term Ends
Maria Regan Gonzalez	Mayor	1/2/2023
Mary Supple	Council Member	1/2/2023
Simon Trautmann, Ward 1	Council Member	1/6/2025
Sean Hayford Oleary, Ward 2	Council Member	1/6/2025
Ben Whalen, Ward 3	Council Member	1/6/2025

Administrative Staff

Name	Title
Katie Rodriguez	City Manager
Christopher Regis	Finance Director - ended on 8/9/2021
Kumud Verma	Finance Manager - started on 5/18/2022
Kari Sinning	City Clerk

**CITY OF RICHFIELD
ADMINISTRATIVE ORGANIZATION CHART**



FINANCIAL SECTION
CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Richfield
Richfield, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota, as of and for the year ended December 31, 2021, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and Ice Arena Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 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

The City of Richfield's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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's ability to continue as a going concern for one year 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 GAAS 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary information as listed in the Table of Contents 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 (GASB), 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 of Richfield's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements 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 August 1, 2022, on our consideration of the City of Richfield'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 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 of Richfield's internal control over financial reporting and compliance.



Minneapolis, Minnesota
August 1, 2022

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Management's Discussion and Analysis

As management of the City of Richfield, we offer readers of the City of Richfield's financial statements this narrative overview and analysis of the financial activities of the City of Richfield for the fiscal year ended December 31, 2021. 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 pages 9 through 13 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Richfield exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$92,038,976 (net position). Of this amount, \$10,677,175 may be used to meet the governments ongoing obligations to citizens and creditors.
- The government's total net position increased by \$20,128,404.
- As of the close of the current fiscal year, the City of Richfield's governmental funds reported combined ending fund balances of \$29,037,533. Of this total amount, \$48,600 is classified as nonspendable, \$3,090,932 as restricted, \$13,661,056 as committed by City Council action, \$5,518,491 as assigned and \$6,718,454 as unassigned.
- At the end of the current fiscal year, the general fund balance of \$10,564,929 included \$47,489 as nonspendable and \$10,517,440 as unassigned.
- The City of Richfield's total bonded debt decreased by \$7,826,831 (11 percent) during the current fiscal year from \$70,724,340 to \$62,897,509.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Richfield's basic financial statements. The City of Richfield'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 supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the City of Richfield's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two 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 of Richfield is improving or deteriorating.

The *statement of activities* presents information showing how the government'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 of Richfield 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 of Richfield include general government, public safety, fire, community development, public works, and parks and recreation. The business-type activities of the City of Richfield include a municipal liquor operation, water and sewer utility, and a storm sewer utility.

The government-wide financial statements include not only the City of Richfield itself (known as the *primary government*), but also the Richfield Housing and Redevelopment Authority and the Richfield Economic Development Authority, both discretely presented component units. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

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 of Richfield, 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 of Richfield can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 of 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 of Richfield maintains twenty individual governmental funds. 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, ice arena fund, improvement bonds fund, and capital improvements fund, all of which are considered to be major funds. Data from the other sixteen 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 of Richfield adopts an annual appropriated budget for its general and special revenue funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

Proprietary Funds. The City of Richfield 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 of Richfield uses enterprise funds to account for its liquor operation, water and sewer utility and for its storm sewer utility, all of which are considered to be major funds of the City. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Richfield's various functions. The City of Richfield uses internal service funds to account for its central garage & equipment, for its information technology systems, its self-insurance program, its building services function, and its compensated absences liability. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Richfield's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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.

Other Information. Required supplementary information can be found following the Notes to the Financial Statements.

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information.

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 of Richfield, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$92,038,976 at the close of the most recent fiscal year.

By far the largest portion of the City of Richfield's net position (71 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Richfield uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Richfield'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 RICHFIELD'S NET POSITION

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Assets						
Current and other assets	\$ 60,944,546	\$ 49,665,300	\$ 11,279,246	\$ 10,247,875	\$ 11,784,680	\$ (1,536,805)
Capital assets, net of depreciation	81,737,616	78,742,012	2,995,604	34,166,369	34,255,973	(89,604)
Total Assets	142,682,162	128,407,312	14,274,850	44,414,244	46,040,653	(1,626,409)
Deferred Outflows of Resources						
Deferred other postemployment benefits resources	281,160	236,348	44,812	25,586	22,210	3,376
Deferred pension resources	12,291,368	5,292,327	6,999,041	1,129,745	194,799	934,946
Total Deferred Outflows of Resources	12,572,528	5,528,675	7,043,853	1,155,331	217,009	938,322
Liabilities						
Long-term liabilities outstanding	64,891,931	69,576,063	(4,684,132)	14,924,543	15,351,135	(426,592)
Other liabilities	5,784,574	8,885,770	(3,101,196)	1,456,950	4,093,022	(2,636,072)
Total Liabilities	70,676,505	78,461,833	(7,785,328)	16,381,493	19,444,157	(3,062,664)
Deferred Inflows of Resources						
Deferred pension resources	16,864,766	6,592,659	10,272,107	1,453,758	103,792	1,349,966
Deferred other postemployment benefits resources	768,281	880,913	(112,632)	69,915	81,074	(11,159)
Advanced appropriations - State shared tax	2,570,571	2,718,649	(148,078)	-	-	-
Total Deferred Inflows of Resources	20,203,618	10,192,221	10,011,397	1,523,673	184,866	1,338,807
Net Position						
Net investment in capital assets	51,429,664	46,316,911	5,112,753	21,303,212	20,657,979	645,233
Restricted	16,485,325	7,253,345	9,231,980	-	-	-
Unrestricted	(3,540,422)	(8,288,323)	4,747,901	6,361,197	5,970,660	390,537
Total Net Position	\$ 64,374,567	\$ 45,281,933	\$ 19,092,634	\$ 27,664,409	\$ 26,628,639	\$ 1,035,770

An additional portion of the City of Richfield's net position represents resources that are subject to external restrictions on how they may be used. At December 31, 2021, the City had restricted net position of \$16,485,325. The remaining balance of *unrestricted net position* (\$10,677,175) may be used to meet government's ongoing obligations to citizens and creditors.

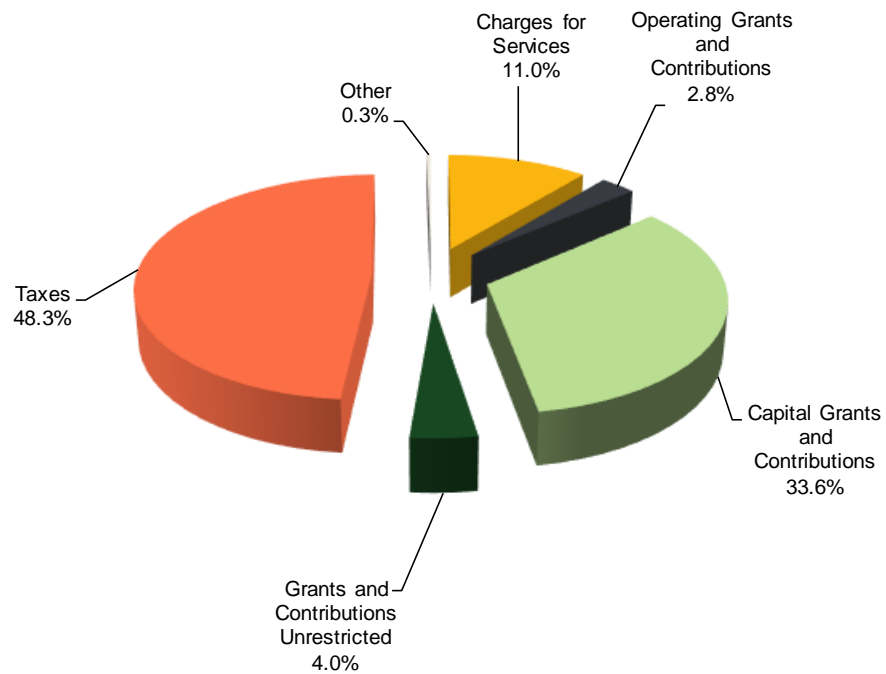
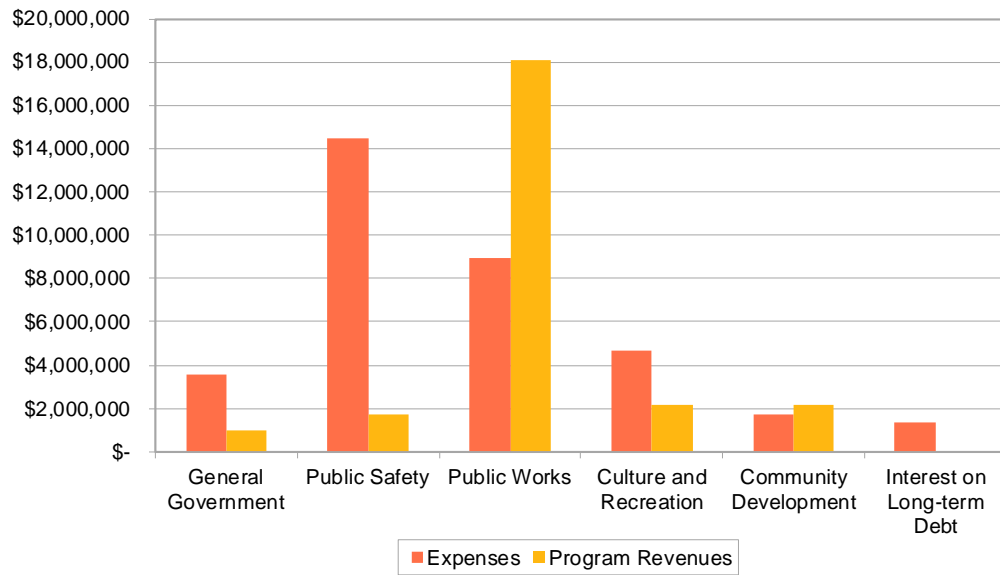
The government's net position reflects an increase of \$20,128,404. The increase can be attributed to increases in capital grants and contributions of \$9,618,172, charges for services of \$2,832,185 and the City realized increased property tax collections of \$1,148,887 in 2021.

Governmental Activities. Governmental activities increased the City of Richfield's net position by \$19,092,634 in 2021. The key elements of this increase are as follows:

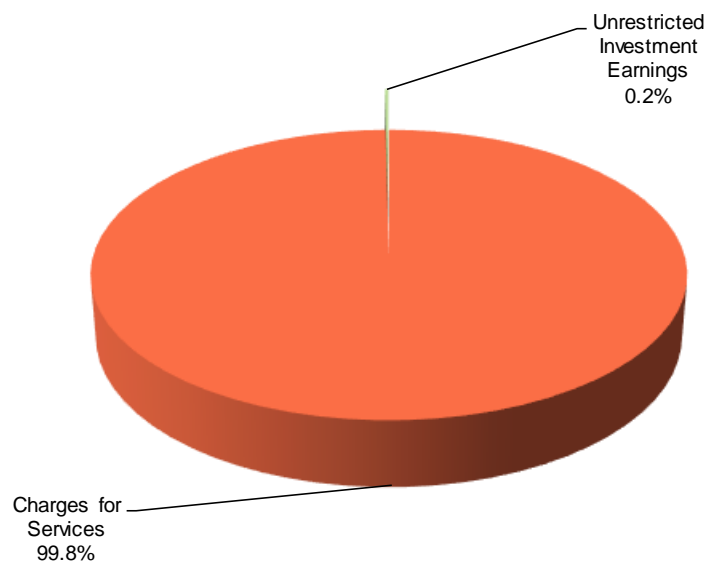
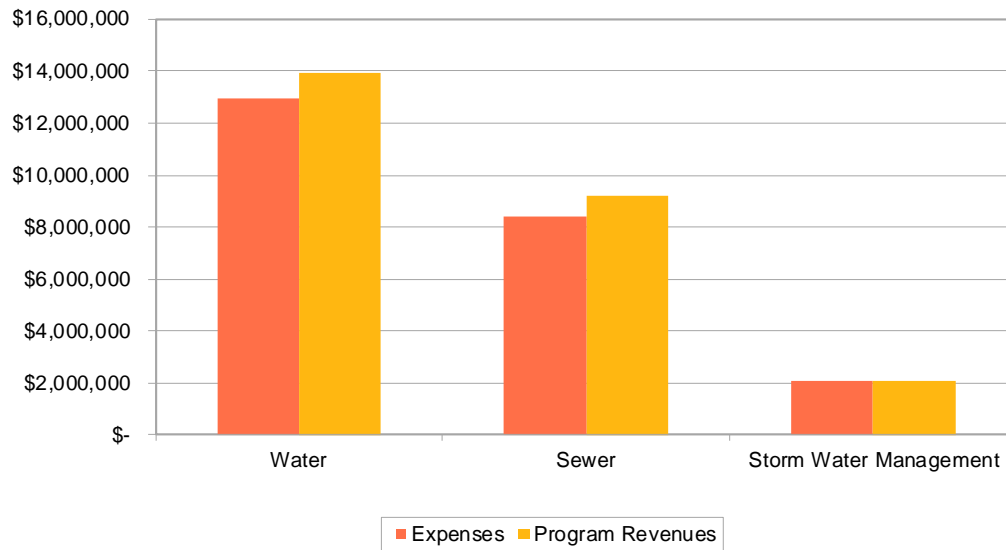
City of Richfield's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 5,856,283	\$ 4,196,953	\$ 1,659,330	\$ 25,199,379	\$ 24,026,524	\$ 1,172,855
Operating grants and contributions	1,456,035	4,238,000	(2,781,965)	-	-	-
Capital grants and contributions	17,781,877	8,163,705	9,618,172	-	-	-
General Revenues						
Taxes						
Property taxes	23,332,017	22,183,130	1,148,887	-	-	-
Other taxes	2,246,806	2,235,139	11,667	-	-	-
Grants and contributions not restricted to specific programs	2,104,750	2,366,046	(261,296)	1,837	-	1,837
Unrestricted investment earnings	48,946	354,715	(305,769)	47,692	86,132	(38,440)
Gain on sale of capital assets	91,592	-	91,592	18,000	-	18,000
Miscellaneous	76,472	833,164	(756,692)	-	428,491	(428,491)
Total Revenues	<u>52,994,778</u>	<u>44,570,852</u>	<u>8,423,926</u>	<u>25,266,908</u>	<u>24,541,147</u>	<u>725,761</u>
Expenses						
General government	3,591,071	3,443,118	147,953	-	-	-
Public safety	14,455,290	14,767,550	(312,260)	-	-	-
Public works	8,969,332	11,146,122	(2,176,790)	-	-	-
Culture and recreation	4,666,522	3,426,087	1,240,435	-	-	-
Community development	1,730,362	1,601,218	129,144	-	-	-
Interest on long-term debt	1,317,337	1,487,038	(169,701)	-	-	-
Municipal Liquor	-	-	-	12,979,538	12,384,877	594,661
Water and Sewer Utility	-	-	-	8,380,422	8,272,505	107,917
Storm Sewer	-	-	-	2,043,408	2,057,741	(14,333)
Total Expenses	<u>34,729,914</u>	<u>35,871,133</u>	<u>(1,141,219)</u>	<u>23,403,368</u>	<u>22,715,123</u>	<u>688,245</u>
Excess before Transfers	18,264,864	8,699,719	9,565,145	1,863,540	1,826,024	37,516
Transfers	<u>827,770</u>	<u>768,210</u>	<u>59,560</u>	<u>(827,770)</u>	<u>(768,210)</u>	<u>(59,560)</u>
Change in Net Position	19,092,634	9,467,929	9,624,705	1,035,770	1,057,814	(22,044)
Net Position, January 1	<u>45,281,933</u>	<u>35,814,004</u>	<u>9,467,929</u>	<u>26,628,639</u>	<u>25,570,825</u>	<u>1,057,814</u>
Net Position, December 31	<u>\$ 64,374,567</u>	<u>\$ 45,281,933</u>	<u>\$ 19,092,634</u>	<u>\$ 27,664,409</u>	<u>\$ 26,628,639</u>	<u>\$ 1,035,770</u>

- Increase in property tax revenues of \$1,148,887.
- Total expenses decreased by \$1,141,219 primarily due to a decrease in public works projects as a result of majority of project costs being incurred in 2020 and an overall general decline in costs during 2021.



Business-type Activities. Business-type activities increased the City's net position by \$1,035,770 in 2021. The increase can be attributed to improved operating performance of all business-type activities in 2021.



Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City of Richfield'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 of Richfield's financing requirements. Fund balances are identified based on a hierarchy of the constraints placed on the use of financial resources within governmental funds. Accordingly, fund balances are classified as: nonspendable, restricted, committed, assigned, and unassigned.

As of the end of the current fiscal year, the City of Richfield's governmental funds reported combined ending fund balances of \$29,037,533 a decrease of \$1,408,105 from 2020. This decrease can be attributed to the 77th Street capital improvement project. Consequently, the year-end balance consists of the following: 0.17 percent (\$48,600) are amounts that are not in spendable form such as prepaid items. 10.64 percent (\$3,090,932) constitutes restricted fund balances which limits the spending of these balances to externally imposed constraints, i.e. debt service covenants. 47.05 percent (\$13,661,056) represents committed fund balances which are determined by resolution of the City Council. 19.00 percent (\$5,518,491) is classified as assigned. These amounts represent intended uses established by the City Council or by an official designated by the City Council. Finally, 23.14 percent or (\$6,718,454) consists of balances classified as unassigned, which includes the fund balance of the General Fund and deficit fund balances of other governmental funds.

The general fund is the chief operating fund of the City of Richfield. At the end of the current year, the unassigned fund balance of the general fund was \$10,517,440 while total fund balance was \$10,564,929. As a measure of the general fund liquidity, it may be useful to compare unassigned fund balance to total general fund revenues. Unassigned fund balance represents approximately 40.13 percent of total general fund revenues and 39.99 percent of total general fund expenditures. Moreover, the State Auditor has set a standard that unrestricted, unassigned fund balance should be between 35 and 50 percent of yearly general fund revenues. The City has adopted a policy that strives to maintain a minimum fund balance equal to 40 percent of total general fund expenditures. At December 31, 2021 the City of Richfield the City is right at the fund balance goal.

The City's fund balance for its general fund increased by \$539,439 in 2021. The increase is due to improved tax revenue received in 2021 and general fund expenditures being below budget projections.

The Ice Arena fund reflects an increase in fund balance of \$13,767 in 2021. The increase is due to transfers from the General Fund and Capital Improvements Fund.

The G.O. Improvement Bonds fund has a fund balance of \$5,407,384. The fund balance decreased in 2021 by \$1,712,126 due to the final payment on the Series 2012A bonds in 2021.

The Capital Improvement fund accounts for public improvements and road right-of-way projects undertaken by the City. This funds fund balance decreased by \$950,626. The decrease can be attributed to construction costs for the 77th Street projects.

The nonmajor governmental funds consist of the City's Special Revenue funds, the Parks Capital Projects fund and the Redevelopment Bond fund. The combined total of these funds increased by \$701,441 in 2021. The increase can be attributed to the positive Swimming Pool fund operations and transfers from the Contributions-Liquor fund for park improvements.

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

Unrestricted net position of the liquor operation at the end of the year amounted to \$946,282, for the water and sewer utility \$5,381,690, and for the storm sewer utility \$2,138,085. The total increase in net position for liquor operation, the water and sewer utility, and the storm sewer utility was \$187,187, \$1,021,405, and \$55,708 respectively.

Budgetary Highlights

General Fund

As part of the annual budget process, the current general fund revenue and expenditure budgets are revised to reflect a more accurate picture throughout the current fiscal year. The intent of this annual budget process is for the City to continue to provide and maintain quality services to its residents while trying to maintain the tax levy at a reasonable level. For several years, the City has been following a policy under City Council direction to minimize its reliance on Local Government Aid (LGA). The policy evolved out of the history of volatile budget swings faced by the State of Minnesota in the past and the impact those budget issues had on cities when the State began to reduce or cut LGA revenues to cities. However, beginning with the 2021 budget process, it was decided to change the policy and budget for the full 2021 certified amount of LGA.

At the end of 2021 the City's General Fund realized a surplus of \$539,439 to its fund balance. This was accomplished through increased tax and charges for services revenues, and general fund expenditures being under budget.

Capital Asset and Debt Administration

Capital Assets. The City of Richfield's investment in capital assets for its governmental and business type activities as of December 31, 2021 amounts to \$115,903,985 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, other improvements, machinery and equipment, infrastructure, and construction in progress.

Major capital asset events during 2021 included the following:

- Construction progress on the 65th Street reconstruction of \$613,772.
- Construction progress on the 77th Street project of \$5,402,758.
- Completion of the Wood Lake Lift Station project of \$968,024.
- Completion of the third phase of the Water Meter Replacement of \$657,175.

CITY OF RICHFIELD'S CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Land	\$ 9,353,605	\$ 9,353,605	\$ -	\$ 638,673	\$ 638,673	\$ -
Buildings and structures	31,918,173	33,110,427	(1,192,254)	3,055,343	3,308,937	(253,594)
Machinery and equipment	8,950,952	9,127,958	(177,006)	5,310,665	5,140,096	170,569
Other improvements	3,304,926	2,809,273	495,653	25,146,275	25,030,317	115,958
Streets (infrastructures)	21,546,020	23,805,155	(2,259,135)	-	-	-
Construction in progress	6,663,940	535,594	6,128,346	15,413	137,950	(122,537)
Total	<u>\$ 81,737,616</u>	<u>\$ 78,742,012</u>	<u>\$ 2,995,604</u>	<u>\$ 34,166,369</u>	<u>\$ 34,255,973</u>	<u>\$ (89,604)</u>

Additional information on the City's capital assets can be found in Note 1N and Note 3 Capital Assets in the accompanying notes to the basic financial statements.

Long-term Debt

At the end of the current fiscal year, the City of Richfield had total bonded debt outstanding of \$62,897,509. The debt service for the general obligation redevelopment bonds is provided through the collection of tax increments from Hennepin County. On an annual basis tax increment proceeds are transferred to meet annual debt service requirements. The general obligation improvement bonds are serviced by special assessment collections and tax levies.

CITY OF RICHFIELD'S OUTSTANDING DEBT

General Obligation and Revenue Bonds

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
G.O. Redevelopment Bonds	\$ 2,715,000	\$ 3,475,000	\$ (760,000)	\$ -	\$ -	\$ -
G.O. Improvement Bonds	46,095,000	50,280,000	(4,185,000)	-	-	-
Revenue Bonds	-	-	-	12,380,000	15,065,000	(2,685,000)
Bond Premium	1,224,352	1,341,351	(116,999)	483,157	562,989	(79,832)
Total	<u>\$ 50,034,352</u>	<u>\$ 55,096,351</u>	<u>\$ (5,061,999)</u>	<u>\$ 12,863,157</u>	<u>\$ 15,627,989</u>	<u>\$ (2,764,832)</u>

The City of Richfield maintains an AA+ rating from Standard & Poor's and an "Aa2" rating from Moody's Investor Service, for general obligation debt.

State Statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total assessed valuation. The current debt limitation for the City of Richfield is \$123,231,000, which is in excess of the City of Richfield's outstanding general obligation debt.

Additional details of the City's long-term debt activity can be found in Note 5, Long-Term Liabilities, in the accompanying notes to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The following items are an integral part of the City's planning for and dealing with near-term financial issues:

- Over the previous couple of years, the City has seen market values increase with the expectation that they will continue to increase into 2022. In addition, redevelopment was very strong in 2021, and again expected to be strong in 2022. These positive trends could slow if there is a severe or extended recession.
- Rates for the Utility operations increased for 2022. For 2022 water rates will increase across the three tier levels by 8 percent. Tier 1 will increase by 0.21 cents per thousand gallons, Tier 2 will increase by 0.25 cents per thousand gallons, and Tier 3 rates will increase by .30 cents per thousand gallons. In addition, wastewater rates will increase by 2 percent or 0.12 cents per thousand gallons. Finally, rates for the Storm Sewer Utility will increase by 5 percent or 1.04 per quarter over 2021 levels.

Requests for Information

This financial report is designed to provide a general overview of the City of Richfield's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Richfield, 6700 Portland Avenue South, Richfield, MN 55423.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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CITY OF RICHFIELD, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities	Business-type Activities	Total	Housing and Redevelopment Authority	Economic Development Authority
Assets					
Cash and temporary investments	\$ 45,024,837	\$ 7,927,564	\$ 52,952,401	\$ 14,959,369	\$ 808,493
Receivables					
Accrued interest	73,400	10,983	84,383	25,734	1,341
Taxes	227,466	-	227,466	5,970	5,680
Accounts	1,107,029	2,686,387	3,793,416	9,606	-
Special assessments	336,974	380,144	717,118	-	-
Due from other governments	11,431,569	2,422	11,433,991	97,882	7,756
Internal balances	2,104,860	(2,104,860)	-	-	-
Due from component unit	567,872	-	567,872	-	-
Inventories	-	1,305,208	1,305,208	-	-
Prepaid items	70,539	40,027	110,566	-	-
Assets held for resale	-	-	-	4,071,943	-
Long term second mortgage receivable	-	-	-	2,512,708	669,818
Allowance for uncollectible accounts	-	-	-	(2,512,708)	(669,818)
Capital assets					
Land and construction in progress	16,017,545	654,086	16,671,631	-	-
Depreciable assets (net of accumulated depreciation)	65,720,071	33,512,283	99,232,354	-	-
Total Assets	<u>142,682,162</u>	<u>44,414,244</u>	<u>187,096,406</u>	<u>19,170,504</u>	<u>823,270</u>
Deferred Outflows of Resources					
Deferred other postemployment benefits resources	281,160	25,586	306,746	-	-
Deferred pension resources	12,291,368	1,129,745	13,421,113	-	-
Total Deferred Outflows of Resources	<u>12,572,528</u>	<u>1,155,331</u>	<u>13,727,859</u>	<u>-</u>	<u>-</u>
Liabilities					
Accounts and contracts payable	1,665,995	1,016,571	2,682,566	103,499	25,132
Accrued salaries payable	771,254	117,523	888,777	-	-
Due to other governments	225,888	190,616	416,504	16,922	-
Due to component unit	-	-	-	567,872	-
Accrued interest payable	572,787	132,240	705,027	-	-
Deposits payable	599,407	-	599,407	7,050	-
Unearned revenue	1,949,243	-	1,949,243	-	-
Long-term liabilities					
Due within one year					
Long-term liabilities	4,330,848	1,064,348	5,395,196	-	-
Due in more than one year					
Long-term liabilities	49,133,564	12,130,815	61,264,379	-	-
Net pension liability	9,681,578	1,570,495	11,252,073	-	-
Other postemployment benefits liability	1,745,941	158,885	1,904,826	-	-
Total Liabilities	<u>70,676,505</u>	<u>16,381,493</u>	<u>87,057,998</u>	<u>695,343</u>	<u>25,132</u>
Deferred Inflows of Resources					
Deferred pension resources	16,864,766	1,453,758	18,318,524	-	-
Deferred other postemployment benefit resources	768,281	69,915	838,196	-	-
Advanced appropriations - State shared tax	2,570,571	-	2,570,571	-	-
Total Deferred Inflows of Resources	<u>20,203,618</u>	<u>1,523,673</u>	<u>21,727,291</u>	<u>-</u>	<u>-</u>
Net Position					
Net investment in capital assets	51,429,664	21,303,212	64,876,476	-	-
Restricted for					
Debt service	5,067,755	-	5,067,755	-	-
Capital projects	754,449	-	754,449	3,884,247	-
Grants and donations	10,663,121	-	10,663,121	187,696	-
Unrestricted	(3,540,422)	6,361,197	10,677,175	14,403,218	798,138
Total Net Position	<u>\$ 64,374,567</u>	<u>\$ 27,664,409</u>	<u>\$ 92,038,976</u>	<u>\$ 18,475,161</u>	<u>\$ 798,138</u>

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

CITY OF RICHFIELD, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 3,591,071	\$ 951,034	\$ 13,829	\$ -
Public safety	14,455,290	500,678	1,204,756	-
Public works	8,969,332	338,892	-	17,781,877
Culture and recreation	4,666,522	1,927,900	237,450	-
Community development	1,730,362	2,137,779	-	-
Interest on long-term debt	1,317,337	-	-	-
Total Governmental Activities	<u>34,729,914</u>	<u>5,856,283</u>	<u>1,456,035</u>	<u>17,781,877</u>
Business-type Activities				
Municipal Liquor	12,979,538	13,927,926	-	-
Water and Sewer Utility	8,380,422	9,227,632	-	-
Storm Sewer	2,043,408	2,043,821	-	-
Total Business-type Activities	<u>23,403,368</u>	<u>25,199,379</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 58,133,282</u>	<u>\$ 31,055,662</u>	<u>\$ 1,456,035</u>	<u>\$ 17,781,877</u>
Component Unit				
Housing and Redevelopment Authority	\$ 7,512,550	\$ 7,526	\$ 4,548,433	\$ -
Economic Development Authority	<u>368,506</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Component Unit	<u>\$ 7,881,056</u>	<u>\$ 7,526</u>	<u>\$ 4,548,433</u>	<u>\$ -</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

Lodging taxes

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted interest (loss) on investments

Gain on sale of capital assets

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net position, January 1

Net Position, December 31

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

Net (Expenses) Revenues and Changes in Net Position			Housing and Redevelopment Authority	Economic Development Authority
Governmental Activities	Business-type Activities	Total		
\$ (2,626,208)	\$ -	\$ (2,626,208)		
(12,749,856)	-	(12,749,856)		
9,151,437	-	9,151,437		
(2,501,172)	-	(2,501,172)		
407,417	-	407,417		
(1,317,337)	-	(1,317,337)		
(9,635,719)	-	(9,635,719)		
-	948,388	948,388		
-	847,210	847,210		
-	413	413		
-	1,796,011	1,796,011		
(9,635,719)	1,796,011	(7,839,708)		
			\$ (2,956,591)	\$ -
			-	(368,506)
			(2,956,591)	(368,506)
19,850,334	-	19,850,334	626,890	537,058
3,481,683	-	3,481,683	-	-
-	-	-	5,818,864	-
4,620	-	4,620	-	-
2,242,186	-	2,242,186	-	-
2,104,750	1,837	2,106,587	-	-
48,946	47,692	96,638	13,056	660
91,592	18,000	109,592	839,103	-
76,472	-	76,472	19,404	2,100
827,770	(827,770)	-	-	-
28,728,353	(760,241)	27,968,112	7,317,317	539,818
19,092,634	1,035,770	20,128,404	4,360,726	171,312
45,281,933	26,628,639	71,910,572	14,114,435	626,826
\$ 64,374,567	\$ 27,664,409	\$ 92,038,976	\$ 18,475,161	\$ 798,138

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

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FUND FINANCIAL STATEMENTS

CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

CITY OF RICHFIELD, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

		Special Revenue	Debt Service	Capital Project		
	General	Ice Arena	Improvement Bonds	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and temporary investments	\$ 8,343,970	\$ -	\$ 5,358,019	\$ 13,694,154	\$ 7,089,530	\$ 34,485,673
Receivables						
Accrued interest	12,950	-	7,081	20,734	14,194	54,959
Taxes	189,114	-	35,106	3,246	-	227,466
Accounts	151,497	200,568	-	-	717,730	1,069,795
Special assessments	16,008	-	198,052	122,914	-	336,974
Due from other governments	400,504	-	48,284	10,940,944	33,354	11,423,086
Due from other funds	2,997,756	-	-	-	-	2,997,756
Advances to other funds	-	-	-	-	537,549	537,549
Prepaid items	47,489	1,666	-	-	3,981	53,136
Total Assets	\$ 12,159,288	\$ 202,234	\$ 5,646,542	\$ 24,781,992	\$ 8,396,338	\$ 51,186,394
Liabilities						
Accounts and contracts payable	591,797	56,661	6,000	873,570	\$ 31,981	\$ 1,560,009
Accrued salaries payable	698,781	20,146	-	-	5,351	724,278
Due to other governments	98,659	7,425	-	79,626	4,643	190,353
Due to other funds	-	2,522,106	-	-	475,650	2,997,756
Advances from other funds	-	921,206	-	-	195,440	1,116,646
Deposits payable	-	-	-	569,305	30,102	599,407
Unearned revenue	-	-	-	1,949,243	-	1,949,243
Total Liabilities	1,389,237	3,527,544	6,000	3,471,744	743,167	9,137,692
Deferred Inflows of Resources						
Unavailable revenues - delinquent taxes	189,114	-	35,106	3,246	-	227,466
Unavailable revenues - special assessments	16,008	-	198,052	122,914	-	336,974
Advance appropriations - State shared taxes	-	-	-	2,570,571	-	2,570,571
Unavailable revenue - State shared taxes	-	-	-	9,876,158	-	9,876,158
Total Deferred Inflows of Resources	205,122	-	233,158	12,572,889	-	13,011,169
Fund Balances						
Nonspendable	47,489	-	-	-	1,111	48,600
Restricted	-	-	1,549,520	754,449	786,963	3,090,932
Committed	-	-	3,396,153	2,926,130	7,338,773	13,661,056
Assigned	-	-	461,711	5,056,780	-	5,518,491
Unassigned	10,517,440	(3,325,310)	-	-	(473,676)	6,718,454
Total Fund Balances	10,564,929	(3,325,310)	5,407,384	8,737,359	7,653,171	29,037,533
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,159,288	\$ 202,234	\$ 5,646,542	\$ 24,781,992	\$ 8,396,338	\$ 51,186,394

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

**CITY OF RICHFIELD
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

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

Total Fund Balances - Governmental Funds	\$ 29,037,533
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	165,843,072
Less: accumulated depreciation	(88,574,751)
The assets and deferred outflows of resources and liabilities and deferred inflows of resources of certain Internal Service Funds are included in governmental activities in the statement of net position.	
Net position of internal service funds	11,269,188
Allocation of reflect consolidation of internal service fund activities related to enterprise funds	2,104,860
Allocation of reflect consolidation of internal service fund activities related to component unit	567,872
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year-end consist of	
Bonds payable	(48,810,000)
Plus premium on bonds issued	(1,224,352)
Other postemployment benefits payable	(1,684,677)
Net pension liability	(9,098,798)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes	227,466
Special assessments	336,974
State shared taxes	9,876,158
Governmental funds do not report long-term amounts related to pensions and OPEB.	
Deferred outflows other postemployment benefit resources	271,294
Deferred inflows other postemployment benefit resources	(741,322)
Deferred outflows of pension resources	11,872,142
Deferred inflows of pension resources	(16,325,305)
Governmental funds do not report a liability for accrued interest until due and payable.	(572,787)
Total Net Position - Governmental Activities	<u><u>\$ 64,374,567</u></u>

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

CITY OF RICHFIELD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

		Special Revenue	Debt Service	Capital Project	Other	Total
	General	Ice Arena	Improvement Bonds	Capital Improvements	Governmental Funds	Governmental Funds
Revenues						
Taxes	\$ 18,938,165	\$ -	\$ 3,481,683	\$ 883,618	\$ 2,246,806	\$ 25,550,272
Licenses and permits	1,695,431	-	-	-	-	1,695,431
Intergovernmental	3,492,120	-	-	5,900,286	1,504,586	10,896,992
Charges for services	1,842,554	1,029,353	-	-	512,059	3,383,966
Fines and forfeitures	176,642	-	-	-	54,324	230,966
Special assessments	-	-	47,796	111,293	-	159,089
Interest (loss) on investments	6,838	-	3,484	10,264	6,978	27,564
Miscellaneous	55,436	67,511	-	137,510	708,813	969,270
Total Revenues	<u>26,207,186</u>	<u>1,096,864</u>	<u>3,532,963</u>	<u>7,042,971</u>	<u>5,033,566</u>	<u>42,913,550</u>
Expenditures						
Current						
Legislative/executive	941,743	-	-	-	-	941,743
Administrative services	693,573	-	-	-	594,256	1,287,829
Finance	765,641	-	-	-	-	765,641
Public safety	10,309,436	-	-	-	141,742	10,451,178
Fire	5,136,190	-	-	-	-	5,136,190
Community development	1,796,086	-	-	-	-	1,796,086
Public works	4,657,771	-	-	7,495,490	-	12,153,261
Recreation services	2,000,077	1,061,140	-	-	712,588	3,773,805
Capital outlay						
Administrative services	-	-	-	-	30,001	30,001
Public works	-	-	-	136,317	-	136,317
Recreation services	-	324,657	-	-	845,418	1,170,075
Debt service						
Principal	-	-	2,800,000	-	760,000	3,560,000
Interest and other charges	-	12,300	1,371,619	-	113,380	1,497,299
Total Expenditures	<u>26,300,517</u>	<u>1,398,097</u>	<u>4,171,619</u>	<u>7,631,807</u>	<u>3,197,385</u>	<u>42,699,425</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(93,331)</u>	<u>(301,233)</u>	<u>(638,656)</u>	<u>(588,836)</u>	<u>1,836,181</u>	<u>214,125</u>
Other Financing Sources (Uses)						
Transfers in	862,770	315,000	1,933,750	1,103,210	1,318,024	5,532,754
Transfers out	(230,000)	-	(1,622,220)	(1,465,000)	(2,452,764)	(5,769,984)
Principal paid on refunded bonds	-	-	(1,385,000)	-	-	(1,385,000)
Total Other Financing Sources (Uses)	<u>632,770</u>	<u>315,000</u>	<u>(1,073,470)</u>	<u>(361,790)</u>	<u>(1,134,740)</u>	<u>(1,622,230)</u>
Net Change in Fund Balances	539,439	13,767	(1,712,126)	(950,626)	701,441	(1,408,105)
Fund Balances, January 1	<u>10,025,490</u>	<u>(3,339,077)</u>	<u>7,119,510</u>	<u>9,687,985</u>	<u>6,951,730</u>	<u>30,445,638</u>
Fund Balances, December 31	<u>\$ 10,564,929</u>	<u>\$ (3,325,310)</u>	<u>\$ 5,407,384</u>	<u>\$ 8,737,359</u>	<u>\$ 7,653,171</u>	<u>\$ 29,037,533</u>

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

CITY OF RICHFIELD, 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, 2021

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

Total Net Change in Fund Balances - Governmental Funds	\$ (1,408,105)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlays	7,216,606
Depreciation expense	(4,085,630)
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 amortized in the statement of activities.	
Principal repayments	4,945,000
Current year amortization of bond premium	116,999
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.	62,964
Internal service funds are used by the City to charge the cost of certain activities, such as insurance and telecommunication to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities	
Investment earnings	21,380
Consolidation of internal service fund activities related to governmental activities	(1,049,400)
Transfer in	1,065,000
Gain on sale of capital assets	91,592
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	(39,518)
Property taxes	28,551
State shared taxes	9,876,158
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 benefits	(47,166)
Long-term pension activity is not reported in governmental funds.	
Pension expense	2,195,139
Pension revenue from State contributions	103,064
Change in Net Position - Governmental Activities	<u>\$ 19,092,634</u>

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

CITY OF RICHFIELD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 18,621,410	\$ 18,621,410	\$ 18,938,165	\$ 316,755
Licenses and permits	1,065,000	1,243,000	1,695,431	452,431
Intergovernmental	3,374,170	3,704,350	3,492,120	(212,230)
Charges for services	2,222,900	1,688,790	1,842,554	153,764
Fines and forfeitures	280,000	222,000	176,642	(45,358)
Interest (loss) on investments	30,000	25,000	6,838	(18,162)
Miscellaneous	45,100	45,100	55,436	10,336
Total Revenues	<u>25,638,580</u>	<u>25,549,650</u>	<u>26,207,186</u>	<u>657,536</u>
Expenditures				
Current				
Legislative/executive	1,044,630	1,008,250	941,743	66,507
Administrative services	908,360	836,330	693,573	142,757
Finance	743,050	755,000	765,641	(10,641)
Public safety	10,447,080	10,484,860	10,309,436	175,424
Fire	4,995,480	4,995,320	5,136,190	(140,870)
Community development	1,697,080	1,800,220	1,796,086	4,134
Public works	4,590,640	4,713,500	4,657,771	55,729
Recreation services	2,078,350	2,069,940	2,000,077	69,863
Total Expenditures	<u>26,504,670</u>	<u>26,663,420</u>	<u>26,300,517</u>	<u>362,903</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(866,090)</u>	<u>(1,113,770)</u>	<u>(93,331)</u>	<u>1,020,439</u>
Other Financing Sources (Uses)				
Transfers in	1,096,090	1,343,770	862,770	(481,000)
Transfers out	(230,000)	(230,000)	(230,000)	-
Total Financing Sources (Uses)	<u>866,090</u>	<u>1,113,770</u>	<u>632,770</u>	<u>(481,000)</u>
Net Change in Fund Balances	-	-	539,439	539,439
Fund Balances, January 1	<u>10,025,490</u>	<u>10,025,490</u>	<u>10,025,490</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 10,025,490</u>	<u>\$ 10,025,490</u>	<u>\$ 10,564,929</u>	<u>\$ 539,439</u>

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

CITY OF RICHFIELD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ICE ARENA SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Charges for services	\$ 1,143,810	\$ 1,096,410	\$ 1,029,353	\$ (67,057)
Miscellaneous	-	5,090	67,511	62,421
Total Revenues	<u>1,143,810</u>	<u>1,101,500</u>	<u>1,096,864</u>	<u>(4,636)</u>
Expenditures				
Current				
Recreation services				
Personnel services	560,330	564,170	547,666	(16,504)
Other services and charges	450,390	417,630	513,474	95,844
Capital outlay				
Culture and recreation	-	324,660	324,657	(3)
Debt service				
Interest and other charges	12,300	12,300	12,300	-
Total Expenditures	<u>1,023,020</u>	<u>1,318,760</u>	<u>1,398,097</u>	<u>79,337</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	120,790	(217,260)	(301,233)	74,701
Other Financing Sources				
Transfers in	<u>115,000</u>	<u>315,000</u>	<u>315,000</u>	<u>-</u>
Net Change in Fund Balances	235,790	97,740	13,767	74,701
Fund Balances, January 1	<u>(3,339,077)</u>	<u>(3,339,077)</u>	<u>(3,339,077)</u>	<u>-</u>
Fund Balances, December 31	<u>\$ (3,103,287)</u>	<u>\$ (3,241,337)</u>	<u>\$ (3,325,310)</u>	<u>\$ 74,701</u>

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

**CITY OF RICHFIELD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021**

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Municipal Liquor	Water and Sewer Utility	Storm Sewer	Total	Internal Service Funds
Assets					
Current Assets					
Cash and temporary investments	\$ 1,152,068	\$ 4,934,791	\$ 1,840,705	\$ 7,927,564	\$ 10,539,164
Receivables					
Accrued interest	1,910	6,085	2,988	10,983	18,441
Accounts	91	2,236,502	449,794	2,686,387	37,234
Special assessments	-	44,539	-	44,539	-
Due from other governments	1,425	997	-	2,422	8,483
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	67,427
Inventories	1,305,208	-	-	1,305,208	-
Prepaid items	28,548	11,016	463	40,027	17,403
Total Current Assets	2,489,250	7,233,930	2,293,950	12,017,130	10,688,152
Long-term Assets					
Advances to other funds	-	-	-	-	511,670
Special assessments	-	335,605	-	335,605	-
Capital assets					
Land	499,188	53,550	85,935	638,673	-
Construction in progress	9,335	-	6,078	15,413	119,127
Buildings and systems	6,430,344	18,542,740	1,815,699	26,788,783	11,818,515
Distribution and collection systems	-	26,282,805	23,003,898	49,286,703	-
Total Capital Assets	6,938,867	44,879,095	24,911,610	76,729,572	11,937,642
Less accumulated depreciation	(3,118,944)	(26,341,802)	(13,102,457)	(42,563,203)	(7,468,347)
Net Capital Assets	3,819,923	18,537,293	11,809,153	34,166,369	4,469,295
Total Long-term Assets	3,819,923	18,872,898	11,809,153	34,501,974	4,980,965
Total Assets	6,309,173	26,106,828	14,103,103	46,519,104	15,669,117
Deferred Outflows of Resources					
Deferred other postemployment benefits resources	11,117	14,469	-	25,586	9,866
Deferred pension resources	522,702	578,801	28,242	1,129,745	419,226
Total Deferred Outflows of Resources	533,819	593,270	28,242	1,155,331	429,092

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

CITY OF RICHFIELD
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Municipal Liquor	Water and Sewer Utility	Storm Sewer	Total	Internal Service Funds
Liabilities					
Current Liabilities					
Accounts and contracts payable	\$ 223,642	\$ 749,573	\$ 43,356	\$ 1,016,571	\$ 105,986
Accrued salaries payable	55,924	57,233	4,366	117,523	46,976
Due to other governments	141,926	48,690	-	190,616	35,535
Accrued interest payable	-	74,806	57,434	132,240	-
Compensated absences payable - current portion	49,232	54,064	1,052	104,348	570,848
Bonds payable - current portion	-	535,000	425,000	960,000	-
Total Current Liabilities	<u>470,724</u>	<u>1,519,366</u>	<u>531,208</u>	<u>2,521,298</u>	<u>759,345</u>
Long-term Liabilities					
Compensated absences payable	107,411	117,950	2,297	227,658	1,745,568
Claims and judgements	-	-	-	-	1,113,644
Bonds payable	-	6,211,763	5,691,394	11,903,157	-
Net pension liability	726,625	804,610	39,260	1,570,495	582,780
Other postemployment benefits payable	69,035	89,850	-	158,885	61,264
Total Long-term Liabilities	<u>903,071</u>	<u>7,224,173</u>	<u>5,732,951</u>	<u>13,860,195</u>	<u>3,503,256</u>
Total Liabilities	<u>1,373,795</u>	<u>8,743,539</u>	<u>6,264,159</u>	<u>16,381,493</u>	<u>4,262,601</u>
Deferred Inflows of Resources					
Deferred other postemployment benefit resources	30,378	39,537	-	69,915	26,959
Deferred pension resources	672,614	744,802	36,342	1,453,758	539,461
Total Deferred Inflows of Resources	<u>702,992</u>	<u>784,339</u>	<u>36,342</u>	<u>1,523,673</u>	<u>566,420</u>
Net Position					
Net investment in capital assets	3,819,923	11,790,530	5,692,759	21,303,212	4,469,295
Unrestricted	<u>946,282</u>	<u>5,381,690</u>	<u>2,138,085</u>	<u>8,466,057</u>	<u>6,799,893</u>
Total Net Position	<u>\$ 4,766,205</u>	<u>\$ 17,172,220</u>	<u>\$ 7,830,844</u>	<u>29,769,269</u>	<u>\$ 11,269,188</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(2,104,860)</u>	
Net position of business-type activities				<u>\$ 27,664,409</u>	

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

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CITY OF RICHFIELD, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Municipal Liquor	Water and Sewer Utility	Storm Sewer	Total	Internal Service Funds
Operating Revenues					
Charges for services	\$ 13,916,528	\$ 9,220,649	\$ 1,869,763	\$ 25,006,940	\$ -
Less: cost of sales	(10,355,772)	-	-	(10,355,772)	4,265,328
Total Operating Revenues	<u>3,560,756</u>	<u>9,220,649</u>	<u>1,869,763</u>	<u>14,651,168</u>	<u>4,265,328</u>
Operating Expenses					
Personnel services	1,652,326	2,217,111	444,042	4,313,479	1,668,182
Other services and charges	660,389	4,403,582	729,657	5,793,628	2,932,158
Depreciation	245,423	1,485,402	737,022	2,467,847	983,549
Total Operating Expenses	<u>2,558,138</u>	<u>8,106,095</u>	<u>1,910,721</u>	<u>12,574,954</u>	<u>5,583,889</u>
Operating Income (loss)	<u>1,002,618</u>	<u>1,114,554</u>	<u>(40,958)</u>	<u>2,076,214</u>	<u>(1,318,561)</u>
Nonoperating Revenues (Expenses)					
Intergovernmental	-	1,837	-	1,837	-
Interest (loss) on investments	941	45,282	1,469	47,692	21,380
Miscellaneous revenues	11,398	6,983	174,058	192,439	7,215
Gain on sale of capital assets	-	-	18,000	18,000	91,592
Interest and amortization expense	-	(147,251)	(96,861)	(244,112)	-
Total Nonoperating Revenues (Expenses)	<u>12,339</u>	<u>(93,149)</u>	<u>96,666</u>	<u>15,856</u>	<u>120,187</u>
Income (Loss) Before Contributions and Transfers	<u>1,014,957</u>	<u>1,021,405</u>	<u>55,708</u>	<u>2,092,070</u>	<u>(1,198,374)</u>
Transfers In	-	-	-	-	1,106,000
Transfers Out	(827,770)	-	-	(827,770)	(41,000)
Total Transfers and Contributions	<u>(827,770)</u>	<u>-</u>	<u>-</u>	<u>(827,770)</u>	<u>1,065,000</u>
Change in Net Position	187,187	1,021,405	55,708	1,264,300	(133,374)
Net Position - January 1	<u>4,579,018</u>	<u>16,150,815</u>	<u>7,775,136</u>	<u>28,504,969</u>	<u>11,402,562</u>
Net Position, December 31	<u>\$ 4,766,205</u>	<u>\$ 17,172,220</u>	<u>\$ 7,830,844</u>	29,769,269	<u>\$ 11,269,188</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(228,530)	
Change in net position of business-type activities				<u>\$ 1,035,770</u>	

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

CITY OF RICHFIELD, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Municipal Liquor	Water and Sewer Utility	Storm Sewer	Total	Internal Service Funds
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 13,916,437	\$ 9,262,110	\$ 1,854,008	\$ 25,032,555	\$ 4,249,452
Other operating receipts	11,398	6,983	174,058	192,439	7,215
Payments to suppliers	(11,025,086)	(4,252,978)	(728,598)	(16,006,662)	(2,720,459)
Payments to employees	(1,688,555)	(2,273,246)	(438,675)	(4,400,476)	(1,783,519)
Net Cash Provided (Used) by Operating Activities	<u>1,214,194</u>	<u>2,742,869</u>	<u>860,793</u>	<u>4,817,856</u>	<u>(247,311)</u>
Cash Flows from Noncapital Financing Activities					
Receipts on interfund balances	-	-	-	-	66,093
Increase (decrease) in due to other funds	-	2,075	-	2,075	-
Increase (decrease) in due from component unit	(256)	-	-	(256)	-
Transfers from other funds	-	-	-	-	1,106,000
Transfers to other funds	<u>(827,770)</u>	<u>-</u>	<u>-</u>	<u>(827,770)</u>	<u>(41,000)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(828,026)</u>	<u>2,075</u>	<u>-</u>	<u>(825,951)</u>	<u>1,131,093</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(9,335)	(1,450,173)	(918,735)	(2,378,243)	(853,558)
Proceeds from sale of capital assets	-	-	18,000	18,000	96,973
Intergovernmental	-	1,837	-	1,837	-
Interest paid on debt	-	(200,421)	(156,627)	(357,048)	-
Principal paid on bonds	<u>-</u>	<u>(490,000)</u>	<u>(2,195,000)</u>	<u>(2,685,000)</u>	<u>-</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(9,335)</u>	<u>(2,138,757)</u>	<u>(3,252,362)</u>	<u>(5,400,454)</u>	<u>(756,585)</u>
Cash Flows from Investing Activities					
Investment receipts	<u>(968)</u>	<u>39,200</u>	<u>(1,518)</u>	<u>36,714</u>	<u>2,936</u>
Net Increase (Decrease) in Cash and Cash Equivalents	375,865	645,387	(2,393,087)	(1,371,835)	130,133
Cash and Cash Equivalents, January 1	<u>776,203</u>	<u>4,289,404</u>	<u>4,233,792</u>	<u>9,299,399</u>	<u>10,409,031</u>
Cash and Cash Equivalents, December 31	<u>\$ 1,152,068</u>	<u>\$ 4,934,791</u>	<u>\$ 1,840,705</u>	<u>\$ 7,927,564</u>	<u>\$ 10,539,164</u>

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

CITY OF RICHFIELD, MINNESOTA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Municipal Liquor	Water and Sewer Utility	Storm Sewer	Total	Internal Service Funds
Reconciliation of Operating Income (Loss)					
to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ 1,002,618	\$ 1,114,554	\$ (40,958)	\$ 2,076,214	\$ (1,318,561)
Adjustments to reconcile operating income (loss)					
to net cash provided (used) by operating activities					
Depreciation	245,423	1,485,402	737,022	2,467,847	983,549
Other income related to operations	11,398	6,983	174,058	192,439	7,215
(Increase) decrease in assets/deferred					
outflows of resources					
Receivables					
Accounts receivable	(91)	(41,188)	(15,755)	(57,034)	(18,399)
Due from other governments	-	17,341	-	17,341	2,523
Special assessments	-	65,308	-	65,308	-
Inventories	(53,852)	-	-	(53,852)	-
Prepaid items	(12,088)	(11,016)	(463)	(23,567)	(17,403)
Deferred OPEB resources	(2,079)	(1,297)	-	(3,376)	(2,154)
Deferred pension resources	(433,473)	(477,237)	(24,236)	(934,946)	(346,867)
Increase (decrease) in liabilities/deferred					
inflows of resources					
Accounts and contracts payable	56,860	154,305	1,522	212,687	(138,099)
Accrued salaries payable	7,223	4,704	2,106	14,033	10,028
Due to other governments	155	7,315	-	7,470	35,535
Compensated absences payable	8,648	10,874	(2,676)	16,846	(74,322)
Claims and judgements	-	-	-	-	331,666
Net pension liability	(237,747)	(293,072)	(4,035)	(534,854)	(199,250)
Other postemployment benefits payable	3,222	13,271	-	16,493	2,704
Deferred pension resources	625,071	690,687	34,208	1,349,966	500,907
Deferred OPEB resources	(7,094)	(4,065)	-	(11,159)	(6,383)
Net Cash Provided (Used) by					
Operating Activities	<u>\$ 1,214,194</u>	<u>\$ 2,742,869</u>	<u>\$ 860,793</u>	<u>\$ 4,817,856</u>	<u>\$ (247,311)</u>
Schedule of Noncash Capital and					
Related Financing Activities					
Amortization of bond premium	\$ -	\$ 33,400	\$ 46,431	\$ 79,831	\$ -
Book value of assets disposed	-	-	-	-	5,381

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

CITY OF RICHFIELD, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021

	<u>Custodial Fund</u>
Assets	
Cash and temporary investments	\$ 3,453
Receivables	
Accrued interest	<u>212</u>
Total Assets	<u>\$ 3,665</u>
Liabilities	
Due to other governments	<u>\$ 3,560</u>
Net Position	
Restricted	<u>105</u>
Total Net Position	<u>\$ 105</u>

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

CITY OF RICHFIELD, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Custodial Fund
Additions	
Interest (loss) on investments	\$ 105
License fee collections for State of Minnesota	19,209,122
Total Additions	<u>19,209,227</u>
Deductions	
Payments to State of Minnesota	<u>19,209,122</u>
Net Increase (Decrease) in Fiduciary Net Position	105
Net Position - Beginning	<u>-</u>
Net Position - Ending	<u><u>\$ 105</u></u>

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

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**CITY OF RICHFIELD, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. Summary of Significant Accounting Policies

The City of Richfield (the City) was incorporated February 26, 1908. Since 1964, the City has operated under a Council-Manager form of government, as authorized by its City Charter.

The accounting policies of the City conform to generally accepted accounting principles, as applied to governmental units by the U.S. Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Reporting Entity

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the general purpose financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

- *Blended Component Units - Reported as if they were part of the City.*
- *Discretely Presented Component Units - Entails reporting the component unit financial data in a column separate from the financial data of the City.*
- *Related Organizations - The relationship of the City with the entity is disclosed.*

For each of the categories above, the specific entities are identified as follows:

- *Blended Components Units:* The City has no blended component units.
- *Discretely Presented Component Units:* - Housing and Redevelopment Authority (HRA) in and for the City of Richfield and Economic Development Authority (EDA) in and for the City of Richfield

The HRA was established on November 12, 1974, per Minnesota State Statute 462.426 (Minnesota Housing and Redevelopment Act of 1947), and is governed by a five-member commission appointed by the Mayor. The HRA was formed by the City to provide housing and redevelopment assistance to Richfield citizens and businesses. The HRA provides this assistance through the general taxes, the use of Community Development Block Grants, and the establishment of tax increment and tax abatement financing districts. The HRA also operates the Section 8 rental subsidy program as a direct recipient from the Department of Housing and Urban Development. As the City appoints the HRA commission and has the ability to hire or dismiss those persons responsible for its day-to-day operations, the HRA is considered a component unit of the City.

The EDA was established May 9, 2017 per Minnesota State Statutes, Sections 469.090 through 469.108 and some but not all of the powers of a housing and redevelopment authority under Minnesota Statutes, Sections 469.001 through 469.047. The EDA is governed by a five-member commission. Two commissioners shall be members of the City Council and three commissioners shall be members at large. The three at large commissioners shall be the three at large commissioners of the Housing and Redevelopment Authority in and for the City of Richfield, Minnesota. The EDA was formed to provide resources for economic development in Richfield, including the Kids @ Home program, Transformation Loan program, apartment remodeling programs and business development programing.

Financial statements of the HRA can be obtained from the administrative offices at City Hall:

Richfield Housing and Redevelopment Authority
6700 Portland Avenue South
Richfield, Minnesota 55423

Financial Statements of the EDA can be obtained from the administrative offices at City Hall

Richfield Economic Development Authority
6700 Portland Avenue South
Richfield, Minnesota 55423

- *Related Organizations* - The City has no related organizations.

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 nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *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 business-type activity; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 Fund and Fiduciary Fund financial statements. 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. Agency funds, however, are unlike all other funds, reporting only assets and liabilities. So agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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 government considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year 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, OPEB obligations, and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, intergovernmental revenues, charges for services 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 government.

The government 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 Ice Arena Fund accounts for the revenues earned and other resources generated by the operation of the City's two sheet ice arena facility.

The Improvement Bond Debt Service Fund is used for the accumulation of resources for payment of principal and interest for outstanding general obligation issues.

The Capital Improvement Capital Projects Fund is used to account for projects related to public improvement within the City.

The government reports the following major proprietary funds:

The Municipal Liquor Fund accounts for the operations of the four municipal liquor stores operated by the City.

The Water and Sewer Utility Fund accounts for the water and sewer service charges which are used to finance the water system and sanitary sewer system operating expenses.

The Storm Sewer Fund accounts for storm sewer user fees, which are used to finance storm sewer system operating expenses.

Additionally, the government reports the following fund types:

Internal Service Funds account for fleet management, data processing, risk management, building maintenance services, and compensated absences, provided to other funds or departments on a cost reimbursement basis.

Custodial Funds are used to account for the City's collection of fees to be remitted to the State of Minnesota such as building permit-surcharges, snowmobile-boat license fees, and motor vehicle license fees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City of Richfield. 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, the liquor, water & sewer, and storm sewer funds, and the City's internal service funds are from the sale of product and charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Budgets

Budgets for the General Fund and Special Revenue Funds, excluding the Wood Lake Endowment Fund, are adopted on a basis consistent with generally accepted accounting principles. Budgetary control for Capital Projects Funds is accomplished through the use of project controls and for the Debt Service Funds by bond indentures.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects Funds. Encumbrances outstanding at year-end are reported within restrictions, commitments, or assignments of fund balance, as appropriate, since they do not constitute expenditures or liabilities. At December 31, 2021 there are no significant encumbrances outstanding in any major or nonmajor fund.

E. Legal Compliance - Budgets

The City follows these procedures in establishing the budgetary data reflected in the financial statement and set forth in Sections 7.05 and 7.06 of the City Charter.

1. The City Manager shall, at a special budget meeting of the Council on or before September 15, submit to the Council a proposed budget and an explanatory budget message in a form and manner as prescribed by the City Charter.
2. At the City Council meeting, where the proposed budget and tax levy is submitted for adoption, the Council shall determine the place and time of the public hearing on the budget. Public hearings are conducted to obtain taxpayer comments.
3. The Council shall adopt the budget no later than the last date established by law for the County Auditor to levy taxes. The budget shall set forth the total for each budgeted fund and each department with such segregation as to objects and purposes of expenditures as the Council deems necessary for purposes of budget control for the General and Special Revenue Funds.
4. Reported budget amounts are as originally adopted or as amended by Council-approved budget transfers. During 2021 the General Fund budget was amended to decrease budgeted revenues by \$88,930, increase budgeted expenditures by \$158,750 and increase budgeted transfer in by \$247,680. The City Manager is authorized to transfer budgeted amounts between divisions within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council with formal adoption by resolution. All budgeted appropriations lapse at the end of the year.
5. Expenditures may not legally exceed budgeted appropriations at the total department level. Monitoring of budgets is maintained at the expenditure category (i.e., salaries, wages, and benefits; material, supplies, and services; and capital outlay) within each activity. Budgetary monitoring, by departments or divisions and by category, is required by the City Charter.

F. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations (budget) in the following individual funds for the year ended December 31, 2021:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess of Expenditures Over Appropriations</u>
Major			
Ice Arena	\$ 1,318,760	\$ 1,398,097	\$ 79,337

G. Deficit Fund Equity

The following funds had fund equity deficits as December 31, 2021:

<u>Fund</u>	<u>Amount</u>
Major	
Ice Arena	\$ 3,325,310
Nonmajor Governmental	
Swimming pool	473,676

H. Cash, Cash Equivalents, and Investments

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments, with the exception of non-pooled investments related to the 2020A bond issuance. Earnings from such pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Certain investments for the City are reported at fair value as disclosed in Note 2. 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.

Investment income is accrued at the balance sheet date. For purposes of the statement of cash flows, the Proprietary Funds consider investments held in the City's cash management pool to be cash equivalents because this pool is used essentially as a demand deposit account.

Short-Term Interfund and Primary Government/Component Unit Receivable/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "advances to other funds" or "advances from other funds" on the balance sheet. Payables/receivables between the primary government and its component unit are classified as "due to/from component unit" on the primary government's balance sheet and "due to/from primary government" on the component unit's balance sheet.

Property taxes and special assessments have been reported net of estimated uncollectible accounts. (See Note 1H and I.) Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for other receivables and have not been reported.

I. Property Tax Revenue Recognition

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 5 and December 5 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

Government-Wide Financial Statements

The City recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

Governmental Fund Financial Statements

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the City in July, December and January are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the City the following January) and taxes and credits not received at the year-end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the City in January is fully offset by deferred inflows of resources because they are not available to finance current expenditures.

J. Special Assessment Revenue Recognition

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale. Proceeds of sales from tax forfeit properties are allocated first to the County's costs of administering all tax forfeit properties. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

Government-Wide Financial Statements

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

Governmental Fund Financial Statements

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the County by December 31 (remitted to the City the following January) and are also recognized as revenue for the current year. All remaining delinquent, deferred and special deferred assessments receivable in governmental funding are completely offset by deferred inflows of resources of revenues.

K. Inventories

Inventories are valued at cost, on a first-in, first-out basis. The cost of inventory in the Proprietary Funds is recognized as cost of sales or expense of operation at the time the inventory is sold or used.

L. Prepaid Items

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. Accordingly, prepaid items are accounted for using the consumption method, where expense is recognized in the periods that the service or benefit is provided.

M. Land Held for Resale

Land held for resale represents property purchased by the City with the intent to resell in the future for redevelopment. These assets are stated at the lower of cost or net realizable value.

N. 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. Infrastructure assets that are reported within the government-wide financial statements include assets that were acquired on or after 1960. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method, while infrastructure assets are depreciated using the composite method. Capital assets are depreciated over the following estimated useful lives:

<u>Assets</u>	
Buildings and structures	20 - 50 years
Machinery and equipment	3 - 15 years
Furniture and fixtures	10 years
Other improvements	10 - 50 years
Storm sewers	25 - 30 years
Streets	25 years
Street lights	25 years
Distribution and collection systems	30 - 50 years

O. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and personal leave pay benefits. In addition, the fire employees are paid one-third of their unused sick pay upon termination. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for governmental fund employees is accrued in the Compensated Absences Fund as they are incurred. In accordance with the provisions of Statement of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is vested as severance pay. Compensated absences for governmental funds are accounted for in the Compensated Absences Internal Service Fund.

P. 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.

In the fund financial statements, governmental fund types recognize 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.

Q. 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.

R. Fund Equity

In the fund financial statements, governmental funds report fund balance classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable - Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.

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

Committed - Consists of internally imposed constraints that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned - Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to City Council resolution, the City's Finance Manager is authorized to establish assignments of fund balance.

Unassigned - The residual classification for the General Fund which also reflects negative residual amounts in other funds.

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

When committed, assigned, or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

S. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has two items that qualifies for reporting in this category. The City presents deferred outflows of resources on the Statement of Net Position for deferred outflows or resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The City presents deferred inflows of resources on the Governmental Fund Balance sheet as unavailable revenue. The governmental funds report unavailable revenues from three sources: delinquent property taxes, special assessments and state shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows or resources on the Statement of Net Position for deferred inflows of resources related to state shared taxes and pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

T. Net Position

In the government-wide and proprietary fund financial statements, net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. A reclassification of \$7,856,400 was made between the net investment in capital assets net position class and unrestricted net position in the total column of the Statement of Net Position to recognize the portion of debt attributable to capital assets donated from governmental activities to business-type activities. Net position is displayed in three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

Restricted Net Position –Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted Net Position –All other net positions that do not meet the definition of “restricted” or “invested in capital assets.”

U. Targeted Fund Balance

The City has established a targeted fund balance policy for its General Fund where it will strive to maintain an unassigned fund balance of an amount not less than 40% of the current year end actual General Fund expenditures. The dollar amount of the target may fluctuate with each year’s actual results.

V. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Interfund loans are reported as an interfund loan receivable or payable which offsets the movement of cash between funds. All other interfund transactions are reported as transfers.

W. Reclassified

Certain 2020 amounts have been reclassified to conform to the 2021 presentation.

X. Use of Estimates

The preparation of financial statements, in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

2. Deposits and Investments

A. Deposits

Minnesota Statutes require that all deposits with financial institutions must be collateralized in an amount equal to 110% of deposits in excess of FDIC insurance.

B. Investments

The City, HRA and EDA are authorized by Minnesota Statutes Chapter 118A to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in a) above.
- c) General obligations of the State of Minnesota or any of its municipalities.
- d) Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper, issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements 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 in the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- g) Guaranteed investment contracts (GIC) issued or guaranteed by a United States commercial bank or domestic branch of a foreign bank or a United States insurance company or its Canadian or United States subsidiary.
- h) Mortgage-backed securities that are direct obligations or guaranteed or insured issues of the United States, its agencies, and its instrumentality's, or organizations created by an act of Congress.

The City's investments are categorized by level of risk as provided in GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, in the following manner:

Custodial Credit Risk - For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policies do not formally address this risk, but the City typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities. To protect against potential fraud and embezzlement, the investments of the City, HRA and EDA are secured through a third party custody and safekeeping arrangement.

Interest Rate Risk - To control the risk of market price changes, the City's formal investment policy recommends investment maturities shall match the City's projected cash flows. Investments in securities with maturities in excess of two years shall be placed with the intention to hold the security until maturity.

Credit Risk - To control credit risk, investments purchased shall include those authorized by Minnesota Statutes, such as U.S. Government Securities and the highest quality commercial paper. The ratings assigned to these securities are noted in the table below. The City's investment policy does not further address credit risk.

The City participates in the Minnesota Municipal Money Market Fund (the 4M Fund) which is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is a customized cash management and investment program for Minnesota public funds. Sponsored and governed by the League of Minnesota Cities since 1987, the 4M Fund is a unique investment alternative designed to address the daily and long term investment needs of Minnesota cities and other municipal entities. Allowable under Minnesota statutes, the 4M Fund is comprised of top quality, rated investments.

The Minnesota Municipal Money Market Fund operates in accordance with appropriate State laws and regulations. The 4M Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the same regulatory rules of the SEC under rule 2a7. The reported value of the pool is the same as the fair value of the pool share. The City's investment in the 4M Fund at December 31, 2021 is \$14,938,231.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawal 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.

Money market mutual funds invested as part of the City's trust arrangement at Wells Fargo are consist entirely of money market 2a7 funds and is unrated.

Concentration of Credit Risk – The City's investment policy places no limit on the amount the City may invest in any one issuer. Investments in Federal Home Loan Mortgage Corporation and Federal National Mortgage Association government securities exceed 5% of pooled investments.

The following is a summary of the City's, HRA's and EDA's investments, stated at fair value. The majority of the HRA and EDA investments are in the investment pool of the City. Therefore, the HRA and EDA investments are not segregated for disclosure. Nonpooled investments relate to the 2020A bond issuance.

As of December 31, 2021, the City, HRA and EDA had the following investments and maturities:

<u>Investment Maturities (In Years)</u>						
<u>Types of Investments</u>	<u>Moody's Ratings</u>	<u>% of Total</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>Years 1-5</u>	<u>Years 6-10</u>
Pooled Investments						
U.S. Agencies						
Federal Home Loan Mortgage Corporation	AAA	1.46%	\$ 1,000,250	\$ 1,000,250	\$ -	\$ -
Federal National Mortgage Association	AAA	9.81%	6,719,230	6,719,230	-	-
Federal Farm Credit	AAA	4.38%	2,998,310	999,970	1,998,340	-
U.S. Treasury Bonds	AAA	34.45%	23,589,762	21,597,302	1,992,460	-
Money Markets						
Money Market Mutual Fund Investments	NR	28.08%	19,222,881	19,222,881	-	-
External Investment Pool	NR	21.82%	14,938,231	14,938,231	-	-
Total Pooled Investments		<u>100.00%</u>	<u>68,468,664</u>	<u>64,477,864</u>	<u>3,990,800</u>	<u>-</u>
Non-pooled Investment						
External Investment Pool	NR	<u>100.00%</u>	<u>255,052</u>	<u>255,052</u>	<u>-</u>	<u>-</u>
Total Investments			<u>\$ 68,723,716</u>	<u>\$ 64,732,916</u>	<u>\$ 3,990,800</u>	<u>\$ -</u>

The City has the following recurring fair value measurements as of December 31, 2021:

- \$41,702,880 of investments are valued using a quoted market prices (Level 1 inputs)
- \$10,717,790 of investments are valued using a matrix pricing model (Level 2 inputs)

3. Capital Assets

Capital asset activity for the year ended December 31, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 9,353,605	\$ -	\$ -	\$ 9,353,605
Construction in progress	535,594	6,194,457	(66,111)	6,663,940
Total Capital Assets not Being Depreciated	9,889,199	6,194,457	(66,111)	16,017,545
Capital Assets Being Depreciated				
Buildings and structures	50,005,128	-	-	50,005,128
Machinery and equipment	18,564,273	1,125,199	(319,105)	19,370,367
Other improvements	7,287,318	816,619	-	8,103,937
Streets (Infrastructures)	84,276,830	-	-	84,276,830
Total Capital Assets Being Depreciated	160,133,549	1,941,818	(319,105)	161,756,262
Less Accumulated Depreciation for				
Buildings and structures	(16,894,701)	(1,192,254)	-	(18,086,955)
Machinery and equipment	(9,436,315)	(1,296,824)	313,724	(10,419,415)
Other improvements	(4,478,045)	(320,966)	-	(4,799,011)
Streets (Infrastructures)	(60,471,675)	(2,259,135)	-	(62,730,810)
Total Accumulated Depreciation	(91,280,736)	(5,069,179)	313,724	(96,036,191)
Total Capital Assets Being Depreciated, Net	68,852,813	(3,127,361)	(5,381)	65,720,071
Governmental Activities Capital Assets, Net	<u>\$ 78,742,012</u>	<u>\$ 3,067,096</u>	<u>\$ (71,492)</u>	<u>\$ 81,737,616</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 638,673	\$ -	\$ -	\$ 638,673
Construction in progress	137,950	15,413	(137,950)	15,413
Total Capital Assets not Being Depreciated	<u>776,623</u>	<u>15,413</u>	<u>(137,950)</u>	<u>654,086</u>
Capital Assets Being Depreciated				
Buildings and structures	10,496,348	-	-	10,496,348
Machinery and equipment	14,314,765	818,438	(61,942)	15,071,261
Other improvements	48,825,536	1,682,342	-	50,507,878
Total Capital Assets Being Depreciated	<u>73,636,649</u>	<u>2,500,780</u>	<u>(61,942)</u>	<u>76,075,487</u>
Less Accumulated Depreciation for				
Buildings and structures	(7,187,411)	(253,594)	-	(7,441,005)
Machinery and equipment	(9,174,669)	(647,869)	61,942	(9,760,596)
Other improvements	(23,795,219)	(1,566,384)	-	(25,361,603)
Total Accumulated Depreciation	<u>(40,157,299)</u>	<u>(2,467,847)</u>	<u>61,942</u>	<u>(42,563,204)</u>
Total Capital Assets Being Depreciated, Net	<u>33,479,350</u>	<u>32,933</u>	<u>-</u>	<u>33,512,283</u>
Business-type Activities Capital Assets, Net	<u>\$ 34,255,973</u>	<u>\$ 48,346</u>	<u>\$ (137,950)</u>	<u>\$ 34,166,369</u>

Capital assets transferred from governmental activities to business-type activities are not reflected in the changes of capital assets because those assets were never capitalized as governmental assets prior to the transfer.

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

Governmental Activities

General Government	\$ 491,904
Public Safety	129,092
Public Works, including depreciation of general infrastructure assets	2,602,001
Culture and Recreation	862,633
Internal service funds	983,549
Total Depreciation Expense - Governmental Activities	<u>\$ 5,069,179</u>

Business-type Activities

Municipal Liquor	\$ 245,423
Water and Sewer Utility	1,485,402
Storm Sewer	737,022
Total Depreciation Expense - Business-type Activities	<u>\$ 2,467,847</u>

At December 31, 2021, the City had construction project contracts in progress. The commitments related to the remaining contract balances are summarized as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Remaining Commitment</u>
77th Street Phase III	<u>\$ 22,305,713</u>	<u>\$ 17,558,259</u>

4. Risk Management

The City is exposed to various risks such as loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the City's policy to be self-insured for workers' compensation, dental insurance and short-term disability insurance. Additionally, the City maintains a risk retention program for property, general liability, and auto liability insurance coverage by maintaining high deductibles. Accordingly, a Self-Insurance Fund (an Internal Service Fund) was established to account for and finance the City's uninsured risk of loss. Under this program, the Self Insurance Fund provides coverage for up to a maximum of \$500,000 for each Workers' Compensation claim, and \$50,000 (\$300,000 aggregate) for each general liability and property damage claim. The City purchases insurance from the League of Minnesota Cities Insurance Trust (LMCIT) for property and municipal liability and the Workers' Compensation Reinsurance Association for claims in excess of coverage provided by the Fund and for all other risks of loss. The City has realized no significant reductions in insurance coverage during 2021. Finally, settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Insurance reimbursements to the Self-Insurance Fund are charged back to the affected Governmental and Proprietary funds in the form of an insurance charge to fund future premiums and estimated prior and current year claims. The claims and judgments liability of \$1,113,644 reported in the fund at December 31, 2021 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires a liability for claims reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

A summary of the claims and judgments liability amount at December 31, 2021 and 2020 are as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments-Net</u>	<u>Balance at Fiscal Year End</u>
2020	\$ 457,172	\$ 583,154	\$ (258,348)	\$ 781,978
2021	781,978	630,463	(298,797)	1,113,644

5. Long-Term Liabilities

The City issues general obligation bonds and capital notes to provide funds for the acquisition and construction of capital projects. The reporting entity and long-term debt is segregated between the amounts repaid from governmental activities and amounts to be repaid from business-type activities.

Redevelopment bonds are paid primarily from tax increments derived from increases in the taxable valuation of property within a redevelopment area in the City. The full faith and credit of the City is pledged on the bonds. Improvement bonds are paid primarily from debt service tax levies and proceeds of special assessments levied against property owners benefiting from improvements made. The full faith and credit of the City is pledged on the bonds. The Water and Sewer Revenue Bonds debt requirements are paid from the revenues of the operation of Water and Sewer Utility Fund. The Storm Sewer Revenue Bonds debt requirements are paid from net revenue of the operation of the Storm Sewer Utility Fund.

Governmental Activities

As of December 31, 2021, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

	Net Interest Rate	Issue Date	Maturity Date	Authorized and Issued	Balance at Year End
Redevelopment Bonds					
G.O. Tax Increment Refunding Bonds, 2010B	3.05 %	12/30/10	02/01/24	\$ 6,355,000	\$ 1,715,000
G.O. Tax Increment Refunding Bonds, 2012B	2.25	09/06/12	02/01/25	2,970,000	1,000,000
Total Redevelopment Bonds					<u>2,715,000</u>
Improvement Bonds					
G.O. Improvement Bonds, Series 2013A	2.18	03/21/13	02/01/34	3,120,000	1,682,056
G.O. Street Reconstruction Bonds, Series 2015A	2.71	06/04/15	02/01/36	9,100,000	7,196,121
G.O. Refunding Bonds, Series 2016B	1.58	11/17/16	02/01/28	5,085,000	3,584,883
G.O. Refunding Bonds, Series 2016C	2.04	12/15/16	02/01/29	6,130,000	5,129,117
G.O. Street Reconstruction Bonds, Series 2017A	2.49	04/20/17	02/01/38	9,130,000	8,204,092
G.O. Capital Improvement Refunding Bonds, Series 2017B	2.17	12/14/17	02/01/29	3,045,000	2,484,253
G.O. Street Reconstruction Bonds, Series 2018A	3.10	05/31/18	02/01/39	9,770,000	9,151,385
G.O. Bonds, Series 2019A	2.63	06/06/19	02/01/40	5,290,000	5,372,725
G.O. Bonds, Series 2020A	1.91	05/14/20	02/01/41	2,995,000	3,098,877
G.O. Refunding Bonds, Series 2020B	1.09	11/19/20	02/01/33	1,370,000	1,415,843
Total Improvement Bonds					<u>47,319,352</u>
Total Governmental Indebtedness					<u>\$ 50,034,352</u>
Enterprise Bonds					
G.O. Refunding Bonds, Series 2015B	1.74	11/10/15	02/01/27	5,360,000	\$ 3,274,940
G.O. Storm Water Bonds, Series 2016A	2.18	05/19/16	02/01/37	2,970,000	2,557,282
G.O. Bonds, Series 2019A	2.63	06/06/19	02/01/40	3,035,000	3,083,708
G.O. Bonds, Series 2020A	1.91	05/14/20	02/01/41	2,125,000	2,148,832
G.O. Refunding Bonds, Series 2020B	1.09	11/19/20	02/01/33	1,740,000	1,798,395
Total Enterprise Bonds					<u>\$ 12,863,157</u>
Total City Indebtedness					<u>\$ 62,897,509</u>

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

Year Ending December 31,	Redevelopment Bonds		
	Principal	Interest	Total
2022	\$ 790,000	\$ 84,528	\$ 874,528
2023	815,000	56,772	871,772
2024	850,000	24,256	874,256
2025	260,000	3,738	263,738
Total	<u>\$ 2,715,000</u>	<u>\$ 169,294</u>	<u>\$ 2,884,294</u>
Year Ending December 31,	Improvement Bonds		
	Principal	Interest	Total
2022	\$ 2,970,000	\$ 1,241,586	\$ 4,211,586
2023	3,055,000	1,157,169	4,212,169
2024	3,155,000	1,068,389	4,223,389
2025	3,255,000	976,744	4,231,744
2026	3,340,000	886,654	4,226,654
2027 - 2031	14,345,000	3,151,239	17,496,239
2032 - 2036	10,745,000	1,511,707	12,256,707
2037 - 2041	5,230,000	260,580	5,490,580
Total	<u>\$ 46,095,000</u>	<u>\$ 10,254,068</u>	<u>\$ 56,349,068</u>
Year Ending December 31,	Water and Sewer		
	Principal	Interest	Total
2022	\$ 535,000	\$ 171,700	\$ 706,700
2023	555,000	154,525	709,525
2024	580,000	136,650	716,650
2025	600,000	119,950	719,950
2026	610,000	104,700	714,700
2027 - 2031	1,635,000	351,450	1,986,450
2032 - 2036	1,030,000	187,650	1,217,650
2037 - 2041	915,000	54,167	969,167
Total	<u>\$ 6,460,000</u>	<u>\$ 1,280,792</u>	<u>\$ 7,740,792</u>
Year Ending December 31,	Storm Sewer		
	Principal	Interest	Total
2022	\$ 425,000	\$ 132,370	\$ 557,370
2023	445,000	120,295	565,295
2024	455,000	107,845	562,845
2025	470,000	95,845	565,845
2026	480,000	84,995	564,995
2027 - 2031	1,875,000	295,240	2,170,240
2032 - 2036	1,390,000	129,280	1,519,280
2037 - 2040	380,000	14,423	394,423
Total	<u>\$ 5,920,000</u>	<u>\$ 980,293</u>	<u>\$ 6,900,293</u>

Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
Redevelopment Bonds	\$ 3,475,000	\$ -	\$ (760,000)	\$ 2,715,000	\$ 790,000
Improvement Bonds	50,280,000	-	(4,185,000)	46,095,000	2,970,000
Bond premium	1,341,351	-	(116,999)	1,224,352	-
Total Bonds Payable	55,096,351	-	(5,061,999)	50,034,352	3,760,000
Claims and judgements	781,978	630,463	(298,797)	1,113,644	-
Compensated Absences Payable	2,390,738	2,243,383	(2,317,705)	2,316,416	570,848
Governmental Activity Long-term Liabilities	<u>\$ 58,269,067</u>	<u>\$ 2,873,846</u>	<u>\$ (7,678,501)</u>	<u>\$ 53,464,412</u>	<u>\$ 4,330,848</u>
Business-type Activities					
Bonds Payable					
Storm Sewer Revenue Bonds	\$ 4,520,000	\$ -	\$ (2,030,000)	\$ 2,490,000	\$ 130,000
G.O. Bonds	5,160,000	-	(180,000)	4,980,000	225,000
G.O. Refunding Bonds	5,385,000	-	(475,000)	4,910,000	605,000
Bond premium	562,989	-	(79,832)	483,157	-
Total Bonds Payable	15,627,989	-	(2,764,832)	12,863,157	960,000
Compensated Absences Payable	315,159	327,829	(310,982)	332,006	104,348
Business-type Activity Long-term Liabilities	<u>\$ 15,943,148</u>	<u>\$ 327,829</u>	<u>\$ (3,075,814)</u>	<u>\$ 13,195,163</u>	<u>\$ 1,064,348</u>

For the governmental activities, compensated absences are generally liquidated by the compensated absences fund. Net OPEB obligations and pensions are generally liquidated by the General Fund and Enterprise Funds. Claims and judgments are generally liquidated by the Self Insurance Fund. All long-term bonded indebtedness outstanding at December 31, 2021 is backed by the full faith and credit of the City, including special assessment and revenue bond issues. Special assessment receivable at December 31, 2021 totaled \$336,974.

Revenue Pledged

Future revenue pledged for the payment of long-term debt is as follows:

Bond Issue	Use of Proceeds	Type	Revenue Pledged		Remaining Principal and Interest	Current Year	
			Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
G.O. Refunding Bonds, Series 2015B	Utility Infrastructure	Utility Charges	100%	2016-2027	\$ 3,388,825	\$ 560,675	\$6,234,790
G.O. Storm Water Bonds, Series 2016A	Utility Infrastructure	Utility Charges	100%	2017-2037	2,990,298	186,940	1,869,763
G.O. Bonds Series 2019A	Utility Infrastructure	Utility Charges	100%	2020-2040	3,881,700	203,700	11,090,412
G.O. Bonds, Series 2020A	Utility Infrastructure	Utility Charges	100%	2021-2041	2,468,618	141,033	4,365,027
G.O. Refunding Bonds, Series 2020B	Utility Infrastructure	Utility Charges	100%	2021-2033	1,911,645	29,091	1,869,763

6. Interfund Balances and Transactions

Interfund transfers as of December 31, 2021 are as follows:

Fund	Transfer In						Total
	General	Ice Arena	Improvement Bond	Capital Improvements	Nonmajor Governmental	Internal Service Funds	
Transfer Out							
General	\$ -	\$ 115,000	\$ -	\$ -	\$ 115,000	\$ -	\$ 230,000
Improvement Bond	435,000	-	1,184,010	3,210	-	-	1,622,220
Capital Improvements	-	200,000	-	-	200,000	1,065,000	1,465,000
Nonmajor Governmental	100,000	-	749,740	1,100,000	503,024	-	2,452,764
Municipal Liquor	327,770	-	-	-	500,000	-	827,770
Internal Service	-	-	-	-	-	41,000	41,000
Total	<u>\$ 862,770</u>	<u>\$ 315,000</u>	<u>\$ 1,933,750</u>	<u>\$ 1,103,210</u>	<u>\$ 1,318,024</u>	<u>\$ 1,106,000</u>	<u>\$ 6,638,754</u>

Interfund transfers allow the City to allocate financial resources to funds to provide funding for services to be provided or to provide financing for specific capital projects.

The City's Self Insurance Fund made an advance to the Ice Arena Fund to finance energy improvements for the City's Ice Arena. The term of the advance will be twenty (20) years with a beginning interest rate of 2%. The City Manager is authorized to adjust the interest rate as market conditions may dictate. At December 31, 2021 the balance of the respective advances (due in more than a year) was \$511,670. The portion of the advances that is due in one year is \$67,427.

In 2013, the City's Recreation Improvement Fund made an advance to the Park Capital Project Fund to finance the Honoring All Veterans Memorial monument located in Veterans Park. The advance will be repaid over the next five years using proceeds received from monument engravings at 0% interest. At December 31, 2021 the portion of the advance that is due in one year is \$7,000, and the portion due in more than one year is \$188,440.

In 2014, the City's Communications Fund made an advance to the Ice Arena Fund to finance the construction of a new locker room at Rink 1. The advance will be repaid over fifteen (15) years with rent received from the tenant of the locker room. At December 31, 2021, the portion of the advances that is due within one year is \$42,764. The portion of the loan due in more than one year is \$299,345.

At the end of 2021, the Ice Arena and the Swimming Pool have overdrawn their cash positions. As a result, the General Fund has advanced to the Ice Arena and Swimming Pool funds to cover the overdrawn cash position as of December 31, 2021. These advances are reflected in the financial statements as due to and due from other funds.

Individual fund advances to and advances from at year-end were as follows:

Advances to other funds	Advances from other funds	Amount
Nonmajor governmental	Ice Arena	\$ 342,109
Nonmajor governmental	Nonmajor governmental	195,440
Internal Service		
Self Insurance	Ice Arena	579,097
Total		<u>\$ 1,116,646</u>

Individual fund interfund receivables and payables balances at year-end were as follows:

Receivable Fund	Payable Fund	Amount
General	Ice Arena	\$ 2,522,106
	Nonmajor governmental	475,650
Total		<u>\$ 2,997,756</u>

7. Fund Balances

The following is a breakdown of equity components of governmental funds which are defined earlier in the report. Any such restrictions which have an accumulated deficit rather than positive balance at December 31 are included in unassigned fund balance in the City's financial statements in accordance with generally accepted accounting principles.

At December 31, 2021, a summary of the City's governmental fund balance classifications are as follows:

	General	Ice Arena	Improvement Bonds	Capital Improvements	Other Governmental	Total
Nonspendable						
Prepaid items	\$ 47,489	\$ -	\$ -	\$ -	\$ 1,111	\$ 48,600
Restricted for						
Future debt service	-	-	1,549,520	-	-	1,549,520
Future capital projects	-	-	-	754,449	-	754,449
Law enforcement drug forfeitures	-	-	-	-	234,647	234,647
Alcohol and tobacco compliance	-	-	-	-	7,954	7,954
Recreation services donations	-	-	-	-	51,642	51,642
Wood Lake Nature Center donations	-	-	-	-	132,690	132,690
Public health assessment	-	-	-	-	122,888	122,888
Wood Lake endowment	-	-	-	-	237,142	237,142
Total Restricted	-	-	1,549,520	754,449	786,963	3,090,932
Committed to						
Street improvements	-	-	3,396,153	-	-	3,396,153
Future capital projects	-	-	-	2,926,130	-	2,926,130
Park improvement projects	-	-	-	-	140,483	140,483
Tourism administration	-	-	-	-	46,430	46,430
Public cable TV and information activities	-	-	-	-	2,150,134	2,150,134
National, State and Local elections	-	-	-	-	1,973,241	1,973,241
Alcohol and tobacco compliance	-	-	-	-	217,193	217,193
Wood Lake half marathon	-	-	-	-	54,402	54,402
Street maintenance and forestry programs	-	-	-	-	1,516,008	1,516,008
Special facilities	-	-	-	-	45,575	45,575
Park and recreation capital projects	-	-	-	-	1,195,307	1,195,307
Total Committed	-	-	3,396,153	2,926,130	7,338,773	13,661,056
Assigned to						
Debt service	-	-	461,711	-	-	461,711
Future capital projects	-	-	-	5,056,780	-	5,056,780
Total Assigned	-	-	461,711	5,056,780	-	5,518,491
Unassigned	10,517,440	(3,325,310)	-	-	(473,676)	6,718,454
Total	\$ 10,564,929	\$ (3,325,310)	\$ 5,407,384	\$ 8,737,359	\$ 7,653,171	\$ 29,037,533

8. Contingencies and Litigation

The City is currently involved in various pending litigation cases. After evaluation by the City's attorney it is believed that the resolution of these cases will not have a material impact on the financial statements.

The City has entered into an agreement with the Metropolitan Airports Commission (MAC), where the City will purchase certain right-of-way-properties as part of the 66th Street/17th Avenue intersection constructed in 2007. As part of the agreement, MAC will provide to the City the funds necessary to finance the right-of-way acquisitions. In addition, the City agrees to repay to MAC payments made by MAC to the City for the right-of-way acquisitions. However, within the agreements there are specific provisions that must be met in order for repayment to MAC to occur.

9. Defined Benefit Pension Plans

The City participates in various pension plans. For the year ended December 31, 2021 total pension expense was \$(149,654) and the total net pension liability was \$11,252,073. The components of pension expense and net pension liability are noted in the following plan summaries.

Public Employees Retirement Association

A. Plan Description

The City of Richfield 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.

1. General Employees Retirement Fund

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

2. Public Employees Police and Fire Fund

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 local relief associations 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.

1. General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. 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. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. Police and Fire Plan Benefits

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

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the City of Richfield was required to contribute 7.50 percent for Coordinated Plan members. The City of Richfield's contributions to the General Employees Fund for the year ended December 31, 2021, were \$861,454. The City of Richfield's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City of Richfield's contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$1,343,767. The City of Richfield's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2021, the City of Richfield reported a liability of \$6,674,710 for its proportionate share of the General Employees Fund's net pension liability. The City of Richfield'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 of Richfield totaled \$203,866. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Richfield's proportionate share of the net pension liability was based on the City of Richfield contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City of Richfield's proportion share was 0.1563 percent at the end of the measurement period and 0.1530 percent for the beginning of the period.

City's Proportionate Share of the Net Pension Liability	\$ 6,674,710
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>203,866</u>
Total	<u><u>\$ 6,878,576</u></u>

For the year ended December 31, 2021, the City of Richfield recognized pension expense of \$153,162 for its proportionate share of the General Employees Plan's pension expense. Included in the amount, the City of Richfield recognized an additional \$16,449 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, 2021, the City of Richfield reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 39,118	\$ 203,766
Changes in Actuarial Assumptions	4,075,441	143,357
Net Collective Difference Between Projected and Actual Earnings on Plan Investments	-	5,791,223
Changes in Proportion	256,201	40,220
Contributions Paid to PERA Subsequent to the Measurement Date	<u>430,727</u>	<u>-</u>
Total	<u>\$ 4,801,487</u>	<u>\$ 6,178,566</u>

The \$430,727 reported as deferred outflows of resources related to pensions resulting from City of Richfield contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ (222,859)
2023	(975)
2023	(7,307)
2024	(1,576,665)
2025	<u>-</u>
Total	<u>\$ (1,807,806)</u>

2. Police and Fire Fund Pension Costs

At December 31, 2021, the City of Richfield reported a liability of \$4,577,363 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Richfield's proportionate share of the net pension liability was based on the City of Richfield contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the City of Richfield's proportionate share was 0.6000 percent at the end of the measurement period and 0.6287 percent 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, 2021. 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, 2020. 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. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

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, 2021, the City of Richfield recognized pension revenue of \$302,816 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$37,920 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 of Richfield also recognized \$54,000 for the year ended December 31, 2021 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, 2021, the City of Richfield reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 897,910	\$ -
Changes in Actuarial Assumptions	6,806,892	2,519,382
Net Collective Difference Between Projected and Actual Earnings on Plan Investments	-	8,799,598
Changes in Proportion	242,940	820,978
Contributions Paid to PERA Subsequent to the Measurement Date	<u>671,884</u>	<u>-</u>
Total	<u><u>\$ 8,619,626</u></u>	<u><u>\$ 12,139,958</u></u>

The \$671,884 reported as deferred outflows of resources related to pensions resulting from City of Richfield contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ (3,491,213)
2023	(550,273)
2023	(582,094)
2024	(995,723)
2025	<u>1,427,087</u>
Total	<u><u>\$ (4,192,216)</u></u>

E. Long-Term Expected Return on Investment

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

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

F. Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

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 29 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

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

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

General Employees Fund

Changes in Actuarial Assumptions:

- 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.

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

- 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 were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

G. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50%. 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 positions of the General Employees Fund and the Police and Fire 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 of Richfield'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 of Richfield's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	City Proportionate Share of NPL		
	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Fund	\$ 13,613,002	\$ 6,674,710	\$ 981,419
Police and Fire Fund	14,649,798	4,577,363	(3,679,536)

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.

10. Public Employees Defined Contribution Plan (Defined Contribution Plan)

Three council members of the City of Richfield are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP 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.

The defined contribution plan consists of individual accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses; therefore, there is no future liability to the City. *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 five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. 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 two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Pension expense for the year is equal to the contributions made. Total contributions made by the City of Richfield during fiscal year 2021 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rate</u>
<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	
\$ 1,421	\$ 1,421	5.00%	5.00%	5.00%

11. Other Post Employments Benefits

A. Plan Description

The City provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical coverage that is administered by Health Partners. It is the City's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees. No assets are accumulated in a trust.

B. Benefits Provided

At retirement, employees of the City receiving a retirement or disability benefit, or eligible to receive a benefit, from a Minnesota public pension plan may continue to participate in the City's group health insurance plan.

C. Members

As of December 31, 2021, the following were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	17
Active Plan Members	221
Total Plan Members	238

D. Contributions

Retirees and their spouses contribute to the health care plan at the same rate as City employees. This results in retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with BlueCross BlueShield. The required contributions are based on projected pay-as-you-go financing requirements. For 2021, the City contributed \$96,235 to the plan.

E. Actuarial Assumptions

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

Discount Rate	2.12%
Expected Long-Term Investment Return	N/A
20-Year Municipal Bond Yield	2.00%
Inflation Rate	2.50%
Salary Increases	3.25%
Medical Trend Rate	7.67% in 2020 grading to 5% after 18 years

Mortality Rate

The mortality rates used are in the PERA plan of which the employee, retiree or beneficiary is a participant.

Coordinated

- Healthy Pre-Retirement

RP-2014 Employee Mortality Table, adjusted for white collar and mortality improvements using projection scale MP-2018, from a base year of 2014. Rates are set forward one year for males and set back one year for females.

- Healthy Post-Retirement

RP-2014 Healthy Annuitant Mortality Table, adjusted for white collar and mortality improvements using projection scale MP-2018, from a base year of 2014. Rates are set forward two years for males. Female rates are multiplied by a factor of 0.90.

- Disabled

RP-2014 Disabled Mortality Table, adjusted for mortality improvements using projection scale MP-2018, from a base year of 2014. Rates are set forward one year for males and set forward six years for females.

Police & Fire

- Healthy Pre-Retirement

RP-2014 employee generational mortality table projected with mortality improvement scale MP-2018, from a base year of 2006.

- Healthy Post-Retirement

RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2018 from a base year of 2006. Male rates are adjusted by a factor of 0.96.

- Disabled

RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2018 from a base year of 2006. Male rates are adjusted by a factor of 0.96

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the period December 31, 2018 – December 31, 2020.

The discount rate used to measure the total OPEB liability was 2.12%.

F. Total OPEB Liability

The City's total OPEB liability of \$1,904,826 was measured as of December 31, 2020 and was determined by an actuarial analysis as of that date.

	Total OPEB Liability (a)
Balances at December 31, 2020	<u>\$ 1,689,556</u>
Changes for the Year:	
Service cost	183,028
Interest	49,990
Differences between expected and actual experience	18,865
Changes in assumptions or other inputs	59,622
Benefit payments	(96,235)
Net Changes	<u>215,270</u>
Balances at December 31, 2021	<u><u>\$ 1,904,826</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020.

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 2.74% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

1 Percent Decrease (1.12%)	Current (2.12%)	1 Percent Increase (3.12%)
\$ 2,034,006	\$ 1,904,826	\$ 1,779,132

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 health care trend rates that are 1% lower and 1% higher than the current health care trend rates.

1 Percent Decrease (6.67% Decreasing to 4%)	Healthcare Cost Trend Rates (7.67% Decreasing to 5%)	1 Percent Increase (8.67% Decreasing to 6%)
\$ 1,676,108	\$ 1,904,826	\$ 2,179,529

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

For the year ended December 31, 2021 the City recognized OPEB revenue of \$43,290. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 16,745	\$ 765,832
Changes in Actuarial Assumptions	193,766	72,364
Contributions to OPEB Subsequent to the Measurement Date	96,235	-
Total	<u>\$ 306,746</u>	<u>\$ 838,196</u>

\$96,235 reported as deferred outflows of resources 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, 2022.

\$306,746 reported as deferred outflows of resources and \$838,196 reported as deferred inflows of resources related to OPEB resulting from changes in assumptions in the year ended December 31, 2021.

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

Year Ended December 31:	
2022	\$ (92,552)
2023	(92,552)
2024	(92,552)
2025	(92,552)
2026	(94,715)
Thereafter	<u>(162,762)</u>
Total	<u>\$ (627,685)</u>

12. Right-of-Way

In 2002 the City acquired three properties for a total cost of \$7,000,000 for Interstate 494 widening right-of-way under the Metropolitan Council Right-of-Way Acquisition Loan Fund (RALF).

Under the RALF program, the City is obligated to return to the Metropolitan Council the proceeds of all RALF properties sold to the State of Minnesota. These RALF obligations and related properties have not been recorded since they do not represent true resources or liabilities of the City.

13. Conduit Debt

From time to time, the City has issued various industrial development revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial 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. Finally, the City does not track the remaining outstanding principal balances on conduit debt, as the City does not have any obligation toward the debt.

As of December 31, 2021 there were two bond issues outstanding with an estimated aggregate principal amount outstanding of approximately \$1,396,860.

14. Tax Increment Financing

The Richfield Housing and Redevelopment Authority (HRA) have entered into 10 Tax Increment Financing agreements which meet the criteria for disclosure under *Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures*. The HRA's authority to enter into these agreements comes from *Minnesota Statute 469*. The HRA entered into these agreements for the purpose of economic development.

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the HRA through tax revenues from additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" note is established for this amount, on which the HRA makes payments for a fixed period of time with available tax increment after deducting for certain administrative costs. The HRA has determined through its agreements with developers and state law to grant abatements of up to 90% of annual property taxes through a direct reduction of the entity's property tax bill. There were no agreements in 2021 that exceeded this 90% threshold.

During the year ended December 31, 2021, the HRA generated \$5,818,864 in tax increment revenue and made \$3,303,287 in payments to developer.

The tax abatement agreements that the HRA has outstanding as of December 31, 2021 are the following:

Purpose	Percentage of Taxes Abated During the Year	Amount of Taxes Abated During the Year
Senior housing and market rate housing	75%	\$ 440,927
Business redevelopment	75	716,386
Rental housing	90	205,835
Mixed-use housing and retail	75	748,011
Mixed-use housing and retail	-	122,325
Mixed-use housing and retail	90	306,275
Mixed-use housing and retail	75	469,246
Senior housing	75	141,976
Retail redevelopment	-	136,317
Rental housing	-	322,264
Townhomes	-	-
Rental housing	-	-

15. Federal and State Funds

The City received 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, 2021.

16. Nature and Amount of Significant Transactions between City – HRA

As noted in note 1, the HRA was established for the purpose to provide housing and redevelopment assistance to Richfield residents and businesses. The structure of the HRA is that it has no employees per se; however, it has a contract with the City where the City's Community Development department is to provide services as needed. Accordingly, the City charges the HRA for labor provided, data processing services, and office supplies, etc. In addition, to help fund redevelopment projects, the City will issue long term debt on behalf of the HRA. At the same time the HRA enters into a pledge agreement with the City whereby the HRA pledges future tax increment receipts generated by the redevelopment to service the debt issued.

During 2021, the HRA transferred to the City \$873,380 of tax increment receipts to fund debt service requirements for debt issued on behalf of the HRA.

Finally, during 2013, as part of the North Richfield Parkway project, the City purchased several properties with the future intent to convey the properties to the HRA for future redevelopment of the site. Funding for the property purchases was provided by the \$3,120,000 G.O. Improvement Bonds, Series 2013A. The bonds were issued with a debt service structure of 75% to be paid with a debt service tax levy and 25% to be paid by special assessments levied against the HRA, once the properties were conveyed to the HRA. The amount of the special assessment was \$780,000.

During 2014, the City conveyed the properties to the HRA at a value of \$704,639 and levied the planned special assessments against the HRA. As part of the special assessment process the HRA prepaid the \$780,000 with funding provided by the City in the form of an inter fund loan from the City's Capital Improvement Fund.

The term of the loan will be twenty (20) years with no principal and interest payments due the first two years and then payment beginning in year three with an interest rate of 1%. The repayment of the loan will have three sources in the following priority; land sale proceeds, tax increment revenues and funds of the HRA that are legally available to pay on the loan.

In 2016, the City conveyed several properties to the HRA at a book value of \$1,264,063. The City Council determined that since the HRA was the development agency of the City, it would be appropriate for ease of future development that the properties be legally owned by the HRA.

17. Joint Venture

Local Government Information Systems Association (LOGIS):

This consortium of approximately 30 government entities provides computerized data processing and support services to its members. LOGIS is legally separate; the City does not appoint a voting majority of its board, and the Consortium is fiscally independent of the City. The total amount recorded within the 2021 financial statements of the City was \$752,741 for services provided, which is allocated to the various funds based on applications. Complete financial statements may be obtained at the LOGIS offices located at 5750 Duluth Street, Golden Valley, Minnesota 55422.

18. Service Concession Arrangement

The City has entered into an agreement with Wheel Fun Rentals LLC, where Wheel Fun Rentals will manage the City's Mini-Golf facility, concession sales, and bicycle rental operations starting the first weekend of May through the last weekend of October each year.

The City will continue to own existing assets of the operation. Any new equipment purchased by Wheel Fun Rentals for the operation of the facility will be the property of Wheel Fun Rentals.

As compensation for operating the facility, Wheel Fun Rentals will retain gross revenues from the mini-golf facility, concessions and bike rental up to \$200,000 and then pay the City 10% of gross revenues over \$200,000. Wheel Fun Rentals will also pay to the City a base rent of \$16,000 per season.

Wheel Fun Rentals will be responsible for managing the facility, setting hours of operation and rates, with City approval, provide sufficient staffing to operate, maintain and repair the facility during the operating season, pay utilities associated with the operation, purchase and maintain a food license, and purchase and hold the necessary insurance coverage for such an operation.

19. COVID-19

On March 13, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. This event affects the economy and financial markets. The extent of the impact on the City may be both direct and indirect and will vary based on the duration of the outbreak and various other factors. An estimate of the financial effect on the City's financial statements at December 31, 2021 cannot be determined at this time.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

**CITY OF RICHFIELD, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
DECEMBER 31, 2021**

Note 1 Pensions Plans

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
06/30/21	0.1563 %	\$ 6,674,710	\$ 203,866	\$ 6,878,576	\$ 11,253,880	59.3 %	87.0 %
06/30/20	0.1530	9,173,049	282,832	9,455,881	10,910,907	84.1	79.0
06/30/19	0.1491	8,243,405	256,322	8,499,727	10,555,547	78.1	80.2
06/30/18	0.1520	8,432,337	276,621	8,708,958	10,214,587	82.6	79.5
06/30/17	0.1507	9,620,589	121,007	9,741,596	9,711,387	99.1	75.9
06/30/16	0.1587	12,885,653	168,215	13,053,868	9,846,133	130.9	68.9
06/30/15	0.1596	8,271,300	-	8,271,300	9,226,400	89.6	78.2

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

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	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)
12/31/21	\$ 861,454	\$ 861,454	\$ -	\$ 11,486,053	7.5 %
12/31/20	837,463	837,463	-	11,166,173	7.5
12/31/19	812,029	812,029	-	10,827,053	7.5
12/31/18	783,227	783,227	-	10,443,027	7.5
12/31/17	742,606	742,606	-	9,901,413	7.5
12/31/16	726,143	726,143	-	9,681,907	7.5
12/31/15	706,736	706,736	-	9,423,147	7.5

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

Notes to the Required Supplementary Information - General Employees Fund

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.

Changes in Plan Provisions

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.

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
06/30/21	0.6000 %	\$ 4,577,363	\$ 208,222	\$ 4,785,585	\$ 7,091,288	64.5 %	93.7 %
06/30/20	0.6287	8,230,357	195,222	8,425,579	7,092,654	116.0	87.2
06/30/19	0.6387	6,713,383	-	6,713,383	6,587,723	101.9	89.3
06/30/18	0.6046	6,389,999	-	6,389,999	6,371,512	100.3	88.8
06/30/17	0.5910	7,979,203	-	7,979,203	6,070,907	131.4	85.4
06/30/16	0.6560	26,326,421	-	26,326,421	6,317,469	416.7	63.9
06/30/15	0.6030	6,851,491	-	6,851,491	5,371,889	127.5	86.6

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

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

Year Ending	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)
12/31/21	\$ 1,343,767	\$ 1,343,767	\$ -	\$ 7,591,904	17.7 %
12/31/20	1,262,187	1,262,187	-	7,131,000	17.7
12/31/19	1,217,879	1,217,879	-	7,185,127	17.0
12/31/18	1,048,095	1,048,095	-	6,469,722	16.2
12/31/17	1,004,300	1,004,300	-	6,199,383	16.2
12/31/16	1,000,004	1,000,004	-	6,172,864	16.2
12/31/15	948,453	948,453	-	5,854,648	16.2

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

Changes in Actuarial Assumptions

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 were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

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

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

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

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 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 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

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

Changes in Plan Provisions

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

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.

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

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 183,028	\$ 146,639	\$ 202,165	\$ 184,122
Interest	49,990	100,980	84,039	83,730
Differences between expected and actual experience	18,865	(987,796)	-	-
Changes in assumptions	59,622	144,714	(110,794)	53,295
Benefit payments	(96,235)	(74,575)	(113,317)	(109,190)
Net Change in Total OPEB Liability	215,270	(670,038)	62,093	211,957
Total OPEB Liability - Beginning January 1,	1,689,556	2,359,594	2,297,501	2,085,544
Total OPEB Liability - Ending December 31,	<u>\$ 1,904,826</u>	<u>\$ 1,689,556</u>	<u>\$ 2,359,594</u>	<u>\$ 2,297,501</u>
Covered-Employee Payroll	\$ 17,100,000	\$ 16,600,000	\$ 16,500,000	\$ 15,900,000
City's total OPEB liability as a percentage of covered-employee payroll	11.14 %	10.18 %	14.30 %	14.45 %

Changes in Assumptions:

In 2021, the following assumptions changes:

The discount rate was changed from 2.74% to 2.12%

In 2020, the following assumptions changes:

The health care trend rates, mortality tables, and salary increase rates were updated.

The discount rate was changed from 3.80% to 2.90%

In 2019, the following assumptions changes:

The discount rate was changed from 3.30% to 3.80%

In 2018, the following assumptions changes:

The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2014 Generational Improvement Scale (Blue Collar Tables for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables (de-trended to 2006) and then projected beyond the valuation date using scale MP-2017 (Blue Collar Tables for Police and Fire Personnel).

The subsidized benefits for the officers injured in the line of duty are assumed to end after five years for the two individuals under age 40 as of the valuation date and at age 65 for the one individual over age 55 as of the valuation date.

The withdrawal and retirement tables for all employees were updated.

The discount rate was changed from 4.00% to 3.30%

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

**CITY OF RICHFIELD, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2021**

	Special Revenue	Redevelopment Bonds	Park Capital Projects	Total Nonmajor Governmental Funds
Assets				
Cash and temporary investments	\$ 5,921,401	\$ -	\$ 1,168,129	\$ 7,089,530
Receivables				
Accrued interest	13,070	-	1,124	14,194
Accounts	691,676	-	26,054	717,730
Due from other governments	33,354	-	-	33,354
Advances to other funds	342,109	-	195,440	537,549
Prepaid items	3,981	-	-	3,981
Total Assets	\$ 7,005,591	\$ -	\$ 1,390,747	\$ 8,396,338
Liabilities				
Accounts and contracts payable	\$ 31,981	\$ -	\$ -	\$ 31,981
Accrued salaries payable	5,351	-	-	5,351
Due to other governments	4,643	-	-	4,643
Due to other funds	475,650	-	-	475,650
Advances from other funds	-	-	195,440	195,440
Deposits payable	30,102	-	-	30,102
Total Liabilities	547,727	-	195,440	743,167
Fund Balances				
Nonspendable	1,111	-	-	1,111
Restricted	786,963	-	-	786,963
Committed	6,143,466	-	1,195,307	7,338,773
Unassigned	(473,676)	-	-	(473,676)
Total Fund Balances	6,457,864	-	1,195,307	7,653,171
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,005,591	\$ -	\$ 1,390,747	\$ 8,396,338

**CITY OF RICHFIELD, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Special Revenue	Redevelopment Bonds	Park Capital Projects	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 2,246,806	\$ -	\$ -	\$ 2,246,806
Intergovernmental	131,206	873,380	500,000	1,504,586
Charges for services	512,059	-	-	512,059
Fines and forfeitures	54,324	-	-	54,324
Interest (loss) on investments	6,425	-	553	6,978
Miscellaneous	683,343	-	25,470	708,813
Total Revenues	<u>3,634,163</u>	<u>873,380</u>	<u>526,023</u>	<u>5,033,566</u>
Expenditures				
Current				
Administrative services	594,256	-	-	594,256
Public safety	141,742	-	-	141,742
Recreation services	647,086	-	65,502	712,588
Capital outlay				
Administrative services	30,001	-	-	30,001
Recreation services	-	-	845,418	845,418
Debt service				
Principal	-	760,000	-	760,000
Interest and other charges	-	113,380	-	113,380
Total Expenditures	<u>1,413,085</u>	<u>873,380</u>	<u>910,920</u>	<u>3,197,385</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,221,078</u>	<u>-</u>	<u>(384,897)</u>	<u>1,836,181</u>
Other Financing Sources (Uses)				
Transfers in	815,000	-	503,024	1,318,024
Transfers out	(2,452,764)	-	-	(2,452,764)
Total Other Financing Sources (Uses)	<u>(1,637,764)</u>	<u>-</u>	<u>503,024</u>	<u>(1,134,740)</u>
Net Change in Fund Balances	583,314	-	118,127	701,441
Fund Balances, January 1	<u>5,874,550</u>	<u>-</u>	<u>1,077,180</u>	<u>6,951,730</u>
Fund Balances, December 31	<u>\$ 6,457,864</u>	<u>\$ -</u>	<u>\$ 1,195,307</u>	<u>\$ 7,653,171</u>

**CITY OF RICHFIELD, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
SUBCOMING BALANCE SHEETS
DECEMBER 31, 2021**

	Liquor Contributions Fund	Tourism Admin	Communcations	Elections	Drug/ Forfeiture	Public Safety Compliance
Assets						
Cash and temporary investments	\$ 140,198	\$ 53,942	\$ 1,727,494	\$ 1,875,597	\$ 234,232	\$ 209,643
Receivables						
Accrued interest	285	105	3,041	3,421	456	420
Accounts	-	-	84,027	129,243	-	390
Due from other governments	-	-	-	-	-	16,853
Advances to other funds	-	-	342,109	-	-	-
Prepaid items	-	-	278	-	-	-
Total Assets	\$ 140,483	\$ 54,047	\$ 2,156,949	\$ 2,008,261	\$ 234,688	\$ 227,306
Liabilities						
Accounts and contracts payable	\$ -	\$ 6,829	\$ 1,186	\$ 1,094	\$ 41	\$ 2,159
Accrued salaries payable	-	-	5,351	-	-	-
Due to other governments	-	-	-	4,612	-	-
Due to other funds	-	-	-	-	-	-
Deposits payable	-	788	-	29,314	-	-
Total Liabilities	-	7,617	6,537	35,020	41	2,159
Fund Balances						
Nonspendable	-	-	278	-	-	-
Restricted	-	-	-	-	234,647	7,954
Committed	140,483	46,430	2,150,134	1,973,241	-	217,193
Unassigned	-	-	-	-	-	-
Total Fund Balances	140,483	46,430	2,150,412	1,973,241	234,647	225,147
Total Liabilities and Fund Balances	\$ 140,483	\$ 54,047	\$ 2,156,949	\$ 2,008,261	\$ 234,688	\$ 227,306

Recreation Contribution	Nature Center Contribution	Public Health Grants	Wood Lake Half Marathon	Utility Franchise Fees	Swimming Pool	Special Facilities	Wood Lake Endowment	Total
\$ 66,774	\$ 136,282	\$ 106,193	\$ 54,302	\$ 1,033,899	\$ -	\$ 46,179	\$ 236,666	\$ 5,921,401
85	242	194	100	4,163	-	82	476	13,070
-	-	-	-	477,946	70	-	-	691,676
-	-	16,501	-	-	-	-	-	33,354
-	-	-	-	-	-	-	-	342,109
-	-	-	-	-	2,870	833	-	3,981
<u>\$ 66,859</u>	<u>\$ 136,524</u>	<u>\$ 122,888</u>	<u>\$ 54,402</u>	<u>\$ 1,516,008</u>	<u>\$ 2,940</u>	<u>\$ 47,094</u>	<u>\$ 237,142</u>	<u>\$ 7,005,591</u>
\$ 15,217	\$ 3,803	\$ -	\$ -	\$ -	\$ 966	\$ 686	\$ -	\$ 31,981
-	-	-	-	-	-	-	-	5,351
-	31	-	-	-	-	-	-	4,643
-	-	-	-	-	475,650	-	-	475,650
-	-	-	-	-	-	-	-	30,102
<u>15,217</u>	<u>3,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>476,616</u>	<u>686</u>	<u>-</u>	<u>547,727</u>
-	-	-	-	-	-	833	-	1,111
51,642	132,690	122,888	-	-	-	-	237,142	786,963
-	-	-	54,402	1,516,008	-	45,575	-	6,143,466
-	-	-	-	-	(473,676)	-	-	(473,676)
<u>51,642</u>	<u>132,690</u>	<u>122,888</u>	<u>54,402</u>	<u>1,516,008</u>	<u>(473,676)</u>	<u>46,408</u>	<u>237,142</u>	<u>6,457,864</u>
<u>\$ 66,859</u>	<u>\$ 136,524</u>	<u>\$ 122,888</u>	<u>\$ 54,402</u>	<u>\$ 1,516,008</u>	<u>\$ 2,940</u>	<u>\$ 47,094</u>	<u>\$ 237,142</u>	<u>\$ 7,005,591</u>

**CITY OF RICHFIELD, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Liquor Contributions Fund	Tourism Admin	Communications	Elections	Drug/ Forfeiture	Public Safety Compliance
Revenues						
Taxes						
Franchise	\$ -	\$ -	\$ 344,852	\$ -	\$ -	\$ -
Lodging	-	4,620	-	-	-	-
Intergovernmental	-	-	-	-	20,206	18,845
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	54,324	-
Interest (loss) on investments	140	52	1,495	1,683	223	205
Miscellaneous	-	-	2,226	421,545	2,018	15,832
Total Revenues	140	4,672	348,573	423,228	76,771	34,882
Expenditures						
Current						
Legislative/executive						
Administrative services						
Personnel services	-	10,130	226,749	96,960	-	-
Other services and charges	-	-	142,380	33,977	-	-
Public safety						
Personnel services	-	-	-	-	-	1,935
Other services and charges	-	-	-	-	39,819	14,163
Recreation services						
Personnel services	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay						
Administrative services	-	-	-	-	-	-
Total Expenditures	-	10,130	369,129	130,937	39,819	16,098
Excess (Deficiency) of Revenues Over (Under) Expenditures	140	(5,458)	(20,556)	292,291	36,952	18,784
Other Financing Sources (Uses)						
Transfers in	500,000	-	-	-	-	-
Transfers out	(500,000)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Change in Fund Balances	140	(5,458)	(20,556)	292,291	36,952	18,784
Fund Balances, January 1	140,343	51,888	2,170,968	1,680,950	197,695	206,363
Fund Balances, December 31	\$ 140,483	\$ 46,430	\$ 2,150,412	\$ 1,973,241	\$ 234,647	\$ 225,147

Recreation Contribution	Nature Center Contribution	Public Health Grants	Wood Lake Half Marathon	Utility Franchise Fees	Swimming Pool	Special Facilities	Wood Lake Endowment	Total
\$ -	\$ -	\$ -	\$ -	\$ 1,897,334	\$ -	\$ -	\$ -	\$ 2,242,186
-	-	-	-	-	-	-	-	4,620
-	-	92,155	-	-	-	-	-	131,206
-	-	-	-	-	512,059	-	-	512,059
-	-	-	-	-	-	-	-	54,324
42	26	95	48	2,049	-	41	326	6,425
31,828	88,117	-	64,308	-	1,481	52,318	3,670	683,343
31,870	88,143	92,250	64,356	1,899,383	513,540	52,359	3,996	3,634,163
-	-	-	-	-	-	-	-	333,839
-	-	-	-	84,060	-	-	-	260,417
-	-	-	-	-	-	-	-	1,935
-	-	85,825	-	-	-	-	-	139,807
-	4,100	-	15,000	-	218,498	10,780	-	248,378
35,146	52,150	-	26,690	-	250,677	34,045	-	398,708
-	-	-	-	30,001	-	-	-	30,001
35,146	56,250	85,825	41,690	114,061	469,175	44,825	-	1,413,085
(3,276)	31,893	6,425	22,666	1,785,322	44,365	7,534	3,996	2,221,078
-	-	-	-	-	310,000	5,000	-	815,000
-	-	-	-	(1,949,740)	-	(3,024)	-	(2,452,764)
-	-	-	-	(1,949,740)	310,000	1,976	-	(1,637,764)
(3,276)	31,893	6,425	22,666	(164,418)	354,365	9,510	3,996	583,314
54,918	100,797	116,463	31,736	1,680,426	(828,041)	36,898	233,146	5,874,550
\$ 51,642	\$ 132,690	\$ 122,888	\$ 54,402	\$ 1,516,008	\$ (473,676)	\$ 46,408	\$ 237,142	\$ 6,457,864

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CITY OF RICHFIELD, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
LIQUOR CONTRIBUTIONS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Interest (loss) on investments	\$ 900	\$ 450	\$ 140	\$ (310)
Other Financing Sources (Uses)				
Transfers in	450,000	500,000	500,000	-
Transfers out	(450,000)	(500,000)	(500,000)	-
Total Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	900	450	140	(310)
Fund Balances, January 1	140,343	140,343	140,343	-
Fund Balances, December 31	<u>\$ 141,243</u>	<u>\$ 140,793</u>	<u>\$ 140,483</u>	<u>\$ (310)</u>

CITY OF RICHFIELD, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
TOURISM ADMIN SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 7,500	\$ 2,180	\$ 4,620	\$ 2,440
Interest (loss) on investments	300	200	52	(148)
Total Revenues	<u>7,800</u>	<u>2,380</u>	<u>4,672</u>	<u>2,292</u>
Expenditures				
Current				
Administrative services				
Personnel services	<u>10,130</u>	<u>5,440</u>	<u>10,130</u>	<u>(4,690)</u>
Net Change in Fund Balances	(2,330)	(3,060)	(5,458)	(2,398)
Fund Balances, January 1	<u>51,888</u>	<u>51,888</u>	<u>51,888</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 49,558</u>	<u>\$ 48,828</u>	<u>\$ 46,430</u>	<u>\$ (2,398)</u>

CITY OF RICHFIELD, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
COMMUNICATIONS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 361,420	\$ 361,420	\$ 344,852	\$ (16,568)
Interest (loss) on investments	14,000	7,000	1,495	(5,505)
Miscellaneous	-	-	2,226	2,226
Total Revenues	375,420	368,420	348,573	(19,847)
Expenditures				
Current				
Administrative services				
Personnel services	240,190	247,190	226,749	20,441
Other services and charges	158,530	158,420	142,380	16,040
Capital outlay				
Culture and recreation	-	120,000	-	120,000
Total Expenditures	398,720	525,610	369,129	156,481
Net Change in Fund Balances	(23,300)	(157,190)	(20,556)	136,634
Fund Balances, January 1	2,170,968	2,170,968	2,170,968	-
Fund Balances, December 31	<u>\$ 2,147,668</u>	<u>\$ 2,013,778</u>	<u>\$ 2,150,412</u>	<u>\$ 136,634</u>

CITY OF RICHFIELD, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ELECTIONS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Interest (loss) on investments	\$ 10,000	\$ 5,000	\$ 1,683	\$ (3,317)
Miscellaneous	246,190	246,190	421,545	175,355
Total Revenues	256,190	251,190	423,228	172,038
Expenditures				
Current				
Administrative services				
Personnel services	101,960	101,960	96,960	5,000
Other services and charges	53,750	53,750	33,977	19,773
Total Expenditures	155,710	155,710	130,937	24,773
Net Change in Fund Balances	100,480	95,480	292,291	196,811
Fund Balances, January 1	1,680,950	1,680,950	1,680,950	-
Fund Balances, December 31	\$ 1,781,430	\$ 1,776,430	\$ 1,973,241	\$ 196,811

CITY OF RICHFIELD, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
DRUG/FORFEITURE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 20,206	\$ 20,206
Fines and forfeitures	40,000	35,000	54,324	19,324
Interest (loss) on investments	750	750	223	(527)
Miscellaneous	-	300	2,018	1,718
Total Revenues	<u>40,750</u>	<u>36,050</u>	<u>76,771</u>	<u>40,721</u>
Expenditures				
Current				
Public safety				
Other services and charges	<u>27,500</u>	<u>37,700</u>	<u>39,819</u>	<u>(2,119)</u>
Net Change in Fund Balances	13,250	(1,650)	36,952	38,602
Fund Balances, January 1	<u>197,695</u>	<u>197,695</u>	<u>197,695</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 210,945</u>	<u>\$ 196,045</u>	<u>\$ 234,647</u>	<u>\$ 38,602</u>

CITY OF RICHFIELD, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
PUBLIC SAFETY COMPLIANCE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ 9,000	\$ 15,600	\$ 18,845	\$ 3,245
Interest (loss) on investments	450	500	205	(295)
Miscellaneous	4,000	7,000	15,832	8,832
Total Revenues	13,450	23,100	34,882	11,782
Expenditures				
Current				
Public safety				
Personnel services	3,230	3,500	1,935	1,565
Other services and charges	6,000	20,000	14,163	5,837
Total Expenditures	9,230	23,500	16,098	7,402
Net Change in Fund Balances	4,220	(400)	18,784	19,184
Fund Balances, January 1	206,363	206,363	206,363	-
Fund Balances, December 31	\$ 210,583	\$ 205,963	\$ 225,147	\$ 19,184

CITY OF RICHFIELD, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
RECREATION CONTRIBUTION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Interest (loss) on investments	\$ 200	\$ 100	\$ 42	\$ (58)
Miscellaneous	25,000	11,000	31,828	20,828
Total Revenues	<u>25,200</u>	<u>11,100</u>	<u>31,870</u>	<u>20,770</u>
Expenditures				
Current				
Recreation services				
Other services and charges	<u>21,000</u>	<u>5,000</u>	<u>35,146</u>	<u>(30,146)</u>
Net Change in Fund Balances	4,200	6,100	(3,276)	(9,376)
Fund Balances, January 1	<u>54,918</u>	<u>54,918</u>	<u>54,918</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 59,118</u>	<u>\$ 61,018</u>	<u>\$ 51,642</u>	<u>\$ (9,376)</u>

CITY OF RICHFIELD, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
NATURE CENTER CONTRIBUTION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ -	\$ 5,000	\$ -	\$ (5,000)
Interest (loss) on investments	500	500	26	(474)
Miscellaneous	55,000	40,000	88,117	48,117
Total Revenues	55,500	45,500	88,143	42,643
Expenditures				
Current				
Recreation services				
Personnel services	22,780	8,200	4,100	4,100
Other services and charges	30,000	-	52,150	(52,150)
Total Expenditures	52,780	8,200	56,250	(48,050)
Net Change in Fund Balances	2,720	37,300	31,893	(5,407)
Fund Balances, January 1	100,797	100,797	100,797	-
Fund Balances, December 31	\$ 103,517	\$ 138,097	\$ 132,690	\$ (5,407)

CITY OF RICHFIELD, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
PUBLIC HEALTH GRANTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ 38,450	\$ 59,020	\$ 92,155	\$ 33,135
Interest (loss) on investments	500	500	95	(405)
Total Revenues	<u>38,950</u>	<u>59,520</u>	<u>92,250</u>	<u>32,730</u>
Expenditures				
Current				
Public safety				
Other services and charges	<u>34,410</u>	<u>34,410</u>	<u>85,825</u>	<u>(51,415)</u>
Net Change in Fund Balances	4,540	25,110	6,425	(18,685)
Fund Balances, January 1	<u>116,463</u>	<u>116,463</u>	<u>116,463</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 121,003</u>	<u>\$ 141,573</u>	<u>\$ 122,888</u>	<u>\$ (18,685)</u>

CITY OF RICHFIELD, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
WOOD LAKE HALF MARATHON SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Interest (loss) on investments	\$ 100	\$ 50	\$ 48	\$ (2)
Miscellaneous	69,000	61,000	64,308	3,308
Total Revenues	69,100	61,050	64,356	3,306
Expenditures				
Current				
Recreation services				
Personnel services	30,000	30,000	15,000	15,000
Other services and charges	32,000	30,000	26,690	3,310
Total Expenditures	62,000	60,000	41,690	18,310
Net Change in Fund Balances	7,100	1,050	22,666	21,616
Fund Balances, January 1	31,736	31,736	31,736	-
Fund Balances, December 31	\$ 38,836	\$ 32,786	\$ 54,402	\$ 21,616

CITY OF RICHFIELD, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
UTILITY FRANCHISE FEES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 1,831,450	\$ 1,850,000	\$ 1,897,334	\$ 47,334
Interest (loss) on investments	15,000	7,500	2,049	(5,451)
Total Revenues	<u>1,846,450</u>	<u>1,857,500</u>	<u>1,899,383</u>	<u>41,883</u>
Expenditures				
Current				
Administrative services				
Other services and charges	60,000	45,000	84,060	(39,060)
Capital outlay				
Administrative services	-	50,000	30,001	19,999
Total Expenditures	<u>60,000</u>	<u>95,000</u>	<u>114,061</u>	<u>(19,061)</u>
Excess of Revenues Over Expenditures	1,786,450	1,762,500	1,785,322	22,822
Other Financing Uses				
Transfers out	<u>(1,749,740)</u>	<u>(1,949,740)</u>	<u>(1,949,740)</u>	<u>-</u>
Net Change in Fund Balances	36,710	(187,240)	(164,418)	22,822
Fund Balances, January 1	<u>1,680,426</u>	<u>1,680,426</u>	<u>1,680,426</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,717,136</u>	<u>\$ 1,493,186</u>	<u>\$ 1,516,008</u>	<u>\$ 22,822</u>

CITY OF RICHFIELD, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SWIMMING POOL SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Charges for services	\$ 424,050	\$ 424,560	\$ 512,059	\$ 87,499
Miscellaneous	-	-	1,481	1,481
Total Revenues	<u>424,050</u>	<u>424,560</u>	<u>513,540</u>	<u>88,980</u>
Expenditures				
Current				
Recreation services				
Personnel services	224,080	224,050	218,498	5,552
Other services and charges	248,090	227,820	250,677	(22,857)
Total Expenditures	<u>472,170</u>	<u>451,870</u>	<u>469,175</u>	<u>(17,305)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(48,120)	(27,310)	44,365	71,675
Other Financing Sources				
Transfers in	<u>110,000</u>	<u>310,000</u>	<u>310,000</u>	<u>-</u>
Net Change in Fund Balances	61,880	282,690	354,365	71,675
Fund Balances, January 1	<u>(828,041)</u>	<u>(828,041)</u>	<u>(828,041)</u>	<u>-</u>
Fund Balances, December 31	<u>\$ (766,161)</u>	<u>\$ (545,351)</u>	<u>\$ (473,676)</u>	<u>\$ 71,675</u>

CITY OF RICHFIELD, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL FACILITIES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Interest (loss) on investments	\$ 100	\$ 50	\$ 41	\$ (9)
Miscellaneous	50,600	51,800	52,318	518
Total Revenues	50,700	51,850	52,359	509
Expenditures				
Current				
Recreation services				
Personnel services	10,780	10,780	10,780	-
Other services and charges	41,030	41,030	34,045	6,985
Total Expenditures	51,810	51,810	44,825	6,985
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(1,110)	40	7,534	7,494
Other Financing Sources (Uses)				
Transfers in	5,000	5,000	5,000	-
Transfers out	-	-	(3,024)	(3,024)
Total Financing Sources (Uses)	5,000	5,000	1,976	(3,024)
Net Change in Fund Balances	3,890	5,040	9,510	4,470
Fund Balances, January 1	36,898	36,898	36,898	-
Fund Balances, December 31	\$ 40,788	\$ 41,938	\$ 46,408	\$ 4,470

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**CITY OF RICHFIELD, MINNESOTA
GENERAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED ON THE FOLLOWING PAGES)
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes				
Property taxes	\$ 18,621,410	\$ 18,621,410	\$ 15,961,322	\$ (2,660,088)
Fiscal disparities	-	-	2,976,843	2,976,843
Total taxes	18,621,410	18,621,410	18,938,165	316,755
Licenses and permits				
Business	322,500	131,000	224,979	93,979
Nonbusiness	742,500	1,112,000	1,470,452	358,452
Total licenses and permits	1,065,000	1,243,000	1,695,431	452,431
Intergovernmental				
Federal				
Other	135,540	299,720	108,796	(190,924)
State				
Local government aid	2,001,680	2,001,680	2,001,686	6
Police and fire aid	599,000	611,250	650,410	39,160
Municipal State aid	460,000	410,900	349,500	(61,400)
Community health services	134,410	177,830	176,835	(995)
Other	21,500	180,930	99,562	(81,368)
County	22,040	21,040	104,980	83,940
Local	-	1,000	351	(649)
Total intergovernmental	3,374,170	3,704,350	3,492,120	(212,230)
Charges for services				
General government	246,500	31,500	41,255	9,755
Deputy registrar	595,000	474,000	524,983	50,983
Public safety	61,900	23,000	25,799	2,799
Public works	320,000	320,000	323,842	3,842
Park and recreation	329,500	160,020	200,600	40,580
Nature center	58,000	68,270	70,683	2,413
Community development	612,000	612,000	655,392	43,392
Total charges for services	2,222,900	1,688,790	1,842,554	153,764
Fines and forfeitures	280,000	222,000	176,642	(45,358)
Interest (loss) on investments	30,000	25,000	6,838	(18,162)
Miscellaneous				
Refunds and reimbursements	-	-	3,725	3,725
Contributions and donations	-	-	497	497
Recovery - damage to City property	5,000	5,000	10,900	5,900
Rent	28,100	28,100	27,147	(953)
Other	12,000	12,000	13,167	1,167
Total miscellaneous	45,100	45,100	55,436	10,336
Total Revenues	25,638,580	25,549,650	26,207,186	657,536

**CITY OF RICHFIELD, MINNESOTA
GENERAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Current				
Legislative/executive				
Mayor and City Council				
Personnel services	\$ 54,610	\$ 54,380	\$ 55,720	\$ (1,340)
Other services and charges	169,700	167,660	139,463	28,197
Total Mayor and City Council	224,310	222,040	195,183	26,857
Other agencies				
Personnel services	31,290	31,290	31,290	-
Other services and charges	70,480	70,480	70,545	(65)
Total other agencies	101,770	101,770	101,835	(65)
City manager				
Personnel services	316,520	310,590	303,810	6,780
Other services and charges	41,500	45,120	42,135	2,985
Total city manager	358,020	355,710	345,945	9,765
Legal				
Other services and charges	360,530	328,730	298,780	29,950
Total legislative/executive	1,044,630	1,008,250	941,743	66,507
Administrative services				
Administration				
Personnel services	43,960	44,350	616	43,734
Other services and charges	85,380	85,180	80,241	4,939
Total administration	129,340	129,530	80,857	48,673
Human resources				
Other services and charges	57,610	41,370	1,063	40,307
City clerk				
Personnel services	636,120	574,090	527,039	47,051
Other services and charges	85,290	91,340	84,614	6,726
Total city clerk	721,410	665,430	611,653	53,777
Total administrative services	908,360	836,330	693,573	142,757

**CITY OF RICHFIELD, MINNESOTA
GENERAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures (Continued)				
Current (continued)				
Finance				
Finance				
Personnel services	\$ 263,260	\$ 273,680	\$ 198,560	\$ 75,120
Other services and charges	108,550	99,130	185,016	(85,886)
Total finance	<u>371,810</u>	<u>372,810</u>	<u>383,576</u>	<u>(10,766)</u>
Assessing				
Other services and charges	<u>371,240</u>	<u>382,190</u>	<u>382,065</u>	<u>125</u>
Total finance	<u>743,050</u>	<u>755,000</u>	<u>765,641</u>	<u>(10,641)</u>
Public safety				
Administrative support services				
Personnel services	538,800	523,830	471,345	52,485
Other services and charges	<u>508,830</u>	<u>504,230</u>	<u>514,097</u>	<u>(9,867)</u>
Total administrative support services	<u>1,047,630</u>	<u>1,028,060</u>	<u>985,442</u>	<u>42,618</u>
Police operations				
Personnel services	7,334,700	7,389,430	7,311,215	78,215
Other services and charges	<u>2,028,490</u>	<u>2,031,210</u>	<u>1,983,697</u>	<u>47,513</u>
Total police operations	<u>9,363,190</u>	<u>9,420,640</u>	<u>9,294,912</u>	<u>125,728</u>
Emergency services				
Personnel services	7,440	7,440	7,446	(6)
Other services and charges	<u>28,820</u>	<u>28,720</u>	<u>21,636</u>	<u>7,084</u>
Total emergency services	<u>36,260</u>	<u>36,160</u>	<u>29,082</u>	<u>7,078</u>
Total public safety	<u>10,447,080</u>	<u>10,484,860</u>	<u>10,309,436</u>	<u>175,424</u>
Fire				
Fire protection				
Personnel services	4,251,050	4,108,760	4,141,804	(33,044)
Other services and charges	<u>744,430</u>	<u>886,560</u>	<u>994,386</u>	<u>(107,826)</u>
Total fire protection	<u>4,995,480</u>	<u>4,995,320</u>	<u>5,136,190</u>	<u>(140,870)</u>
Community development				
Administration				
Other services and charges	<u>75,610</u>	<u>74,700</u>	<u>75,012</u>	<u>(312)</u>

**CITY OF RICHFIELD, MINNESOTA
GENERAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures (Continued)				
Current (continued)				
Planning and zoning				
Personnel services	\$ 273,850	\$ 264,630	\$ 275,023	\$ (10,393)
Other services and charges	55,090	75,810	76,482	(672)
Total planning and zoning	328,940	340,440	351,505	(11,065)
Inspection				
Personnel services	1,026,670	1,048,680	1,002,870	45,810
Other services and charges	265,860	336,400	366,699	(30,299)
Total inspection	1,292,530	1,385,080	1,369,569	15,511
Total community development	1,697,080	1,800,220	1,796,086	4,134
Public works				
Administration				
Personnel services	150,020	151,040	226,175	(75,135)
Other services and charges	46,140	45,130	32,447	12,683
Total administration	196,160	196,170	258,622	(62,452)
Engineering				
Personnel services	336,770	369,950	363,691	6,259
Other services and charges	113,700	132,530	80,950	51,580
Total engineering	450,470	502,480	444,641	57,839
Streets				
Personnel services	1,321,110	1,348,850	1,231,778	117,072
Other services and charges	1,143,190	1,186,270	1,282,630	(96,360)
Total streets	2,464,300	2,535,120	2,514,408	20,712
Park maintenance				
Personnel services	828,310	839,460	793,101	46,359
Other services and charges	651,400	640,270	646,999	(6,729)
Total park maintenance	1,479,710	1,479,730	1,440,100	39,630
Total public works	4,590,640	4,713,500	4,657,771	55,729
Recreation services				
Recreation services administration				
Personnel services	276,510	280,860	290,612	(9,752)
Other services and charges	101,390	375,780	361,862	13,918
Total recreation services administration	377,900	656,640	652,474	4,166
Recreation programs				
Personnel services	722,650	570,990	527,880	43,110
Other services and charges	378,090	252,930	218,475	34,455
Total recreation programs	1,100,740	823,920	746,355	77,565

**CITY OF RICHFIELD, MINNESOTA
GENERAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures (Continued)				
Current (continued)				
Wood Lake Nature Center				
Personnel services	\$ 478,260	\$ 456,940	\$ 473,284	\$ (16,344)
Other services and charges	121,450	132,440	127,964	4,476
Total Wood Lake Nature Center	599,710	589,380	601,248	(11,868)
Total recreation services	2,078,350	2,069,940	2,000,077	69,863
Total Expenditures	26,504,670	26,663,420	26,300,517	362,903
Excess (Deficiency) of Revenues Over (Under) Expenditures	(866,090)	(1,113,770)	(93,331)	1,020,439
Other Financing Sources (Uses)				
Transfers in	1,096,090	1,343,770	862,770	(481,000)
Transfers out	(230,000)	(230,000)	(230,000)	-
Total Other Financing Sources (Uses)	866,090	1,113,770	632,770	(481,000)
Net Change in Fund Balances	-	-	539,439	539,439
Fund Balances, January 1	10,025,490	10,025,490	10,025,490	-
Fund Balances, December 31	<u>\$ 10,025,490</u>	<u>\$ 10,025,490</u>	<u>\$ 10,564,929</u>	<u>\$ 539,439</u>

CITY OF RICHFIELD, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Central Garage and Equipment	Information Technology	Self Insurance	Building Services	Compensated Absences	Total
Assets						
Current Assets						
Cash and temporary investments	\$ 1,703,952	\$ 494,057	\$ 5,057,990	\$ 1,124,280	\$ 2,158,885	\$ 10,539,164
Receivables						
Accrued interest	1,591	698	10,148	1,437	4,567	18,441
Accounts	37,157	77	-	-	-	37,234
Due from other governments	161	-	-	8,322	-	8,483
Advances to other funds	-	-	67,427	-	-	67,427
Prepaid items	11,664	1,296	-	4,443	-	17,403
Total Current Assets	1,754,525	496,128	5,135,565	1,138,482	2,163,452	10,688,152
Noncurrent Assets						
Advances to other funds	-	-	511,670	-	-	511,670
Capital assets						
Construction in progress	106,953	12,174	-	-	-	119,127
Buildings and equipment	10,568,372	808,015	-	442,128	-	11,818,515
Less accumulated depreciation	(6,402,642)	(729,732)	-	(335,973)	-	(7,468,347)
Total Capital Assets (Net of Accumulated Depreciation)	4,272,683	90,457	-	106,155	-	4,469,295
Total Noncurrent Assets	4,272,683	90,457	511,670	106,155	-	4,980,965
Total Assets	6,027,208	586,585	5,647,235	1,244,637	2,163,452	15,669,117
Deferred Outflows of Resources						
Deferred other postemployment benefits resources	3,606	3,918	-	2,342	-	9,866
Deferred pension resources	132,342	168,164	-	118,720	-	419,226
Total Deferred Outflows of Resources	135,948	172,082	-	121,062	-	429,092
Liabilities						
Current Liabilities						
Accounts and contracts payable	50,219	8,304	14,054	33,409	-	105,986
Accrued salaries payable	15,407	18,658	-	12,911	-	46,976
Due to other governments	26,270	-	9,265	-	-	35,535
Compensated absences payable - current	9,779	13,595	-	13,950	533,524	570,848
Total Current Liabilities	101,675	40,557	23,319	60,270	533,524	759,345
Noncurrent Liabilities						
Compensated absences payable	30,888	42,940	-	44,060	1,627,680	1,745,568
Claims and judgements	-	-	1,113,644	-	-	1,113,644
Net pension liability	183,973	233,771	-	165,036	-	582,780
Other postemployment benefits payable	22,391	24,330	-	14,543	-	61,264
Total Noncurrent Liabilities	237,252	301,041	1,113,644	223,639	1,627,680	3,503,256
Total Liabilities	338,927	341,598	1,136,963	283,909	2,161,204	4,262,601
Deferred Inflows of Resources						
Deferred other postemployment benefits resources	9,854	10,706	-	6,399	-	26,959
Deferred pension resources	170,298	216,394	-	152,769	-	539,461
Total Deferred Inflows of Resources	180,152	227,100	-	159,168	-	566,420
Net Position						
Net investment in capital assets	4,272,683	90,457	-	106,155	-	4,469,295
Unrestricted	1,371,394	99,512	4,510,272	816,467	2,248	6,799,893
Total Net Position	\$ 5,644,077	\$ 189,969	\$ 4,510,272	\$ 922,622	\$ 2,248	\$ 11,269,188

CITY OF RICHFIELD, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

	Central Garage and Equipment	Information Technology	Self Insurance	Building Services	Compensated Absences	Total
Operating Revenues						
Charges for services	\$ 1,353,487	\$ 1,064,673	\$ 926,168	\$ 921,000	\$ -	\$ 4,265,328
Operating Expenses						
Personnel services	404,186	506,755	369,902	387,339	-	1,668,182
Other services and charges	816,057	744,313	888,593	483,195	-	2,932,158
Depreciation	897,936	55,450	-	30,163	-	983,549
Total Operating Expenses	2,118,179	1,306,518	1,258,495	900,697	-	5,583,889
Operating Income (Loss)	(764,692)	(241,845)	(332,327)	20,303	-	(1,318,561)
Nonoperating Revenues						
Interest (loss) on investments	785	343	17,297	707	2,248	21,380
Miscellaneous revenues	7,215	-	-	-	-	7,215
Gain on sale of capital assets	91,592	-	-	-	-	91,592
Total Nonoperating Revenues	99,592	343	17,297	707	2,248	120,187
Income (Loss) Before Transfers and Contributions	(665,100)	(241,502)	(315,030)	21,010	2,248	(1,198,374)
Transfers In	880,000	185,000	41,000	-	-	1,106,000
Transfers Out	-	-	(41,000)	-	-	(41,000)
Change in Net Position	214,900	(56,502)	(315,030)	21,010	2,248	(133,374)
Net Position, January 1	5,429,177	246,471	4,825,302	901,612	-	11,402,562
Net Position, December 31	\$ 5,644,077	\$ 189,969	\$ 4,510,272	\$ 922,622	\$ 2,248	\$ 11,269,188

CITY OF RICHFIELD, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Central Garage and Equipment	Information Technology	Self Insurance	Building Services	Compensated Absences	Total
Cash Flows from Operating Activities						
Receipts from customers and users	\$ 1,337,688	\$ 1,064,596	\$ 926,168	\$ 921,000	\$ -	\$ 4,249,452
Other operating receipts	7,215	-	-	-	-	7,215
Payments to suppliers	(819,033)	(852,698)	(559,202)	(489,526)	-	(2,720,459)
Payments to employees	(426,127)	(510,533)	(369,902)	(381,770)	(95,187)	(1,783,519)
Net Cash Provided (Used) by Operating Activities	99,743	(298,635)	(2,936)	49,704	(95,187)	(247,311)
Cash Flows from Noncapital Financing Activities						
Receipts on interfund balances	-	-	66,093	-	-	66,093
Transfers from other funds	880,000	185,000	41,000	-	-	1,106,000
Transfers to other funds	-	-	(41,000)	-	-	(41,000)
Net Cash Provided (Used) by Noncapital Financing Activities	880,000	185,000	66,093	-	-	1,131,093
Cash Flows from Capital and Related Financing Activities						
Acquisition of capital assets	(832,923)	(20,635)	-	-	-	(853,558)
Proceeds from sale of capital assets	96,973	-	-	-	-	96,973
Net Cash Provided (Used) by and Related Financing Activities	(735,950)	(20,635)	-	-	-	(756,585)
Cash Flows from Investing Activities						
Investment receipts	(806)	(355)	7,147	(731)	(2,319)	2,936
Net Increase (Decrease) in Cash and Cash Equivalents	242,987	(134,625)	70,304	48,973	(97,506)	130,133
Cash and Cash Equivalents, January 1	1,460,965	628,682	4,987,686	1,075,307	2,256,391	10,409,031
Cash and Cash Equivalents, December 31	<u>\$ 1,703,952</u>	<u>\$ 494,057</u>	<u>\$ 5,057,990</u>	<u>\$ 1,124,280</u>	<u>\$ 2,158,885</u>	<u>\$ 10,539,164</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ (764,692)	\$ (241,845)	\$ (332,327)	\$ 20,303	\$ -	\$ (1,318,561)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	897,936	55,450	-	30,163	-	983,549
Other income related to operations	7,215	-	-	-	-	7,215
(Increase) decrease in assets/deferred outflows of resources						
Accounts receivable	(18,322)	(77)	-	-	-	(18,399)
Due from other governments	2,523	-	-	-	-	2,523
Prepaid items	(11,664)	(1,296)	-	(4,443)	-	(17,403)
Deferred OPEB resources	5	(1,649)	-	(510)	-	(2,154)
Deferred pension resources	(108,094)	(140,155)	-	(98,618)	-	(346,867)
Increase (decrease) in liabilities/deferred inflows of resources						
Accounts payable	(17,582)	(107,089)	(11,540)	(1,888)	-	(138,099)
Accrued salaries payable	4,208	3,831	-	1,989	-	10,028
Due to other governments	26,270	-	9,265	-	-	35,535
Compensated absences payable	6,829	1,234	-	12,802	(95,187)	(74,322)
Claims and judgements	-	-	331,666	-	-	331,666
Net pension liability	(78,090)	(68,940)	-	(52,220)	-	(199,250)
Other postemployment benefits payable	(817)	2,279	-	1,242	-	2,704
Deferred OPEB resources	(3,360)	(1,849)	-	(1,174)	-	(6,383)
Deferred pension resources	157,378	201,471	-	142,058	-	500,907
Net Cash Provided (Used) by Operating Activities	\$ 99,743	\$ (298,635)	\$ (2,936)	\$ 49,704	\$ (95,187)	\$ (247,311)
Schedule of Noncash Capital and Related Financing Activities						
Book value of assets disposed	\$ 5,381	\$ -	\$ -	\$ -	\$ -	\$ 5,381

CITY OF RICHFIELD, MINNESOTA
SUMMARY FINANCIAL REPORT
GOVERNMENTAL FUNDS
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Total		Percent Increase (Decrease)
	2021	2020	
Revenues			
Taxes	\$ 25,550,272	\$ 24,436,384	4.56 %
Licenses and permits	1,695,431	1,743,695	(2.77)
Intergovernmental	10,896,992	14,493,527	(24.81)
Charges for services	3,383,966	2,251,246	50.32
Fines and forfeits	230,966	202,012	14.33
Special assessments	159,089	229,692	(30.74)
Investment earnings	27,564	265,483	(89.62)
Miscellaneous	969,270	833,164	16.34
Total Revenues	<u>\$ 42,913,550</u>	<u>\$ 44,455,203</u>	(3.47) %
Per Capita	<u>\$ 1,160</u>	<u>\$ 1,202</u>	(3.47) %
Expenditures			
Current			
General government	\$ 2,995,213	\$ 2,900,167	3.28 %
Public safety	15,587,368	14,599,965	6.76
Public works	12,153,261	8,907,229	36.44
Culture and recreation	3,773,805	2,724,828	38.50
Community development	1,796,086	1,640,111	9.51
Capital outlay			
General government	30,001	-	N/A
Public works	136,317	1,333,027	(89.77)
Culture and recreation	1,170,075	3,309,822	(64.65)
Debt service			
Principal	3,560,000	3,290,000	8.21
Interest and other charges	1,497,299	1,615,536	(7.32)
Total Expenditures	<u>\$ 42,699,425</u>	<u>\$ 40,320,685</u>	5.90 %
Per Capita	<u>\$ 1,154</u>	<u>\$ 1,090</u>	5.90 %
Total Long-term Indebtedness	\$ 50,034,352	\$ 55,096,351	(9.19) %
Per Capita	1,353	1,489	(9.19)
General Fund Balance - December 31	\$ 10,564,929	\$ 10,025,490	5.38 %
Per Capita	286	271	5.38

The purpose of this report is to provide a summary of financial information concerning the City of Richfield to interested citizens. The complete financial statements may be examined at City Hall, 6700 Portland Avenue, Richfield, MN 55423. Questions about this report should be directed to the Finance Department at (612) 861-9700.

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SUPPLEMENTARY FINANCIAL INFORMATION

CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

**HOUSING AND REDEVELOPMENT AUTHORITY
OF RICHFIELD, MINNESOTA
COMBINED BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General	Special Revenue	Capital Projects	Total
Assets				
Cash and temporary investments	\$ 1,488,886	\$ 2,168,093	\$ 11,302,390	\$ 14,959,369
Receivables				
Accrued interest	3,750	1,646	20,338	25,734
Taxes	5,970	-	-	5,970
Accounts	2,000	2,240	5,366	9,606
Due from other governments	8,654	85,000	4,228	97,882
Due from other funds	312,203	-	1,848,944	2,161,147
Long term second mortgage receivable	170,660	2,342,048	-	2,512,708
Allowance for uncollectible accounts	(170,660)	(2,342,048)	-	(2,512,708)
Assets held for resale	187,696	-	3,884,247	4,071,943
	<u>\$ 2,009,159</u>	<u>\$ 2,256,979</u>	<u>\$ 17,065,513</u>	<u>\$ 21,331,651</u>
Liabilities				
Accounts and contracts payable	\$ 76,360	\$ 2,532	\$ 24,607	\$ 103,499
Deposits Payables	-	-	7,050	7,050
Due to other governments	-	-	16,922	16,922
Due to other funds	-	-	2,161,147	2,161,147
Total Liabilities	<u>76,360</u>	<u>2,532</u>	<u>2,209,726</u>	<u>2,288,618</u>
Deferred Inflows of Resources				
Unavailable revenues - delinquent taxes	<u>5,970</u>	<u>-</u>	<u>-</u>	<u>5,970</u>
Fund Balances				
Restricted	187,696	-	3,884,247	4,071,943
Committed	-	894,604	-	894,604
Assigned	-	761,510	3,354,403	4,115,913
Unassigned	1,739,133	598,333	7,617,137	9,954,603
Total Fund Balances	<u>1,926,829</u>	<u>2,254,447</u>	<u>14,855,787</u>	<u>19,037,063</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,009,159</u>	<u>\$ 2,256,979</u>	<u>\$ 17,065,513</u>	<u>\$ 21,331,651</u>
Fund balance reported above				\$ 19,037,063
Allocation to reflect consolidation on internal service fund activities related to component unit				(567,872)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.				
Delinquent taxes				<u>5,970</u>
Net position of component unit activities				<u>\$ 18,475,161</u>

**HOUSING AND REDEVELOPMENT AUTHORITY
OF RICHFIELD, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Capital Projects	Total
Revenues				
Tax increments	\$ -	\$ -	\$ 5,818,864	\$ 5,818,864
Taxes	626,410	-	-	626,410
Intergovernmental	-	1,942,343	34,081	1,976,424
Interest (loss) on investments	2,882	163	10,011	13,056
Miscellaneous	797,617	44,897	2,595,529	3,438,043
Total Revenues	<u>1,426,909</u>	<u>1,987,403</u>	<u>8,458,485</u>	<u>11,872,797</u>
Expenditures				
Current				
General government				
Personal services	277,969	-	369,944	647,913
Other services and charges	130,060	2,126,000	429,571	2,685,631
Capital outlay				
General government	-	-	502,892	502,892
Debt service				
Principal	-	-	787,719	787,719
Interest and other	-	-	2,854,980	2,854,980
Total Expenditures	<u>408,029</u>	<u>2,126,000</u>	<u>4,945,106</u>	<u>7,479,135</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,018,880</u>	<u>(138,597)</u>	<u>3,513,379</u>	<u>4,393,662</u>
Other Financing Sources (Uses)				
Transfers in	-	740,000	1,207,466	1,947,466
Transfers out	(647,600)	(103,997)	(1,195,869)	(1,947,466)
Total Other Financing Sources (Uses)	<u>(647,600)</u>	<u>636,003</u>	<u>11,597</u>	<u>-</u>
Net Change in Fund Balances	371,280	497,406	3,524,976	4,393,662
Fund Balances, January 1	<u>1,555,549</u>	<u>1,757,041</u>	<u>11,330,811</u>	
Fund Balances, December 31	<u>\$ 1,926,829</u>	<u>\$ 2,254,447</u>	<u>\$ 14,855,787</u>	
Adjustment to reflect the consolidation of internal service fund activities related to component unit				(33,416)
Adjustment to reflect the change in other long-term assets not available to pay current period expenditures				<u>480</u>
Change in net position of component unit activities				<u>\$ 4,360,726</u>

**HOUSING AND REDEVELOPMENT AUTHORITY - HOUSING CHOICE VOUCHERS
OF RICHFIELD, MINNESOTA
FINANCIAL DATA SCHEDULES
BALANCE SHEET
DECEMBER 31, 2021**

Assets

111	Cash - unrestricted	\$ 94,458
113	Cash - other restricted	10,217
128	Fraud recovery	15,288
128.1	Allowance for doubtful accounts - fraud	(13,000)
129	Accrued interest receivable	<u>594</u>
290	Total Assets	<u><u>\$ 107,557</u></u>

Liabilities

312	Accounts payable <= 90 days	<u>\$ 353</u>
-----	-----------------------------	---------------

Net Position

511.4	Restricted	10,217
512.4	Unrestricted	<u>96,987</u>
513	Total Net Position	<u>107,204</u>
600	Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 107,557</u></u>

**HOUSING AND REDEVELOPMENT AUTHORITY - HOUSING CHOICE VOUCHERS
OF RICHFIELD, MINNESOTA
FINANCIAL DATA SCHEDULES
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021**

Revenues		
70600	HUD PHA operating grants	\$ 1,676,875
71500	Other revenue	663,517
70000	Total Revenues	<u>2,340,392</u>
Expenditures		
Administrative expenses		
91100	Administrative salaries	95,614
91400	Advertising and marketing	39
91500	Employee benefit contributions - administrative	52,489
91600	Office expenses	30,819
91000	Total administrative expenses	<u>178,961</u>
Tenant services		
92100	Tenant services - salaries	41,612
92400	Tenant services - other	6,406
92500	Total tenant services	<u>48,018</u>
General expenses		
96200	Other general expenses	25,060
96900	Total Expenditures	<u>252,039</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>2,088,353</u>
Other Expenses		
97300	Housing assistance payments	1,515,356
97350	HAP Portability-in	597,758
90000	Total Other Expenses	<u>2,113,114</u>
Net Increase (Decrease) in Net Position		(24,761)
Net Position, January 1		<u>131,965</u>
Net Position, December 31		<u>\$ 107,204</u>
Memo account information		
11170	Administrative fee equity	\$ 96,987
11180	Housing assistance payments equity	<u>10,217</u>
Total net position		<u>\$ 107,204</u>
11190	Unit months available	2,772
11210	Number of unit months leased	2,237

Notes: Financial Data Schedules - U.S. Department of Housing and Urban Development

The City has presented the financial data schedules for its Housing and Redevelopment Authority. These schedules are presented on a modified accrual basis of accounting. The information in these schedules is presented in accordance with the U.S. Department of Housing and Urban Development, Office of Public Housing (HUD) and Indian Housing, Real Estate Assessment Center and the Financial Assessment Subsystem - Public Housing (FASS-PH). Accordingly, some of the amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the City's basic financial statements.

**ECONOMIC DEVELOPMENT AUTHORITY
OF RICHFIELD, MINNESOTA
BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2021**

Assets	
Cash and temporary investments	\$ 808,493
Receivables	
Accrued interest	1,341
Taxes	5,680
Due from other governments	7,756
Deferred loan receivable	669,818
Allowance for uncollectible accounts	<u>(669,818)</u>
Total Assets	<u><u>\$ 823,270</u></u>
Liabilities	
Accounts and contracts payable	25,132
Deferred Inflows of Resources	
Unavailable revenues - delinquent taxes	5,680
Fund Balances	
Unassigned	<u>792,458</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 823,270</u></u>
Fund balance reported above	\$ 792,458
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes	<u>5,680</u>
Net position of component unit activities	<u><u>\$ 798,138</u></u>

**ECONOMIC DEVELOPMENT AUTHORITY
OF RICHFIELD, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

Revenues	
Taxes	\$ 536,357
Interest (loss) on investments	660
Miscellaneous	2,100
Total Revenues	<u>539,117</u>
Expenditures	
Current	
General government	
Personal services	67,764
Other services and charges	300,742
Total Expenditures	<u>368,506</u>
Net Change in Fund Balances	170,611
Fund Balances, January 1	<u>621,847</u>
Fund Balances, December 31	<u><u>\$ 792,458</u></u>
Adjustment to reflect the change in other long-term assets not available to pay current period expenditures	<u>701</u>
Change in net position of component unit activities	<u><u>\$ 171,312</u></u>

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STATISTICAL SECTION (UNAUDITED)

CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

**CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2012	2013	2014	2015
Governmental Activities				
Net investment in capital assets	\$ 50,719,652	\$ 48,633,166	\$ 53,868,489	\$ 53,489,119
Restricted	4,773,505	2,824,310	3,625,019	6,159,180
Unrestricted	16,420,037	20,321,278	17,269,452	5,339,294
Total Governmental Activities Net Position	<u>\$ 71,913,194</u>	<u>\$ 71,778,754</u>	<u>\$ 74,762,960</u>	<u>\$ 64,987,593</u>
Business-type Activities				
Net investment in capital assets	\$ 18,482,474	\$ 19,212,879	\$ 14,105,007	\$ 14,610,034
Restricted	272,507	272,507	-	-
Unrestricted	5,062,397	3,890,596	9,019,091	2,723,163
Total Business-type Activities Net Position	<u>\$ 23,817,378</u>	<u>\$ 23,375,982</u>	<u>\$ 23,124,098</u>	<u>\$ 17,333,197</u>
Total Primary Government				
Net investment in capital assets	\$ 69,202,126	\$ 67,846,045	\$ 67,973,496	\$ 68,099,153
Restricted	5,046,012	3,096,817	3,625,019	6,159,180
Unrestricted	21,482,434	24,211,874	26,288,543	8,062,457
Total Primary Government Net Position	<u>\$ 95,730,572</u>	<u>\$ 95,154,736</u>	<u>\$ 97,887,058</u>	<u>\$ 82,320,790</u>

TABLE 1

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 51,478,014	\$ 46,432,821	\$ 44,695,707	\$ 46,258,802	\$ 46,316,911	\$ 51,429,664
3,093,111	3,388,199	6,336,024	5,933,995	7,253,345	16,485,325
(428,034)	(4,174,406)	(8,092,783)	(16,378,793)	(8,288,323)	(3,540,422)
<u>\$ 54,143,091</u>	<u>\$ 45,646,614</u>	<u>\$ 42,938,948</u>	<u>\$ 35,814,004</u>	<u>\$ 45,281,933</u>	<u>\$ 64,374,567</u>
\$ 16,757,963	\$ 19,656,557	\$ 23,309,355	\$ 20,657,979	\$ 20,657,979	\$ 21,303,212
-	-	-	-	-	-
2,429,606	4,155,490	4,418,358	5,970,660	5,970,660	6,361,197
<u>\$ 19,187,569</u>	<u>\$ 23,812,047</u>	<u>\$ 27,727,713</u>	<u>\$ 26,628,639</u>	<u>\$ 26,628,639</u>	<u>\$ 27,664,409</u>
\$ 68,235,977	\$ 60,155,878	\$ 59,206,662	\$ 58,559,804	\$ 58,758,640	\$ 64,876,476
3,093,111	3,388,199	6,336,024	5,933,995	7,253,345	16,485,325
2,001,572	5,914,584	5,123,975	(3,108,970)	5,898,587	10,677,175
<u>\$ 73,330,660</u>	<u>\$ 69,458,661</u>	<u>\$ 70,666,661</u>	<u>\$ 61,384,829</u>	<u>\$ 71,910,572</u>	<u>\$ 92,038,976</u>

CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
CHANGES IN NET POSITION (CONTINUED ON THE FOLLOWING PAGES)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities				
General government	\$ 2,874,868	\$ 3,042,891	\$ 3,102,253	\$ 3,112,271
Public safety	11,635,483	11,735,025	11,767,776	12,512,132
Community development	1,136,623	1,322,175	1,360,558	1,390,908
Public works	7,076,058	9,545,980	9,647,341	15,932,128
Culture and recreation	2,015,873	2,154,180	3,882,319	3,973,233
Interest on long-term debt	1,496,022	1,196,968	1,220,893	1,118,400
Total Governmental Activities Expenses	<u>26,234,927</u>	<u>28,997,219</u>	<u>30,981,140</u>	<u>38,039,072</u>
Business-type activities				
Liquor	10,799,198	10,308,021	10,639,175	10,246,033
Water and sewer utility	6,699,992	7,217,814	7,271,227	7,503,496
Storm sewer utility	1,167,332	1,260,211	1,220,584	1,263,819
Recreation fund	1,679,838	1,745,104	-	-
Total Business-type Activities Expenses	<u>20,346,360</u>	<u>20,531,150</u>	<u>19,130,986</u>	<u>19,013,348</u>
Total Primary Government Expenses	<u>\$ 46,581,287</u>	<u>\$ 49,528,369</u>	<u>\$ 50,112,126</u>	<u>\$ 57,052,420</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 514,721	\$ 545,092	\$ 672,182	\$ 795,899
Public safety	699,246	834,563	863,073	842,342
Community development	1,188,057	985,884	1,305,144	1,146,164
Public works	290,307	309,848	308,784	307,611
Culture and recreation	413,146	419,164	1,608,943	1,721,646
Operating grants and contributions	1,448,749	1,295,566	1,449,484	1,305,392
Capital grants and contributions	3,221,764	2,585,689	3,065,904	6,134,825
Total Governmental Activities Program Revenues	<u>7,775,990</u>	<u>6,975,806</u>	<u>9,273,514</u>	<u>12,253,879</u>
Business-type activities				
Charges for services				
Liquor	11,807,489	11,137,402	11,500,417	10,859,642
Water and sewer utility	6,940,791	7,008,087	7,222,179	7,314,887
Storm sewer utility	1,238,267	1,117,761	1,204,476	1,181,739
Recreation fund	1,131,040	1,120,189	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	200,000
Total Business-type Activities Program Revenues	<u>21,117,587</u>	<u>20,383,439</u>	<u>19,927,072</u>	<u>19,556,268</u>
Total Primary Government Program Revenues	<u>\$ 28,893,577</u>	<u>\$ 27,359,245</u>	<u>\$ 29,200,586</u>	<u>\$ 31,810,147</u>

TABLE 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 3,503,975	\$ 3,261,312	\$ 3,205,714	\$ 3,365,461	\$ 3,443,118	\$ 3,591,071
16,846,901	13,706,386	12,958,838	14,234,972	14,767,550	14,455,290
1,489,202	1,364,675	1,552,826	1,676,267	1,601,218	1,730,362
16,161,254	15,028,590	13,039,259	21,901,131	11,146,122	8,969,332
4,244,085	4,142,433	4,308,628	4,196,419	3,426,087	4,666,522
1,786,750	1,751,627	1,563,101	1,449,654	1,487,038	1,317,337
44,032,167	39,255,023	36,628,366	46,823,904	35,871,133	34,729,914
10,018,719	10,729,098	10,824,828	11,904,943	12,384,877	12,979,538
8,067,365	7,957,436	8,262,064	8,330,939	8,272,505	8,380,422
1,462,684	1,623,854	1,720,653	1,924,222	2,057,741	2,043,408
-	-	-	-	-	-
19,548,768	20,310,388	20,807,545	22,160,104	22,715,123	23,403,368
<u>\$ 63,580,935</u>	<u>\$ 59,565,411</u>	<u>\$ 57,435,911</u>	<u>\$ 68,984,008</u>	<u>\$ 58,586,256</u>	<u>\$ 58,133,282</u>
\$ 830,145	\$ 762,824	\$ 793,277	\$ 893,750	\$ 590,246	\$ 951,034
658,591	735,790	754,699	780,881	535,792	500,678
1,383,804	1,289,746	1,696,677	2,204,262	2,137,248	2,137,779
309,235	309,361	317,813	305,451	237,698	338,892
1,751,634	1,694,849	1,868,941	1,831,136	605,969	1,927,900
1,434,327	1,463,533	1,463,533	1,562,337	4,238,000	1,456,035
4,733,815	3,590,702	3,590,702	4,159,314	8,163,705	17,781,877
11,101,551	9,846,805	10,485,642	11,737,131	16,508,658	25,094,195
10,457,318	11,351,640	11,561,557	12,678,003	13,262,924	13,927,926
7,647,683	8,023,101	8,648,729	8,826,120	8,716,310	9,227,632
1,352,699	1,495,191	1,768,394	1,828,180	2,047,290	2,043,821
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
19,457,700	20,869,932	21,978,680	23,332,303	24,026,524	25,199,379
<u>\$ 30,559,251</u>	<u>\$ 30,716,737</u>	<u>\$ 32,464,322</u>	<u>\$ 35,069,434</u>	<u>\$ 40,535,182</u>	<u>\$ 50,293,574</u>

CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
CHANGES IN NET POSITION (CONTINUED ON THE FOLLOWING PAGES)
CHANGES IN NET POSITION (CONTINUED)
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2012	2013	2014	2015
Net Revenues (Expenses)				
Governmental activities	\$ (18,458,937)	\$ (22,021,413)	\$ (21,707,626)	\$ (25,755,193)
Business-type activities	<u>771,227</u>	<u>(147,711)</u>	<u>796,086</u>	<u>542,920</u>
Total Primary Government Net Revenues (Expenses)	<u>\$ (17,687,710)</u>	<u>\$ (22,169,124)</u>	<u>\$ (20,911,540)</u>	<u>\$ (25,212,273)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 17,025,767	\$ 17,985,988	\$ 18,613,321	\$ 18,388,710
Franchise taxes	1,259,670	1,304,716	1,973,751	2,230,602
Grants and contributions not restricted to specific programs	1,230,268	1,223,981	1,937,907	2,054,379
Other general revenues	631,131	710,988	809,564	1,069,172
Transfers	<u>633,490</u>	<u>661,300</u>	<u>866,460</u>	<u>1,009,749</u>
Total Governmental Activities	<u>20,780,326</u>	<u>21,886,973</u>	<u>24,201,003</u>	<u>24,752,612</u>
Business-type activities				
Other general revenues	181,527	481,633	309,319	335,616
Transfers	(633,490)	(661,300)	(866,460)	(1,009,749)
Special item	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>(451,963)</u>	<u>(179,667)</u>	<u>(557,141)</u>	<u>(674,133)</u>
Total Primary Government	<u>\$ 20,328,363</u>	<u>\$ 21,707,306</u>	<u>\$ 23,643,862</u>	<u>\$ 24,078,479</u>
Change in Net Position				
Governmental activities	\$ 2,321,389	\$ (134,440)	\$ 2,493,377	\$ (1,002,581)
Business-type activities	<u>319,264</u>	<u>(327,378)</u>	<u>238,945</u>	<u>(131,213)</u>
Total Primary Government	<u>\$ 2,640,653</u>	<u>\$ (461,818)</u>	<u>\$ 2,732,322</u>	<u>\$ (1,133,794)</u>

TABLE 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ (32,930,616)	\$ (29,789,259)	\$ (26,142,724)	\$ (35,086,773)	\$ (19,272,475)	\$ (9,635,719)
(91,068)	559,544	1,171,135	1,172,199	1,311,401	1,796,011
<u>\$ (33,021,684)</u>	<u>\$ (29,229,715)</u>	<u>\$ (24,971,589)</u>	<u>\$ (33,914,574)</u>	<u>\$ (17,961,074)</u>	<u>\$ (7,839,708)</u>
\$ 18,398,414	\$ 19,075,553	\$ 20,019,144	\$ 20,887,161	\$ 22,183,130	\$ 23,336,637
2,260,122	2,264,759	224,216	2,241,396	2,235,139	2,242,186
2,084,057	2,094,443	2,229,280	2,235,643	2,366,046	2,104,750
940,123	1,573,837	1,772,578	2,057,553	1,187,879	217,010
(1,596,613)	(3,715,810)	(2,727,229)	308,930	768,210	827,770
<u>22,086,103</u>	<u>21,292,782</u>	<u>21,517,989</u>	<u>27,730,683</u>	<u>28,740,404</u>	<u>28,728,353</u>
348,827	349,124	434,240	502,377	514,623	67,529
1,596,613	3,715,810	2,727,229	(308,930)	(768,210)	(827,770)
-	-	(93,263)	(335,943)	-	-
<u>1,945,440</u>	<u>4,064,934</u>	<u>3,068,206</u>	<u>(142,496)</u>	<u>(253,587)</u>	<u>(760,241)</u>
<u>\$ 24,031,543</u>	<u>\$ 25,357,716</u>	<u>\$ 24,586,195</u>	<u>\$ 27,588,187</u>	<u>\$ 28,486,817</u>	<u>\$ 27,968,112</u>
\$ (10,844,502)	\$ (8,496,477)	\$ (2,606,735)	\$ (7,356,090)	\$ 9,467,929	\$ 19,092,634
1,854,372	4,624,478	4,239,341	1,029,703	1,057,814	1,035,770
<u>\$ (8,990,130)</u>	<u>\$ (3,871,999)</u>	<u>\$ 1,632,606</u>	<u>\$ (6,326,387)</u>	<u>\$ 10,525,743</u>	<u>\$ 20,128,404</u>

**CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2012	2013	2014	2015
General Fund				
Nonspendable	\$ 9,159	\$ 4,399	\$ 57,292	\$ 3,667
Restricted	45,800	76,800	22,000	-
Unassigned	7,232,157	8,029,014	9,111,824	9,922,952
Total General Fund	<u>\$ 7,287,116</u>	<u>\$ 8,110,213</u>	<u>\$ 9,191,116</u>	<u>\$ 9,926,619</u>
All Other Governmental Funds				
Nonspendable	\$ 1,001,348	\$ 19,644	\$ 21,450	\$ 7,203
Restricted	4,234,679	3,088,157	4,137,256	10,128,899
Committed	630,787	1,038,100	1,023,281	955,348
Assigned	15,858,720	13,113,187	13,249,048	14,066,297
Unassigned	(3,026,964)	(3,246,835)	(2,727,214)	(1,949,474)
Total All Other Governmental Funds	<u>\$ 18,698,570</u>	<u>\$ 14,012,253</u>	<u>\$ 15,703,821</u>	<u>\$ 23,208,273</u>

TABLE 3

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 15,799	\$ 141,195	\$ 12,679	\$ 177,753	\$ 28,365	\$ 47,489
-	-	-	-	16,118	-
9,600,129	10,038,550	10,520,461	11,313,120	12,870,165	10,517,440
<u>\$ 9,615,928</u>	<u>\$ 10,179,745</u>	<u>\$ 10,533,140</u>	<u>\$ 11,490,873</u>	<u>\$ 12,914,648</u>	<u>\$ 10,564,929</u>
\$ 2,887	\$ 17,761	\$ 105,287	\$ 15,236	\$ 1,485	\$ 1,111
18,332,804	20,275,918	16,286,001	10,642,272	8,785,571	3,090,932
720,397	738,817	1,790,562	2,836,946	4,078,939	13,661,056
13,408,861	17,069,166	22,069,612	21,371,523	24,710,670	5,518,491
(1,847,409)	(3,741,559)	(6,573,705)	(4,101,728)	(1,749,993)	(3,798,986)
<u>\$ 30,617,540</u>	<u>\$ 34,360,103</u>	<u>\$ 33,677,757</u>	<u>\$ 30,764,249</u>	<u>\$ 35,826,672</u>	<u>\$ 18,472,604</u>

CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Taxes	\$ 16,975,557	\$ 18,116,437	\$ 18,370,724	\$ 18,407,060
Franchise taxes	1,259,670	1,304,716	1,973,751	2,230,602
Special assessments	338,582	295,384	975,724	222,667
Fines and forfeitures	377,343	467,095	493,947	442,278
License and permits	928,747	938,455	1,030,746	985,367
Intergovernmental	5,502,036	4,903,648	5,486,032	9,272,706
Charges for services	1,799,387	1,689,001	3,233,433	3,386,017
Interest (loss) on investments	58,402	35,355	62,931	56,206
Miscellaneous	530,813	638,488	726,303	980,395
Total Revenues	<u>27,770,537</u>	<u>28,388,579</u>	<u>32,353,591</u>	<u>35,983,298</u>
Expenditures				
Current				
General government	2,184,584	2,207,715	2,478,487	2,523,323
Public safety	11,170,066	11,724,644	11,322,841	11,781,433
Community development	1,096,509	1,215,361	1,297,986	1,337,103
Public works	4,854,365	7,244,947	7,424,484	13,814,201
Recreation services	1,756,185	1,795,561	3,207,929	3,282,355
Capital outlay	3,318,328	1,983,513	2,344,400	2,363,164
Debt service				
Principal	2,850,000	1,830,000	2,760,000	2,565,000
Interest and other charges	1,602,365	1,230,904	1,257,263	1,271,643
Total Expenditures	<u>28,832,402</u>	<u>29,232,645</u>	<u>32,093,390</u>	<u>38,938,222</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,061,865)</u>	<u>(844,066)</u>	<u>260,201</u>	<u>(2,954,924)</u>
Other Financing Sources (Uses)				
Bond proceeds	5,090,000	3,120,000	-	9,100,000
Premium on bonds issued	20,307	76,365	-	278,526
Sale of capital assets	-	6,804	-	-
Payment to refunded bond escrow agent	(2,705,000)	-	-	-
Transfers in	5,016,917	5,773,029	3,333,711	11,965,883
Transfers out	(5,186,940)	(5,806,099)	(3,227,251)	(11,848,134)
Total Other Financing Sources (Uses)	<u>2,235,284</u>	<u>3,170,099</u>	<u>106,460</u>	<u>9,496,275</u>
Net Change in Fund Balances	<u>\$ 1,173,419</u>	<u>\$ 2,326,033</u>	<u>\$ 366,661</u>	<u>\$ 6,541,351</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>17.5%</u>	<u>11.2%</u>	<u>13.5%</u>	<u>10.5%</u>

TABLE 4

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 18,357,209	\$ 19,112,961	\$ 20,041,028	\$ 20,876,291	\$ 22,201,245	\$ 23,308,086
2,260,122	2,264,759	2,242,216	2,241,396	2,235,139	2,242,186
194,607	206,140	202,308	232,098	229,692	159,089
279,437	345,143	363,806	401,118	202,012	230,966
1,124,025	1,061,107	1,385,288	1,734,871	1,743,695	1,695,431
7,971,353	6,526,885	6,995,230	7,532,797	14,493,527	10,896,992
3,529,947	3,386,320	3,682,313	3,879,491	2,251,246	3,383,966
157,444	247,818	685,353	689,997	265,483	27,564
719,430	1,254,319	951,055	1,197,637	833,164	969,270
34,593,574	34,405,452	36,548,597	38,785,696	44,455,203	42,913,550
2,602,322	2,633,435	2,652,810	2,757,627	2,900,167	2,995,213
12,367,364	12,471,350	12,993,392	14,018,093	14,599,965	15,587,368
1,330,766	1,349,571	1,471,067	1,586,564	1,640,111	1,796,086
13,457,283	12,643,244	10,834,054	19,635,955	8,907,229	12,153,261
3,382,122	3,379,327	3,615,978	3,567,386	2,724,828	3,773,805
2,951,196	4,636,951	4,441,313	9,773,296	4,642,849	1,336,393
2,125,000	8,140,000	2,365,000	8,870,000	3,290,000	3,560,000
1,563,351	1,699,998	1,597,997	1,658,046	1,615,536	1,497,299
39,779,404	46,953,876	39,971,611	61,866,967	40,320,685	42,699,425
(5,185,830)	(12,548,424)	(3,423,014)	(23,081,271)	4,134,518	214,125
11,215,000	12,175,000	9,770,000	5,290,000	4,365,000	-
516,582	319,366	151,774	314,825	170,520	-
-	-	-	-	-	-
-	(2,950,000)	-	-	-	(1,385,000)
4,368,205	5,333,223	11,296,324	12,196,655	11,766,403	5,532,754
(4,860,995)	(6,172,033)	(11,851,404)	(12,887,725)	(12,013,193)	(5,769,984)
11,238,792	8,705,556	9,366,694	4,913,755	4,288,730	(1,622,230)
\$ 6,052,962	\$ (3,842,868)	\$ 5,943,680	\$ (18,167,516)	\$ 8,423,248	\$ (1,408,105)
10.0%	23.3%	11.1%	20.2%	13.7%	14.3%

**CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Table 5

Fiscal Year Ended December 31,	Tax Capacity			Total Taxable Assessed Value	Estimated Actual Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property			
2012	\$ 1,816,389	\$ 489,491	\$ 7,992	\$ 2,313,872	\$ 2,534,910	62.56 %
2013	1,934,597	507,270	7,902	2,449,769	2,672,791	65.67
2014	1,971,484	548,560	7,859	2,527,903	2,736,099	66.17
2015	2,061,584	577,408	12,690	2,651,682	2,854,982	61.66
2016	2,260,137	605,362	13,567	2,879,066	3,091,380	62.66
2017	2,462,327	582,035	14,300	3,058,662	3,263,103	58.41
2018	2,768,600	612,983	18,206	3,399,789	3,566,514	59.34
2019	3,027,897	637,461	16,848	3,682,206	3,838,900	54.74
2020	3,316,198	660,222	16,482	3,992,902	3,992,899	54.73
2021	3,435,888	655,139	16,678	4,107,705	4,251,546	55.50

(1) Includes both City and Housing and Redevelopment Authority Rates.

Source: Hennepin County Finance Department

**CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Table 6

Fiscal Year	Direct City Rates				Overlapping Rates (1)			Total Direct & Overlapping Rates
	General	Debt	HRA	Total City	School District	Hennepin County	Metropolitan Agencies	
2012	54.210 %	6.590 %	1.760 %	62.560 %	28.890 %	48.230 %	9.520 %	149.200 %
2013	56.770	7.290	1.600	65.660	31.010	49.460	10.090	156.220
2014	56.790	7.670	1.710	66.170	34.140	49.950	10.580	160.840
2015	53.170	6.970	1.530	61.670	26.660	46.400	9.790	144.520
2016	53.190	7.800	1.670	62.660	28.770	45.360	9.530	146.320
2017	53.180	6.670	1.560	61.410	27.050	44.090	9.320	141.870
2018	49.580	8.150	1.610	59.340	37.050	42.810	8.970	148.170
2019	45.470	7.810	1.460	54.740	33.330	41.860	8.550	138.480
2020	45.120	8.170	1.440	54.730	32.660	41.080	8.220	136.690
2021	46.150	7.930	1.420	55.500	30.520	38.210	7.810	132.040

Source: Hennepin County Assessing Office

**CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO**

Table 7

Taxpayer	2021			Taxpayer	2012		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity		Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Best Buy Company, Inc.	\$ 2,369,250	1	5.33 %	Best Buy Company, Inc.	\$ 2,757,880	1	11.13 %
Meridian Crossings LLC	1,225,330	3	2.75	Meridian Crossings LLC	813,690	3	3.28
JRK Investors, Inc.	1,145,875	2	2.58	CSM Corporation	390,530	2	1.58
JIW Inc.	699,250	4	1.57	Crossroads at Penn LLC	357,725	4	1.44
Ryan Companies	401,410	5	0.90	Target Corporation	335,050	5	1.35
Individuals	393,730	6	0.89	Centro Bradley SPE 1 LLC	309,250	6	1.25
Market Plaza Consolidated	379,188	8	0.85	SCM Shops, Inc.	298,890	8	1.21
CSM Corporation	361,850	7	0.81	Wood Lake-Vef IV LLC	293,570	7	1.18
Menard, Inc.	359,250	9	0.81	Richfield GLHD LLC	226,210	9	0.91
ROP Investment Co., LLC	348,213	10	0.78	Northmarq RE Services	203,590	10	0.82
Total	<u>\$ 7,683,346</u>		<u>17.27 %</u>		<u>\$ 5,986,385</u>		<u>24.15 %</u>

Source: Hennepin County Assessing Office

**CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
PROPERTY TAX LEVIES AND COLLETIONS
LAST TEN FISCAL YEARS**

Table 8

Fiscal Year	Total Tax Levy for Fiscal Year	Collection of Current Year's Levy	Percentage of Levy Collected	Delinquent Tax Collections	Total Collections	Outstanding Delinquent Taxes	Percentage of Total Collections to Levy
2012	\$ 17,477,266	\$ 17,261,829	98.77 %	\$ -	\$ 17,261,829	\$ -	- %
2013	17,744,951	17,631,536	99.36	-	17,631,536	-	-
2014	18,012,303	17,933,454	99.56	-	17,933,454	-	-
2015	18,745,569	18,685,167	99.68	-	18,685,167	-	-
2016	19,125,557	19,001,616	99.35	6,106	19,007,722	18,632	0.10
2017	19,664,285	19,568,641	99.51	3,830	19,572,471	8,282	0.04
2018	21,083,735	20,972,448	99.47	(17,311)	20,955,137	54,099	0.26
2019	22,089,350	21,973,828	99.48	(10,745)	21,963,083	27,946	0.13
2020	23,267,441	23,178,920	99.62	1,329	23,180,249	24,784	0.11
2021	23,735,662	23,567,746	99.29	-	23,567,746	105,371	0.00

Source: Hennepin County Assessing Office

**CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Table 9

Fiscal Year	Governmental Activities		Business-type Activities					Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Redevelopment Bonds	General Obligation (G.O.) Bonds	Storm Sewer Bonds	Ice Arena Bonds	Water and Sewer Bonds	Water Bonds	Sewer Bonds			
2012	\$ 8,955,000	\$ 23,880,000	\$ 2,075,000	\$ 870,000	\$ 4,975,000	\$ 1,480,000	\$ -	\$ 42,235,000	- %	\$ 1,174
2013	8,340,000	25,785,000	4,790,431	780,000	4,730,000	1,428,526	-	45,853,957	-	1,274
2014	7,685,000	24,460,000	4,557,831	-	4,475,000	1,368,326	-	42,546,157	-	1,180
2015	7,020,000	31,989,510	5,983,079	-	4,210,000	5,273,618	-	54,476,207	-	1,507
2016	6,340,000	42,212,887	7,150,861	-	-	5,194,818	-	60,898,566	-	1,666
2017	5,645,000	44,228,837	6,896,061	-	-	4,846,018	-	61,615,916	-	1,696
2018	4,940,000	52,399,608	6,516,261	-	-	4,457,218	-	68,313,087	-	1,869
2019	4,220,000	49,747,831	6,950,730	-	-	5,304,682	1,141,176	67,364,419	-	1,821
2020	3,475,000	51,621,351	8,357,825	-	-	6,132,188	1,137,976	70,724,340	-	1,912
2021	2,715,000	47,319,352	6,116,394	-	-	5,651,987	1,094,776	62,897,509	-	1,700

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

Information on personal income is not available.

**CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Table 10

Fiscal Year	General Obligation Bonds	Redevelopment Bonds	Total	Less: Amounts Available in Debt Service Fund	Net Total	Percentage of Estimated Market Value of Taxable Property (1)	Per Capita (2)
2012	\$ 23,880,000	\$ 8,955,000	\$ 32,835,000	\$ 1,525,230	\$ 31,309,770	1.35 %	\$ 913
2013	25,785,000	8,340,000	34,125,000	1,680,344	32,444,656	1.32	947
2014	24,460,000	7,685,000	32,145,000	2,388,013	29,756,987	1.18	889
2015	31,989,510	7,020,000	39,009,510	1,653,862	37,355,648	1.41	1,067
2016	42,212,887	6,340,000	48,552,887	2,192,838	46,360,049	1.61	1,336
2017	44,228,837	5,645,000	49,873,837	1,904,043	47,969,794	1.57	1,372
2018	52,399,608	4,940,000	57,339,608	2,356,747	54,982,861	1.62	1,569
2019	49,747,831	4,220,000	53,967,831	3,039,324	50,928,507	1.50	1,481
2020	51,621,351	3,475,000	55,096,351	3,440,778	51,655,573	1.52	1,489
2021	47,319,352	2,715,000	50,034,352	5,407,384	44,626,968	1.18	1,352

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

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

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**CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2021**

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt</u>
Hennepin County	\$ 1,053,595,000	1.84% %	\$ 19,081,417
Independent School District #280, Richfield, MN	139,630,000	67.16%	86,663,159
Hennepin Suburb Park District	52,890,000	2.61%	1,188,660
Hennepin Regional RR Authority	90,580,000	1.84%	1,643,719
Metropolitan Council	<u>193,320,000</u>	0.90%	<u>657,446</u>
 Total Overlapping Debt	 1,530,015,000		 109,234,401
 City of Richfield	 <u>45,375,000</u>	 100.00%	 <u>453,750</u>
 Total Direct and Overlapping Debt	 <u><u>\$ 1,575,390,000</u></u>		 <u><u>\$ 109,688,151</u></u>

Source: Hennepin County Assessing Office

note.

(1) Excludes Revenue bonds and special assessment bonds.

(2) The percentage applicable to the City of Richfield was determined by dividing the portion of the tax capacity within the City by the total tax capacity of the taxing jurisdiction.

**CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2012	2013	2014	2015
Debt Limit	\$ 69,416	\$ 73,493	\$ 75,837	\$ 79,550
Total Net Debt Applicable to Limit	<u>22,978</u>	<u>24,151</u>	<u>22,875</u>	<u>30,910</u>
Legal Debt Margin	<u>\$ 46,438</u>	<u>\$ 49,342</u>	<u>\$ 52,962</u>	<u>\$ 48,640</u>
Total Net Debt Applicable to the Limit as a Percent of Debt Limit	33.10%	32.86%	30.16%	38.86%

Table 12

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 80,126	\$ 91,760	\$ 101,994	\$ 110,466	\$ 115,105	\$ 123,231
29,522	42,506	50,769	47,972	47,440	44,306
<u>\$ 50,604</u>	<u>\$ 49,254</u>	<u>\$ 51,225</u>	<u>\$ 62,494</u>	<u>\$ 67,665</u>	<u>\$ 78,925</u>
36.84%	46.32%	49.78%	43.43%	41.21%	35.95%

Legal Debt Margin Calculation for Fiscal Year 2021	
Taxable Market Value	\$ 4,107,705
Debt Limit (3 Percent of Market Value)	\$ 123,231
Debt Applicable to Limit	
General obligation bonds	<u>44,306</u>
Legal Debt Margin	<u>\$ 78,925</u>

**CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS**

Table 13

Fiscal Year	Gross Revenue			Direct	Net	Debt Service Requirements (2)			Coverage						
				Operating	Available										
				Expense (1)	Revenue	Principal	Interest	Total							
2012	\$	9,026,205	(4)	\$	6,709,992	\$	1,593,210	\$	415,000	\$	427,749	\$	842,749	1.89	%
2013		9,246,037	(4)		7,683,443		1,593,210		490,000		447,541		937,541	1.70	
2014		8,426,655	(5)		6,532,437		1,047,689		515,000		399,985		914,985	1.15	
2015		8,496,626	(5)		6,805,269		1,449,979		555,000		386,154		941,154	1.54	
2016		4,929,871	(6)		3,520,861		1,305,812		570,000		364,299		934,299	1.40	
2017		5,195,297	(6)		3,532,721		1,349,245		570,000		357,053		927,053	1.46	
2018		5,771,247	(6)		3,943,875		1,126,957		735,000		324,269		1,059,269	1.06	
2019		10,654,300	(7)		7,964,269		1,223,490		750,000		312,455		1,062,455	1.15	
2020		10,763,600	(7)		7,807,898		1,318,264		1,760,000		416,995		2,176,995	0.61	
2021		11,090,412	(7)		7,794,392		3,296,020		2,685,000		357,048		3,042,048	1.08	

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

(1) Total operating expenses excluding depreciation.

(2) Include principal and interest of revenue bonds only.

(3) Storm sewer, Ice Arena, Water and Sewer revenue bonds.

(4) Storm sewer, Ice Arena, Water and Sewer revenue bonds, and Water revenue bonds.

(5) Storm sewer, Water and Sewer revenue bonds, and Water revenue bonds.

(6) Storm sewer and Water revenue bonds.

(7) Water, Sewer and storm sewer revenue bonds.

**CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Table 14

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2012	35,979	\$ -	\$ -	-	-	4,388	4.3 %
2013	36,041	-	-	-	-	4,405	3.8
2014	36,154	-	-	-	-	4,396	3.0
2015	36,557	-	-	-	-	4,302	2.6
2016	36,338	-	-	-	-	4,235	3.2
2017	36,338	-	-	-	-	4,231	2.7
2018	36,554	-	-	-	-	4,127	2.7
2019	36,436	-	-	-	-	4,084	2.3
2020	36,993	-	-	-	-	4,010	4.9
2021	36,994	-	-	-	-	4,139	2.6

Data Sources

Metropolitan Council (www.metrocouncil.org)

Minnesota Dept of Employment and Economic Development (www.deed.state.mn.us)

U.S. Census Bureau (www.factfinder2.census.gov)

Richfield School District #280

Note: Information on personal income, median age, and education levels is not available.

**CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Table 15

Employer	2021			Employer	2012		
	Employees	Rank	Percent of City Employment (1)		Employees	Rank	Percent of City Employment (1)
Best Buy Corporate office	5,300	1	31.84	Best Buy Corporate office	5,200	1	29.91
U.S. Bancorp	1,350	2	8.11	U.S. Bancorp	1,600	2	9.20
Independent School District #280	1,057	3	6.35	Independent School District #280	667	3	3.84
Super Target	350	4	2.10	Target at Cedar Point Commons	375	4	2.16
City of Richfield	327	5	1.96	Metro Sales, Inc.	243	5	1.40
Fraser	299	6	1.80	City of Richfield	218	6	1.25
Headway Emotional Health Services	250	7	1.50	Best Buy Store at Shops at Lyndale	200	7	1.15
Medard, Inc.	200	8	1.20	Home Depot at Cedar Point Commons	163	8	0.94
Weis Builders	100	9	0.60	Richfield Health Center	122	9	0.70
Pizza Luce	60	10	0.36	Richfield Bloomington Honda	80	10	0.46
Total	<u>9,293</u>		<u>55.82</u> %		<u>8,868</u>		<u>51.01</u> %

Source: Ehlers, Minnesota State Business Directory, Richfield Chamber of Commerce, and the Minnesota Manufactures Register.

Note: Employee totals include only employees with full time status.

**CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Table 16

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Management services	3	3	3	3	3	3	3	3	3	3
Finance	7	5	6	5	6	6	5	6	5	2
City Clerk	8	8	9	9	10	9	9	10	10	10
Assessing	1	1	1	1	1	1	1	-	-	-
Others	10	10	11	12	11	12	12	11	11	11
Public Safety										
Police	46	46	46	48	48	48	48	48	48	48
Dispatchers	6	7	8	-	-	-	-	-	-	-
Others	14	14	14	14	14	14	14	14	14	15
Fire										
Firefighters and officers	26	26	26	27	27	26	26	26	26	26
Community Development										
Planning/zoning	2	2	2	2	2	2	2	2	2	2
Inspections	7	8	8	8	8	9	9	9	9	8
Others	8	8	8	6	7	8	8	8	10	9
Public Works										
Engineering	4	3	3	3	3	4	4	5	5	5
Street and park maintenance	20	20	20	19	20	18	23	23	24	23
Forestry	4	4	4	4	4	4	-	-	-	-
Others	5	5	5	6	6	6	6	6	6	6
Parks and recreation	18	18	33	33	32	32	34	35	30	34
Liquor	28	25	26	25	23	24	24	25	28	33
Water and wastewater	18	18	18	17	16	18	19	19	19	17
Storm water	1	1	1	1	1	1	1	1	1	1
Recreation funds	15	15	-	-	-	-	-	-	-	-
Total	<u>251</u>	<u>247</u>	<u>252</u>	<u>243</u>	<u>242</u>	<u>245</u>	<u>248</u>	<u>251</u>	<u>251</u>	<u>253</u>

Source: City budgets and personnel records.

**CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Table 17

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Physical arrests	451	490	404	435	471	489	591	491	701	701
Total offenses cited	5,172	6,653	7,274	5,764	4,486	4,818	5,315	4,728	3,429	2,078
Fire										
Emergency responses	4,066	4,096	4,135	4,195	4,073	4,287	4,252	4,411	4,451	4,710
Fires extinguished	101	90	75	90	83	72	92	88	104	87
Other public works										
Streets resurfacing (miles)	0.50	0.20	-	14.30	15.00	16.00	14.40	15	14.25	3
Potholes repaired (tons of asphalt used)	441.95	732.00	306.46	100.79	81.40	18.64	84.93	98.2	138.52	97.32
Parks and recreation										
Athletic field permits issued	54	58	52	55	56	53	57	58	30	49
Water										
New connections	1	2	4	2	6	9	10	11	54	31
Connections eliminated (redevelopment)	-	-	17	4	18	3	-	6	-	2
Water main breaks	7	13	9	19	16	15	14	11	12	9
Average daily consumption (millions of gallons)	3.19	3.02	2.90	2.84	2.70	2.70	2.71	2.55	2.76	2.72
Peak daily consumption (millions of gallons)	6.81	6.24	6.01	4.97	4.80	5.23	5.26	3.88	3.03	4.94
Waste water										
Average daily sewage treatment (million of gallons)	3.08	3.13	3.16	3.16	3.14	3.02	2.42	1.70	2.60	2.65

Sources: Various city departments

Note: Indicators are not available for the general government function

**CITY OF RICHFIELD, MINNESOTA
STATISTICAL SECTION (UNAUDITED)
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Table 18

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire stations	2	2	2	2	2	2	2	2	2	2
Other public works										
Streets (miles)	123.43	123.43	123.43	123.43	123.43	123.43	123.43	123.43	123.43	123.43
Highway (miles)	7.17	7.17	7.17	7.17	7.17	7.17	7.17	7.17	7.17	7.17
Street lights	3,183	3,349	3,349	3,349	3,349	3,349	3,349	3,349	3,349	3,458
Traffic signals	49	49	49	49	49	49	47	43	43	43
Parks and recreation										
Acreage	461	461	461	461	461	461	461	461	461	461
Playgrounds	21	21	21	21	21	21	21	21	21	21
Baseball/softball diamonds	21	21	21	21	21	21	21	21	21	21
Soccer/football fields	4	4	4	4	4	4	4	4	4	4
Hockey rinks - indoor	2	2	2	2	2	2	2	2	2	2
Community Center	1	1	1	1	1	1	1	1	1	1
Nature Center	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	121	121	121	121	121	120	120	120	120	120
Fire hydrants	1,046	1,047	1,048	1,052	1,050	1,053	1,053	1,073	1,073	1,074
Storage capacity (millions of gallons)	5	5	5	5	5	5	5	5	5	5
Wastewater										
Sanitary sewer (miles)	119.4	119.4	119.4	119.4	119.4	119.4	118.0	118.0	118.0	118.0
Storm sewer (miles)	59.9	59.9	59.9	59.9	59.9	59.9	59.9	59.9	59.9	59.9

Sources: Various city departments

Note: No capital asset indicators are available for the general governments

**City of Richfield
Hennepin County, Minnesota**

Communications Letter

December 31, 2021

**City of Richfield
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**Report on Matters Identified as a Result of
the Audit of the Basic Financial Statements**

Honorable Mayor and Members
of the City Council and Management
City of Richfield
Richfield, Minnesota

In planning and performing our audit of the basic financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota, as of and for the year ended December 31, 2021, 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, 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 over financial reporting.

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 have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the City's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

The material weakness identified is stated within this letter.

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.

The City's written response to the material weakness identified in our audit has not been subjected to audit procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated August 1, 2022, on such statements.

This communication, which is an integral part of our audit, is intended solely for the information and use of the Members of the City Council and management and others within the City and state oversight agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Bergan KDV Ltd.

Minneapolis, Minnesota
August 1, 2022

**City of Richfield
Material Weakness**

Improve Recreation – Ice Center Systems and Documentation

Upon implementation of new software on October 10, 2021, the City lost access to the legacy system and was unable to pull details for 2021. As a result, receipt detail was not able to be obtained for the Recreation – Ice Center during 2021. This finding impacts the City’s ability to record receipts with appropriate detail to ensure receipts are recorded in the appropriate periods.

We recommend the City ensures appropriate sub-systems are improved and backed up so that staff can access details at any time.

City of Richfield Required Communication

We have audited the basic financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2021. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the basic financial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the basic financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the basic financial statements are free of material misstatement. An audit of the basic financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Generally accepted accounting principles provide for certain Required Supplementary Information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our responsibility with respect to the other information in documents containing the audited basic financial statements and auditor's report does not extend beyond the basic financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information was not audited and we do not express an opinion or provide any assurance on it.

City of Richfield Required Communication

Our Responsibility in Relation to *Government Auditing Standards*

As communicated in our engagement letter, part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Our Responsibility in Relation to Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)

As communicated in our engagement letter, in accordance with the Uniform Guidance, we examined on a test basis, evidence about the City's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the City's compliance with those requirements. While our audit provided a reasonable basis for our opinion, it did not provide a legal determination on the City's compliance with those requirements.

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

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks of material misstatements:

- Improper revenue recognition
 - Revenue recognition is considered a fraud risk on substantially all engagements as it generally has a significant impact on the results of the government operations. In addition, complexities exist surrounding the calculation and recording of various revenue sources.
- Management override of controls through journal entries
 - Management override of internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results.
- Lack of Segregation of Accounting Duties
 - If duties cannot be appropriately segregated within the accounting and finance department, there is a risk of incorrectly recording activity within the City.

City of Richfield Required Communication

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements. The most sensitive estimates affecting the basic financial statements relate to:

Depreciation – The City is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

Net/Total Other Post Employment Benefits (OPEB) Liability, Deferred Outflows of Resources Related to OPEB and Deferred Inflows of Resources Related to OPEB – These balances are based on an actuarial study using the estimates of future obligations of the City for post employment benefits.

Net Pension Liability, Deferred Outflows of Resources Relating to Pensions and Deferred Inflows of Resources relating to Pensions – These balances are based on an allocation by the pension plans using estimates based on contributions.

Land Held for Resale – Land held for resale is recorded using either the lower of historical cost or estimated resale value.

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain basic financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The basic financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

City of Richfield Required Communication

Uncorrected and Corrected Misstatements

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements taken as a whole and each applicable opinion unit.

We identified the following uncorrected misstatements of the financial statements. Management has determined their effects are immaterial, both individually, and in the aggregate, to the financial statements taken as a whole.

- An adjustment to Liquor Store inventory was not made.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatement that we identified as a result of our audit procedures was brought to the attention of and corrected by management.

- Improve Recreation – Ice Center Systems and Documentation

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's basic financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the City, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditor.

City of Richfield Required Communication

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the City's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

We were not engaged to report on the other information accompanying the basic financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the basic financial statements.

City of Richfield Financial Analysis

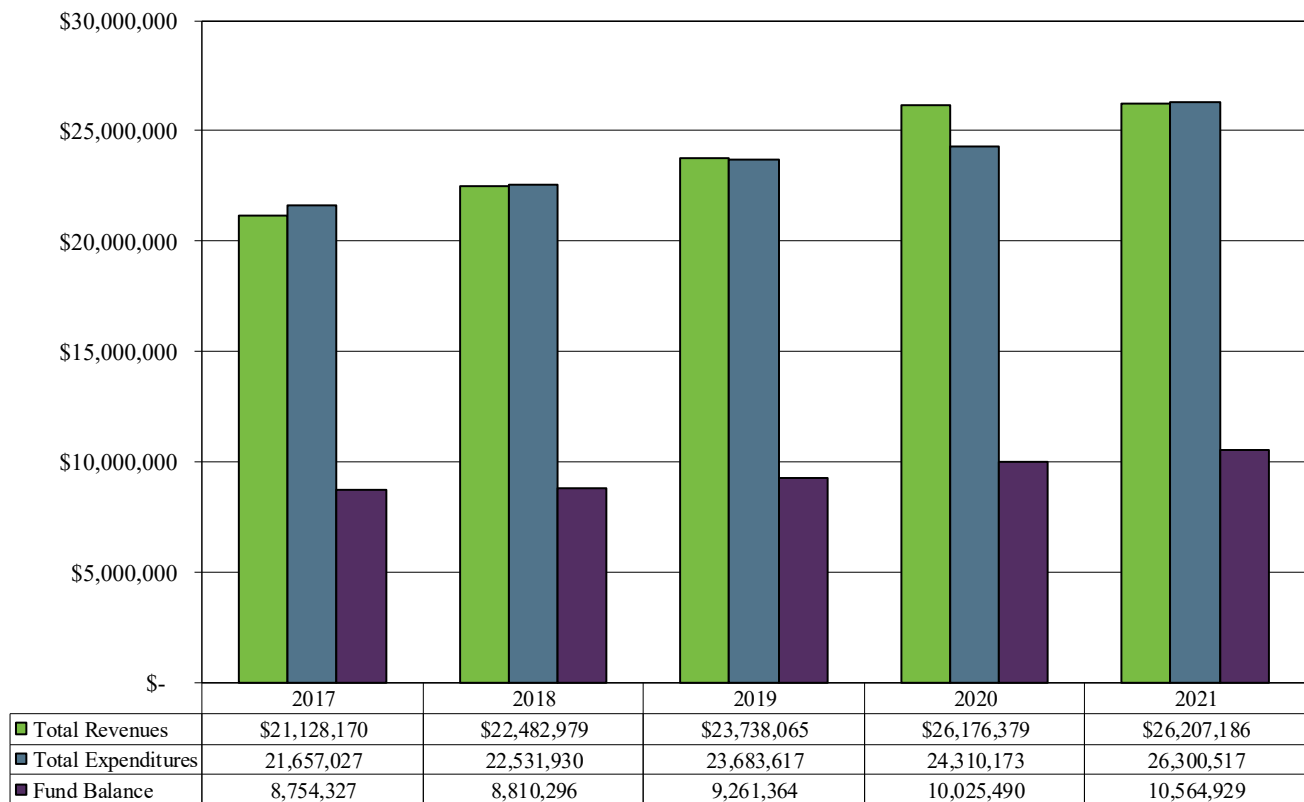
The following pages provide graphic representation of select data pertaining to the financial position and operations of the City for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph and document if our analysis is consistent with yours.

General Fund

As illustrated in the graph below, total expenditures exceeded total revenues in the General Fund in 2021. This surplus, combined with net transfers in of \$632,770 resulted in an increase in fund balance of \$539,439 in 2021. The City's total fund balance of \$10,564,929 at December 31, 2021, represents 40.2% of General Fund expenditures based on 2021 spending levels. The City relies on year-end fund balance to finance much of the subsequent year's expenditures, since major property tax settlements are not received until June.

The City's target General Fund balance is to maintain a minimum unassigned fund balance of 40% of the current year end actual General Fund expenditures. At December 31, 2021, the City's unassigned fund balance amounted to \$10,517,440, which excludes nonspendable fund balance for prepaid items of \$47,489. This amount equals 40.0% of the City's 2021 actual General Fund expenditures.

General Fund Revenues, Expenditures, and Fund Balance



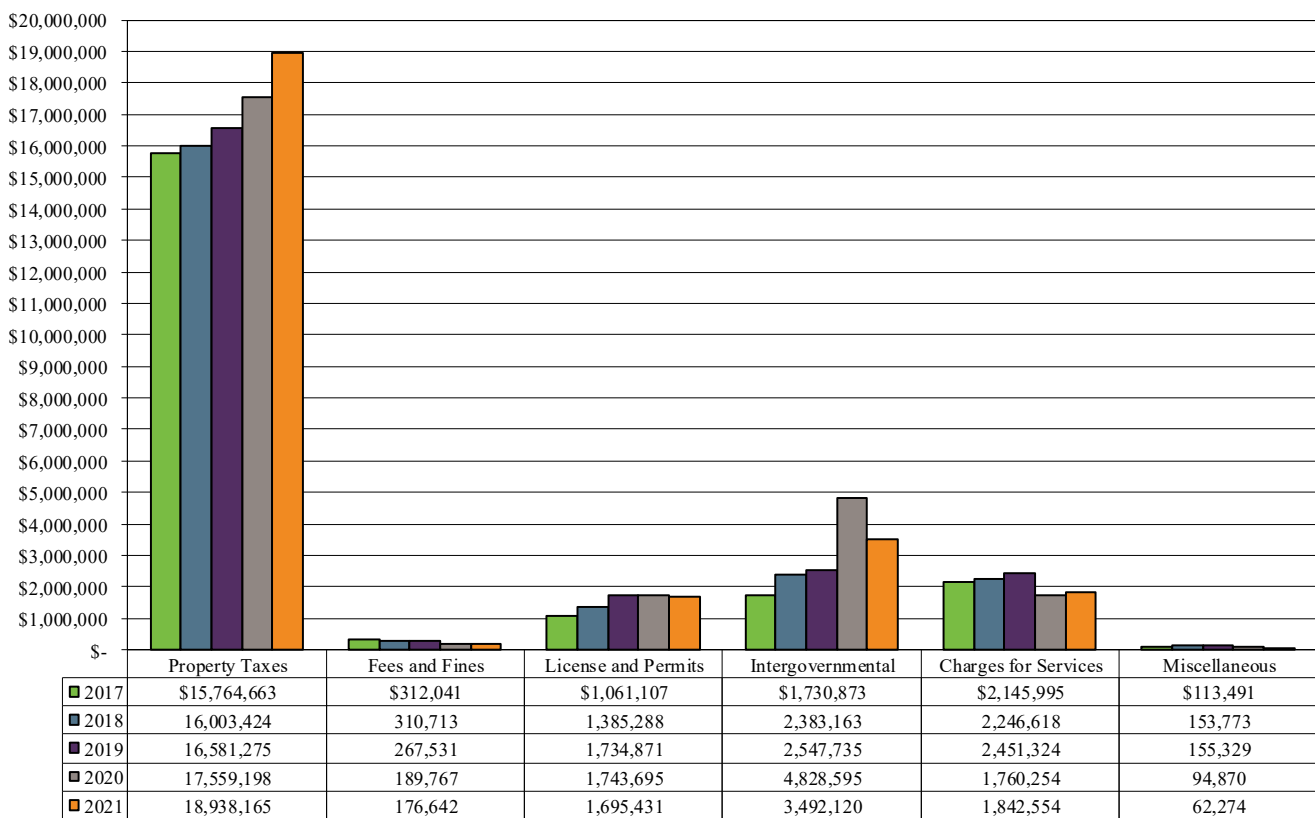
City of Richfield Financial Analysis

General Fund Revenues

Trends for each of the City's major revenue classifications over the past five years are portrayed in the bar graph below.

General Fund revenues increased \$30,807 from 2020. Property taxes increased \$1,378,967 because of increased levy. Intergovernmental revenue decreased \$1,336,475 due to Coronavirus Relief Funds received in 2020. All other categories remained consistent with the prior year.

General Fund Revenues

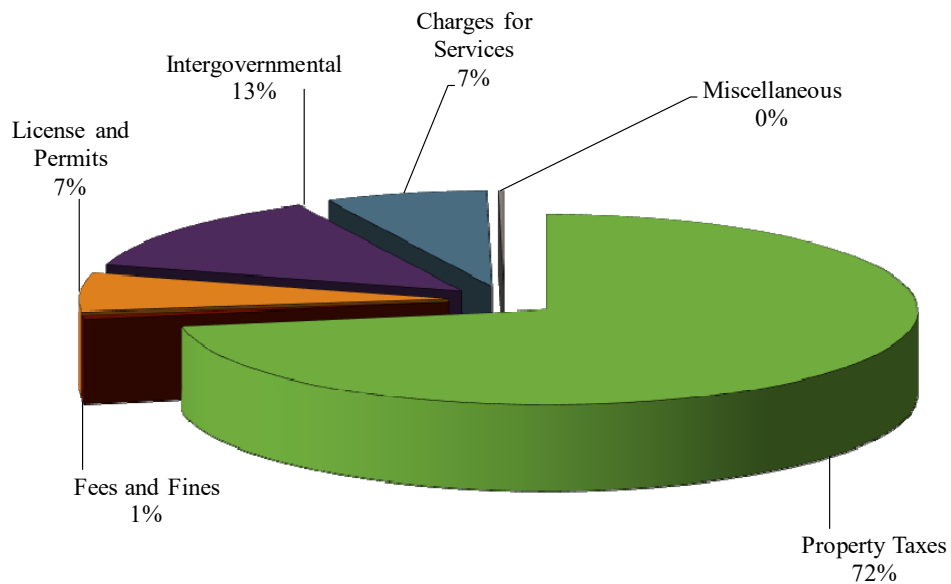


City of Richfield Financial Analysis

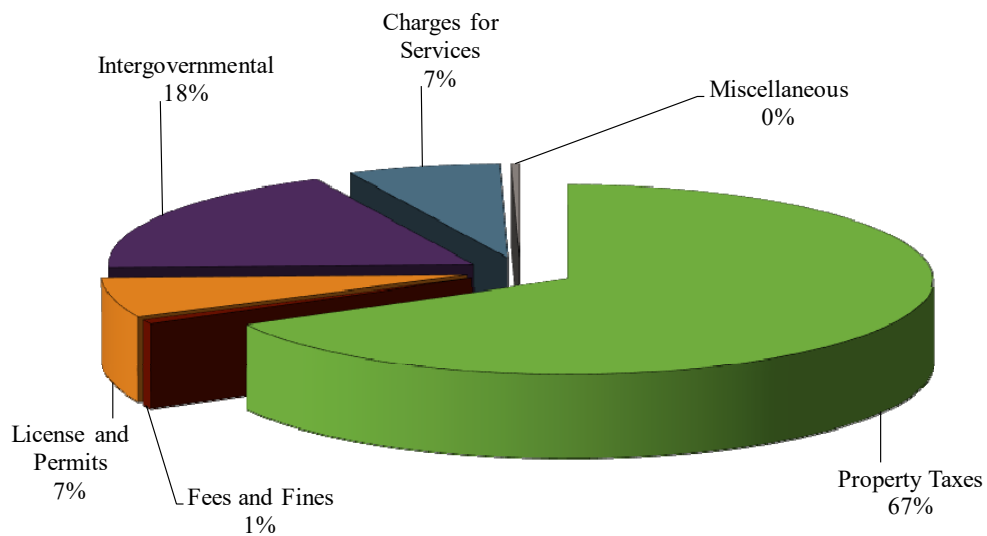
General Fund Revenues (Continued)

The City's revenues by source for 2021 and 2020 are shown below. As seen on the following graphs, the intergovernmental revenue category of revenues decreased in 2021 compared to 2020 while charges for services category decreased.

2021 General Fund Revenues



2020 General Fund Revenues

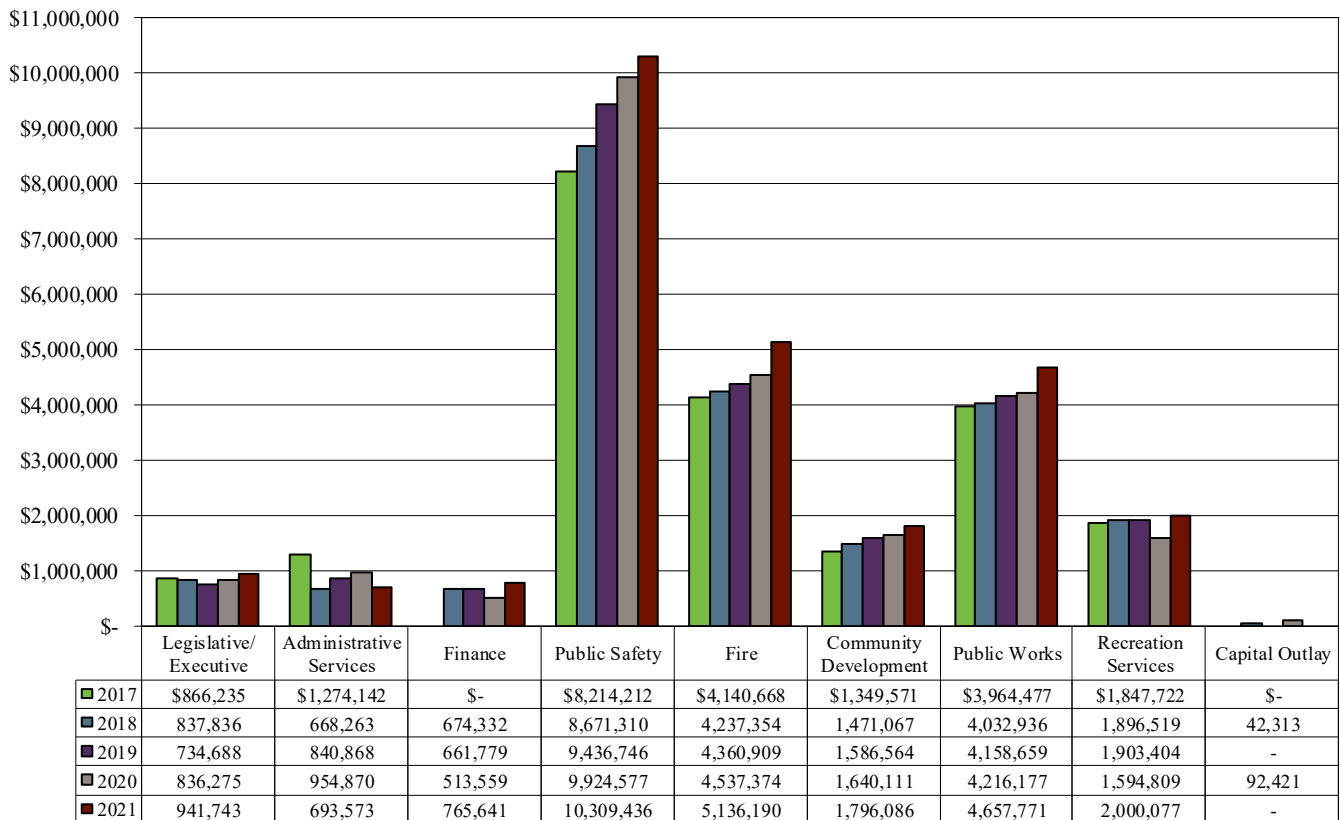


City of Richfield Financial Analysis

General Fund Expenditures

Total General Fund expenditures increased 8.2%, or \$1,990,344, from 2020 to 2021. The most significant increase by program was in fire. Fire expenditures increased \$598,816 due to increased personnel costs, professional development costs and supplies due to the purchase of KnoxBox equipment. Public works expenditures increased by \$ 441,594 due to increased personnel costs and utility lighting as a result of converting to LED bulbs. Public safety expenditures increased by \$384,859 in 2021 due to increased personnel costs, professional services for software maintenance and upgrade, and COVID-19 response and civil unrest expenditures. Other programs' spending was consistent from 2020 to 2021.

General Fund Expenditures

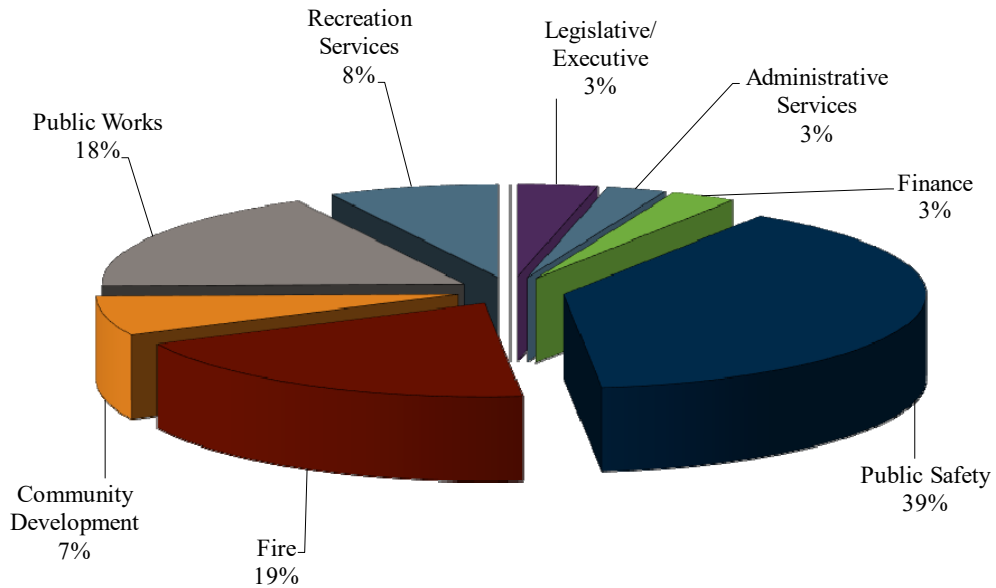


City of Richfield Financial Analysis

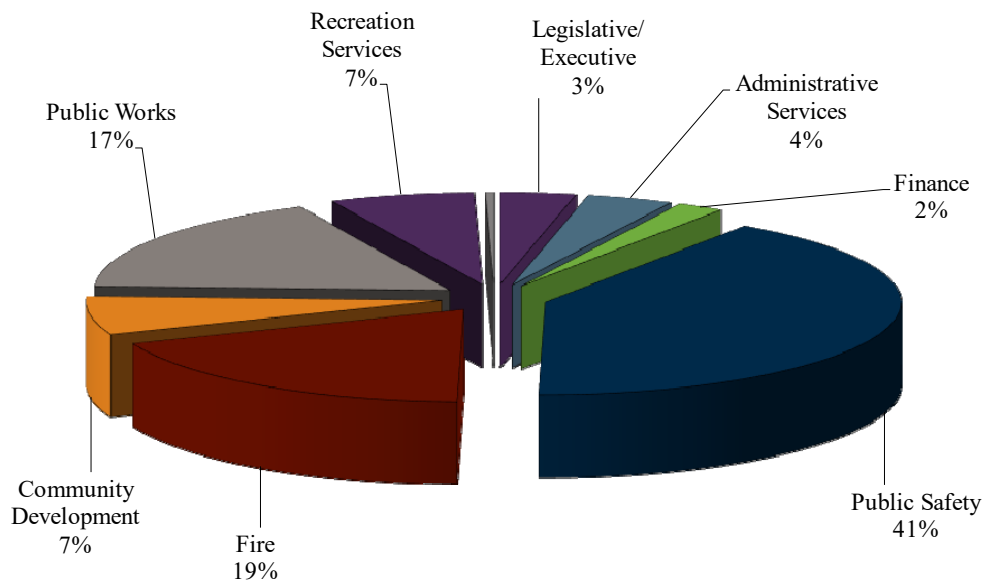
General Fund Expenditures (Continued)

The City's expenditures by program for 2021 and 2020 are shown below. As seen on the following graphs, expenditure by program remained consistent from 2020 to 2021.

2021 General Fund Expenditures



2020 General Fund Expenditures



**City of Richfield
Financial Analysis**

General Fund Revenues and Expenditures

		Actual	Variance
	Final Budget	Amounts	Final Budget - Over (Under)
Revenues			
Property taxes	\$ 18,621,410	\$ 18,938,165	\$ 316,755
Fines and fees	222,000	176,642	(45,358)
Licenses and permits	1,243,000	1,695,431	452,431
Intergovernmental revenues	3,704,350	3,492,120	(212,230)
Charges for services	1,688,790	1,842,554	153,764
Investment income	25,000	6,838	(18,162)
Miscellaneous revenues	45,100	55,436	10,336
Total revenues	25,549,650	26,207,186	657,536
Expenditures			
Legislative/executive	1,008,250	941,743	(66,507)
Administrative services	836,330	693,573	(142,757)
Finance	755,000	765,641	10,641
Public safety	10,484,860	10,309,436	(175,424)
Fire	4,995,320	5,136,190	140,870
Community development	1,800,220	1,796,086	(4,134)
Public works	4,713,500	4,657,771	(55,729)
Recreation services	2,069,940	2,000,077	(69,863)
Total expenditures	26,663,420	26,300,517	(362,903)
Other financing sources (uses)			
Net transfers	1,113,770	632,770	(481,000)
Net change in fund balances	\$ -	\$ 539,439	\$ 539,439

For the year ended December 31, 2021, the City budgeted for revenues and transfers into the General Fund to equal expenditures and transfers out. Actual revenues and transfers in exceeded expenditures and transfers out by \$539,439.

Revenues were overall over budget by \$657,536, or 2.6%. License and permits were over budget due to budgeting conservatively in this area. Property taxes were over budget by \$316,755, or 1.7%, due to having better collections than budgeted for during the year.

Expenditures were \$362,903, or 1.4% under budget. The most significant variance was in public safety due to conservative budgeting.

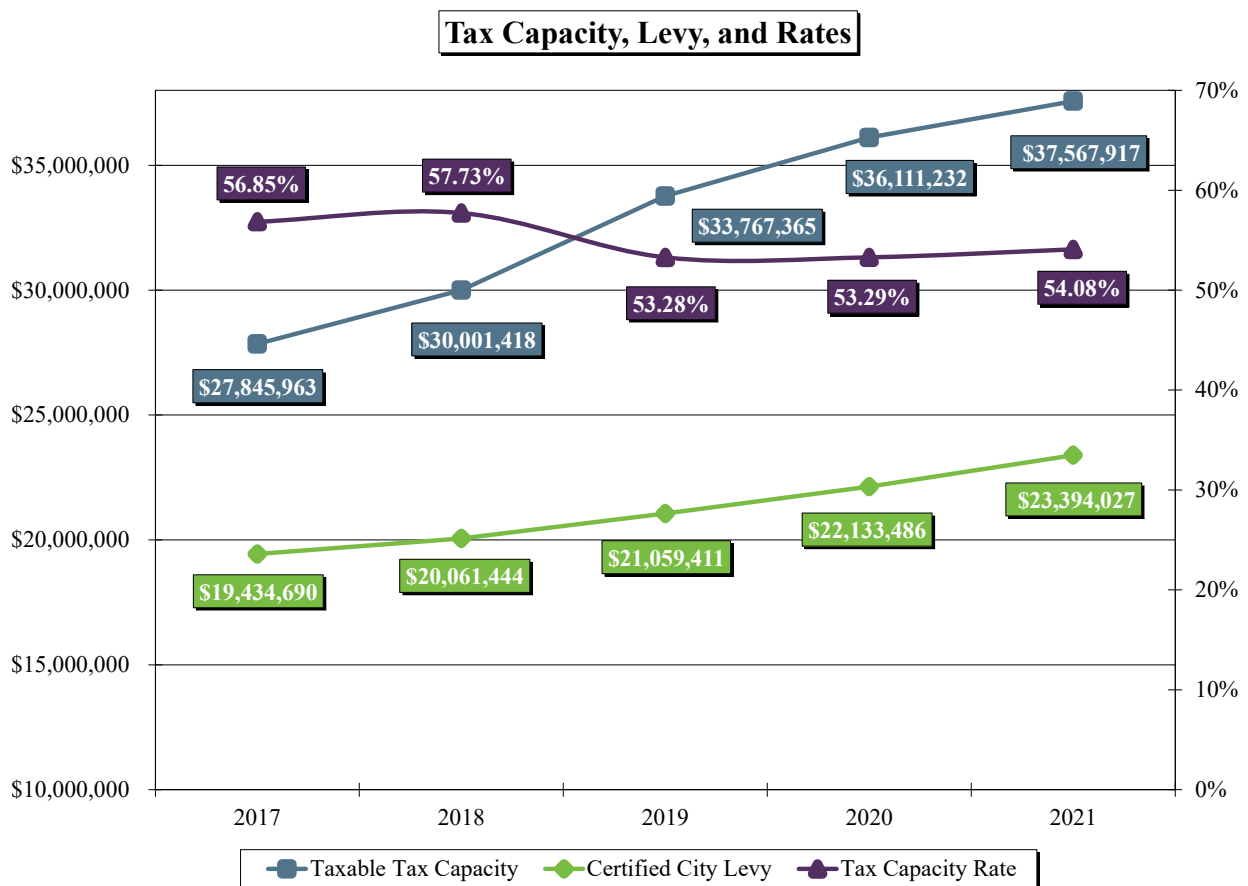
City of Richfield Financial Analysis

Tax Levy, Capacity, and Rates

The graph below presents information relating to the City's tax levy, tax capacity and rates.

The levy for 2021 includes the General Fund levy of \$19,001,439 plus a levy for the Debt Service and Capital Project Funds totaling \$4,392,588.

As illustrated below, the taxable tax capacity of the City has experienced a steady increase over the last five years. While the City has increased the levy during this period, the tax capacity rate has declined because of increases in market values and tax capacity.

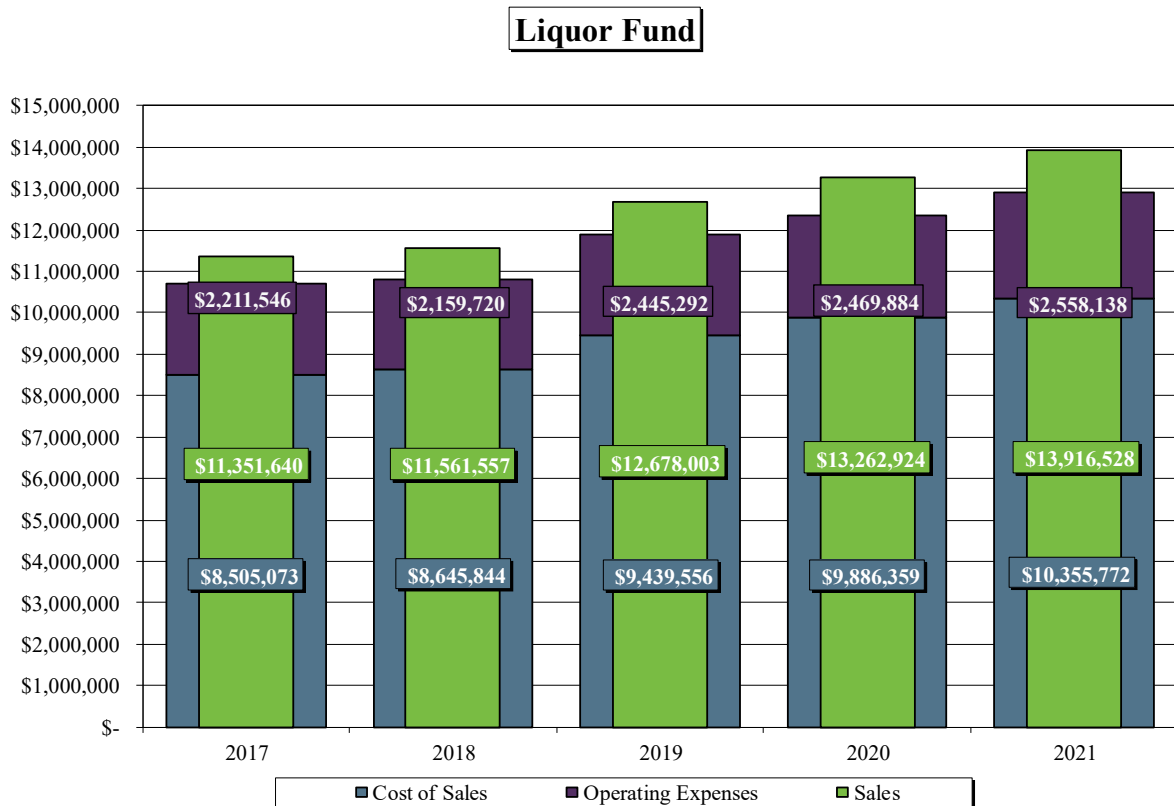


City of Richfield Financial Analysis

Liquor Fund

The City's liquor store reported an increase in sales from 2020 to 2021 of 4.9%. Cost of sales correspondingly increased by 4.8%. The City's liquor store sales and cost of sales have increased due to many bars and restaurants being closed or having reduced hours of operations during the year which brought in more foot traffic. Operating expenses in the Liquor Fund increased 3.6%.

The City's gross profit percentage stayed consistent from 2020 to 2021. The City's gross profit percentage is similar to both the metro stores and the metro municipal average.



	2021		2020			
	City of Richfield	City of Richfield	City of Edina*	City of Eden Prairie*	City of Savage*	Metro Municipal Average*
Sales	\$ 13,916,528	\$ 13,262,924	\$ 12,117,414	\$ 11,711,560	\$ 7,386,979	\$ 6,967,537
Costs of sales	10,355,772	9,886,359	8,744,414	8,299,999	5,312,509	5,097,822
Gross profit	3,560,756	3,376,565	3,373,000	3,411,561	2,074,470	1,869,715
Operating expenses	2,558,138	2,469,884	2,777,603	2,297,060	1,216,465	1,348,704
Operating income	1,002,618	906,681	595,397	1,114,501	858,005	521,011
Gross profit percentage	25.6%	25.5%	27.8%	29.1%	28.1%	26.8%

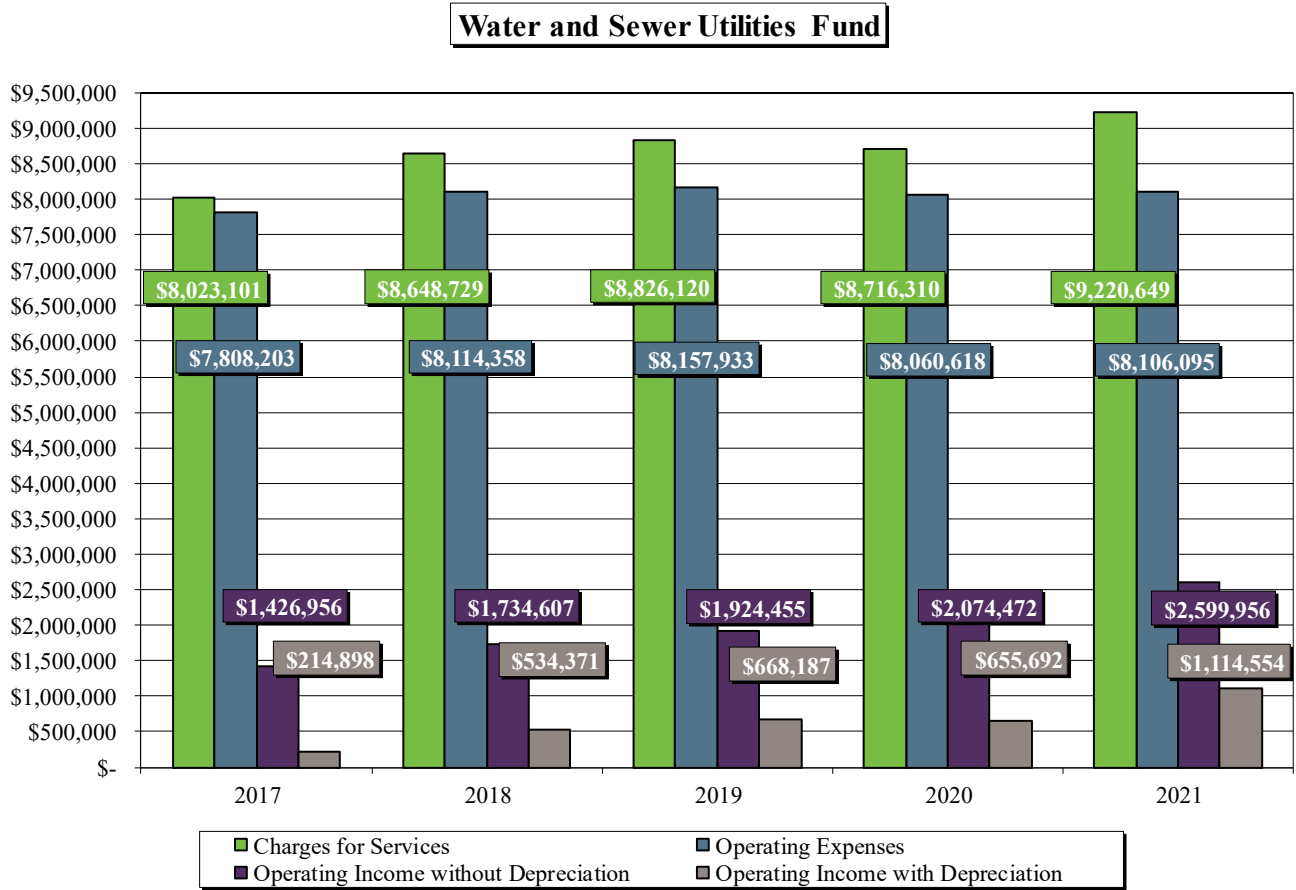
* Individual metro municipal and averages obtained from the Office of State Auditor, Analysis of Municipal Liquor Store Operations Report.

City of Richfield Financial Analysis

Water and Sewer Utilities Fund

Charges for services in the fund increased \$504,339 or 5.8% from 2020 to 2021. This increase was the result of increased usage. Operating expenses increased \$45,477 or 0.6%.

The Fund had operating income of \$1,114,554 in 2021 with depreciation. The Fund has fully funded depreciation expense since 2017.

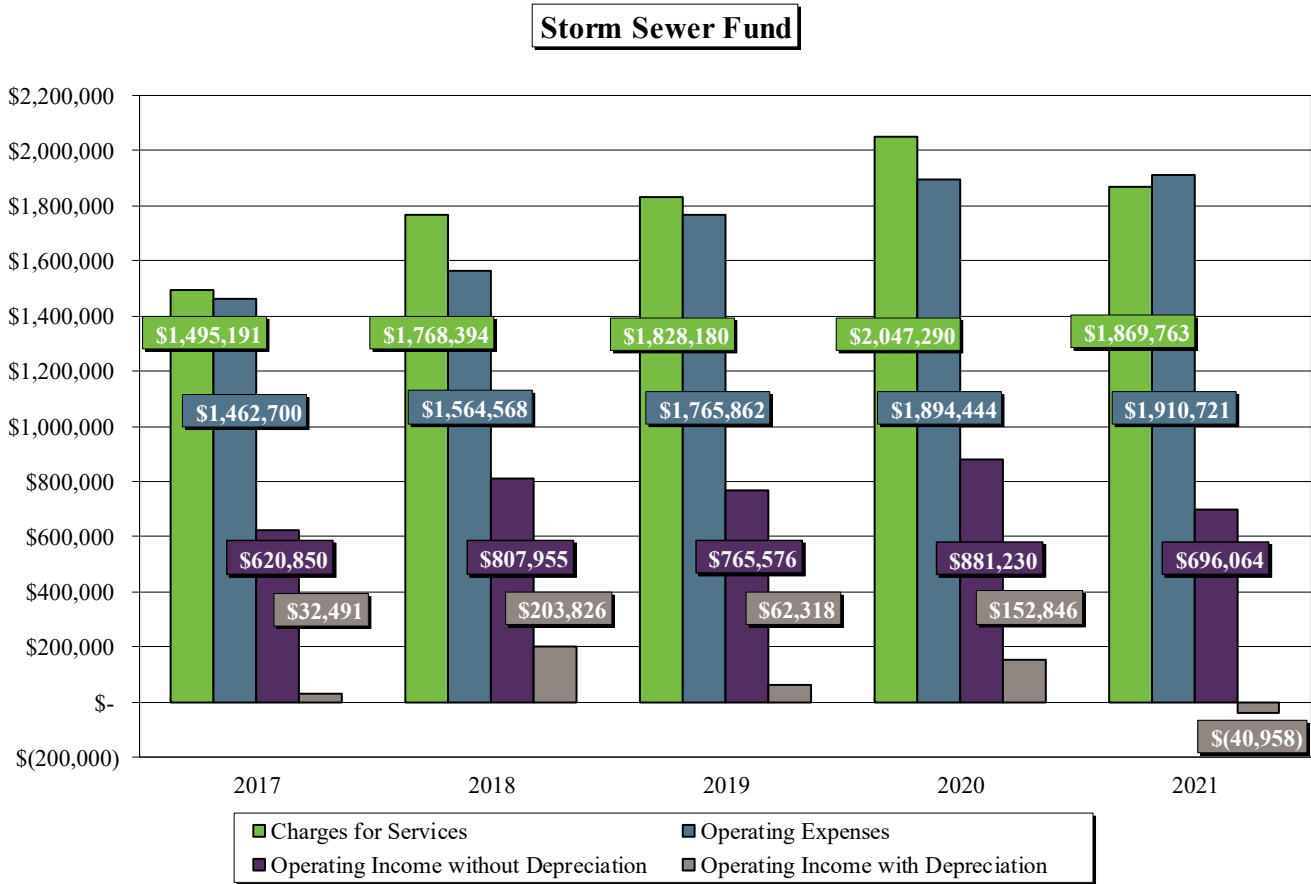


City of Richfield Financial Analysis

Storm Sewer Fund

Charges for services in the Fund decreased \$177,527 from 2020 to 2021, or 8.7%. Operating expenses increased \$16,277 or 0.9%.

The Fund reported an operating loss of \$40,958 in 2021 with depreciation. The Fund has fully funded depreciation expense from 2017 through 2020.



City of Richfield Financial Analysis

Governmental Funds

The tables below and on the following page illustrate the City's various sources of revenue and expenditures per capita over a three year period in comparison to 2020 data for Minnesota cities ranked by various sizes.

Year Population	State-Wide*			City of Richfield		
	December 31, 2020			2019	2020	2021**
	2,500-10,000	10,000-20,000	20,000-100,000	36,436	36,993	36,994
Property taxes	\$ 540	\$ 517	\$ 537	\$ 573	\$ 600	\$ 630
Tax increments	34	33	44	-	-	-
Franchise fees and other taxes	49	60	46	62	60	61
Special assessments	54	39	54	6	6	4
Licenses and permits	36	39	46	48	47	46
Intergovernmental revenues	474	367	273	206	393	295
Charges for services	113	89	91	106	61	91
Other	83	69	69	63	35	33
Total revenue	<u>\$ 1,383</u>	<u>\$ 1,213</u>	<u>\$ 1,160</u>	<u>\$ 1,064</u>	<u>\$ 1,202</u>	<u>\$ 1,160</u>

* State-wide data obtained from the Office of the State Auditor's *2019 Minnesota City Finances Report*.

** Population is estimated as of January 1, 2021, from the Met Council population data study; 2021 information is not yet available.

The City has few special assessments and, thus, has consistently shown higher tax revenues per capita and lower special assessments revenues per capita compared to the state averages. Total governmental revenues decreased \$42 per capita from 2020. The most significant decrease was in intergovernmental revenue. Intergovernmental revenue decreased due to the Coronavirus Relief Funds received by the City in 2020. Property taxes increased due to an increase in the levy. Charges for services increased as a result of an increase in recreation charges for services received.

City of Richfield Financial Analysis

Governmental Funds (Continued)

Year	State-Wide*			City of Richfield		
	December 31, 2020			2019	2020	2021**
	2,500-10,000	10,000-20,000	20,000-100,000	36,436	36,993	36,994
Population						
Current						
Administration	\$ 176	\$ 140	\$ 118	\$ 76	\$ 78	\$ 81
Community development	73	87	87	44	44	49
Police	227	205	224	264	272	283
Fire and other public safety	88	84	96	120	123	139
Public works	146	122	112	539	241	329
Parks and recreation	100	112	95	98	74	102
Other	22	21	17	-	-	-
Total current	\$ 832	\$ 771	\$ 749	\$ 1,141	\$ 832	\$ 983
Capital outlay and construction	\$ 586	\$ 429	\$ 331	\$ 268	\$ 126	\$ 36
Debt service						
Principal	\$ 172	\$ 149	\$ 91	\$ 243	\$ 89	\$ 96
Interest and fiscal	45	42	33	46	44	40
Total debt service	\$ 217	\$ 191	\$ 124	\$ 289	\$ 133	\$ 136

* State-wide data obtained from the Office of the State Auditor's *2019 Minnesota City Finances Report*.

** Population is estimated as of January 1, 2021, from the Met Council population data study; 2021 information is not yet available.

The City's current expenditures and debt service expenditures for 2021 were more than the state-wide average for a city of a comparable population, while capital outlay and construction expenditures are less.

Overall, the City's governmental expenditures increased 5.9% from 2020 to 2021, or \$64 per capita. Current expenditures per capita increased \$151 from 2020.

City of Richfield Emerging Issue

Executive Summary

The following is an executive summary of financial and business related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant update includes:

- **Accounting Standard Update – GASB Statement No. 87 – Leases** – GASB has issued GASB Statement No. 87 relating to accounting and financial reporting for leases. This new statement establishes a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset.

The following is an extensive summary of the current update. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss this issue with you further and its applicability to your City.

Accounting Standard Update – GASB Statement No. 87 – *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' basic financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

City of Richfield Emerging Issue

Accounting Standard Update – GASB Statement No. 87 – *Leases* (Continued)

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of 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. A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to basic financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to basic financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

GASB Statement No. 87 is effective for reporting periods beginning after June 15, 2021.

Information provided above was obtained from www.gasb.org.

**City of Richfield
Hennepin County, Minnesota**

**Schedule of Expenditures of
Federal Awards and Independent
Auditor's Reports**

December 31, 2021

**City of Richfield
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City of Richfield
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Agency/Pass Through Agency/Program Title	Federal Assistance Listing Number	Federal Expenditures
U.S. Department of Housing and Urban Development		
Received Directly		
Section 8 Housing Choice Voucher Program	14.871	\$ 2,086,196
CARES Act Supplemental Public Housing and Housing Choice Voucher and Administrative Fee funds	14.871	253,904
Passed through Hennepin County		
Community Development Block Grant - Entitlement Grant	14.218	200,000
Total U.S. Department of Housing and Urban Development		<u>2,540,100</u>
U.S. Department of Interior		
Passed through the State of Minnesota		
Outdoor Recreation Acquisition, Development and Planning	15.916	200,000
Total U.S. Department of Health and Human Services		<u>200,000</u>
U.S. Department of Health and Human Services		
Passed through the State of Minnesota		
COVID-19 Vaccine Implementation Grant	93.268	13,475
COVID-19 Vaccine Implementation Grant	93.323	14,814
Public Health Emergency Preparedness	93.069	45,615
Total U.S. Department of Health and Human Services		<u>73,904</u>
U.S. Department of Justice		
Received directly		
Bulletproof Vest Partnership Program	16.607	9,915
Total U.S. Department of Justice		<u>9,915</u>
U.S. Department of Transportation		
Passed through Metropolitan Airport Commission		
Towards Zero Deaths	20.608	7,733
DWI Enforcement	20.616	3,875
Distracted Vehicle Grant	20.600	758
Passed through the State of Minnesota		
Highway Planning and Construction	20.205	1,678,963
Towards Zero Deaths	20.608	68,233
DWI Enforcement	20.616	25,283
Total U.S. Department of Transportation		<u>1,784,845</u>
U.S. Department of Treasury		
Passed through the State of Minnesota		
Coronavirus State and Local Fiscal Recovery Funds	21.027	37,180
Total U.S. Department of Treasury		<u>37,180</u>
Total Federal Expenditures		<u><u>\$ 4,645,944</u></u>

City of Richfield
Notes to Schedule of Expenditures of Federal Awards

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Richfield, Minnesota and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the modified accrual financial statements.

NOTE 2 – PASS-THROUGH GRANT NUMBERS

All pass-through entities listed previously use the same Assistance Listing numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

NOTE 3 – INDIRECT COST RATE

The City did not elect to use the 10 percent de minimis indirect cost rate, as allowed under the Uniform Guidance.

**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***

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Richfield
Richfield, Minnesota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota, as of and for the year ended December 31, 2021, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 1, 2022.

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 City'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs in Accordance with Uniform Guidance to be a material weakness, listed as Audit Finding 2021-001.

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*.

City's Response to Findings

The City's response to the finding identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs in Accordance with Uniform Guidance. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in dark ink that reads "Bergan KDV Ltd." with a small dot at the end.

Minneapolis, Minnesota
August 1, 2022

**Report on Compliance for each Major Federal Program
and Report on Internal Control over Compliance and on the Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Richfield
Richfield, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited compliance of the City of Richfield, Minnesota, with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on [each of] the City's major federal program[s] for the year ended December 31, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

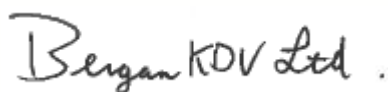
Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota, as of and for the year ended December 31, 2021, and have issued our report thereon dated August 1, 2022, which contained unmodified opinions on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Minneapolis, Minnesota
August 1, 2022

City of Richfield
Schedule of Findings and Questioned Costs

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United State of America (GAAP)
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes, Audit Finding 2021-001
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs

Assistance Listing.:	20.205
Name of Federal Program or Cluster:	Highway Planning and Construction
Assistance Listing.:	14.871
Name of Federal Program or Cluster:	Section 8 Housing Choice Vouchers
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	No

City of Richfield
Schedule of Findings and Questioned Costs

SECTION II – FINANCIAL STATEMENT FINDINGS

Audit Finding 2021-001

Criteria: Documentation of revenue collections are detailed enough to ensure full collection of amounts due to the City.

Condition: Receipt detail was not able to be obtained for the Recreation – Ice Center during 2021.

Context: This finding impacts the City's ability to record receipts with appropriate detail to ensure receipts are recorded in the appropriate periods.

Effect or Potential Effect: The financial statements may contain material misstatements.

Cause: Upon implementation of new software on October 10, 2021, the City lost access to the legacy system and was unable to pull details for 2021.

Recommendation: Ensure appropriate sub-systems are backed up and staff can access details at any time.

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding
2. Actions Planned in Response to Finding
The City has implemented a new Recreation system and will ensure appropriate back-ups are occurring to prevent loss of detailed information.
3. Official Responsible for Ensuring CAP
Kumud Verma, Finance Director, is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is December 31, 2022.
5. Plan to Monitor Completion of CAP
The Finance Director will annually review ice arena receipts to ensure proper accounting treatment.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None

Minnesota Legal Compliance

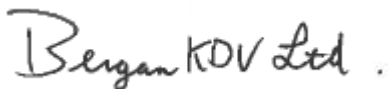
Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Richfield
Richfield, Minnesota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota as of and for the year ended December 31, 2021, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 1, 2022.

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 *Minnesota Statute* § 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.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink that reads "BergankDV Ltd." with a period at the end. The signature is written in a cursive, slightly stylized font.

Minneapolis, Minnesota
August 1, 2022



STAFF REPORT NO. 109
CITY COUNCIL MEETING
8/10/2022

REPORT PREPARED BY: Sack Thongvanh, Assistant City Manager

DEPARTMENT DIRECTOR REVIEW:

OTHER DEPARTMENT REVIEW: Kari Sinning, City Clerk

CITY MANAGER REVIEW: Katie Rodriguez, City Manager
8/3/2022

ITEM FOR COUNCIL CONSIDERATION:

First Reading of Ordinance Amending Section 300 and Section 1220 of the City Code of Ordinance relating to the Abolishment of the Liquor Department and Liquor Operations Director Position Within the City Organization.

EXECUTIVE SUMMARY:

As part of the Human Resources process, positions are regularly reviewed and amended when they become vacant due to retirements, resignations and terminations. The retirement of the Liquor Store Director has given the City the opportunity to reassess how we collaborate internally and provide services externally.

After analysis of surrounding municipalities, it was found that most municipal liquor stores are under the oversight of the Assistant City Manager/Administrator and operate with a Liquor Operations Manager instead of a Director.

As the Liquor Operations department was established by city code, staff recommends the attached resolution amending Section 300.03 of city code. The amendment will eliminate the Liquor Department and change the Liquor Operations Director Position to Liquor Operations Manager within the City Organization and move the new Liquor Division under Administrative Services.

RECOMMENDED ACTION:

By Motion: Approve first reading of ordinance amending Section 300 and Section 1220 of the City Code of Ordinance relating to the Abolishment of the Liquor Department and Liquor Operations Director's Position within the City Organization.

BASIS OF RECOMMENDATION:

A. **HISTORICAL CONTEXT**

N/A

B. **POLICIES (resolutions, ordinances, regulations, statutes, etc):**

N/A

C. **CRITICAL TIMING ISSUES:**

N/A

D. FINANCIAL IMPACT:

There will be costs saving from the reclassification of the Liquor Operations Director position to Liquor Operations Manager.

E. LEGAL CONSIDERATION:

The ordinance was prepared and approved by the City Attorney.

ALTERNATIVE RECOMMENDATION(S):

None

PRINCIPAL PARTIES EXPECTED AT MEETING:

ATTACHMENTS:

Description	Type
<input type="checkbox"/> Draft Ordinance	Ordinance

BILL NO. _____

AN ORDINANCE AMENDING SECTION 300 AND SECTION 1220 OF THE CODE OF ORDINANCES RELATING TO THE ABOLISHMENT OF THE LIQUOR DEPARTMENT AND LIQUOR OPERATIONS DIRECTOR POSITION WITHIN THE CITY ORGANIZATION

THE CITY OF RICHFIELD DOES ORDAIN:

Section 1. Subsection 300.03 of the Richfield City Code is amended as follows:

300.03. – Departmental and divisional organization.

The administrative service of the City is divided into the following departments and heads thereof:

Executive Department	City Manager
Administrative Services Department	Director of Administrative Services
Fire Department	Fire Chief
Public Safety Department	Director of Public Safety
Public Works Department	Director of Public Works
Recreation Services Department	Director of Recreation Services
Community Development Department	Director of Community Development
Legal Department	City Attorney
Liquor Department	Liquor Operations Director
Finance Department	Finance Director

~~Divisions within departments shall be established from time to time by resolution of the City Council with the recommendation of the Manager.~~

Sec. 2. Subsection 300.11 of the Richfield City Code is repealed.

300.11. – Liquor division ~~department~~.

The liquor division is established as a division within the Administrative Services Department. The liquor operations ~~director~~ manager is responsible to the City Manager and the Director of Administrative Services for the operation of the municipal liquor stores. The liquor operations ~~director~~ manager shall perform the duties described in the job description for that position and any additional duties assigned by the Director of Administrative Services or the City Manager.

Sec. 3. Subsection 1220.07 of the Richfield City Code is amended as follows:

1220.07. – Regulations: liquor operations ~~Director~~ manager established.

The liquor stores will be in the immediate charge of the Liquor Operations ~~Director~~ Manager. Policies relating to the operation of the liquor stores will be determined by the City Council. The Liquor Operations ~~Director~~ Manager will be assisted by such other employees as the Council may authorize. The Liquor Operations ~~Director~~ Manager will have full charge of the liquor stores and will have authority to purchase supplies as are necessary.

Sec. 4. Subsection 1220.11 of the Richfield City Code is amended as follows:

1220.11. – Limitations.

No business other than the sale of alcoholic beverages and other items offered for sale at the liquor stores may be carried on by the Liquor Operations ~~Director~~ Manager and employees while they are so employed.

Sec. 5. Subsection 1220.13 of the Richfield City Code is amended as follows:

1220.13. – Payment for merchandise.

Checks may be accepted in payment for merchandise, in the discretion of the Liquor Operations ~~Director~~ Manager, provided such checks are for the purchase price of the merchandise only. Credit cards issued by national credit companies which have entered into credit agreements with the City, may also be accepted in payment for merchandise, in the discretion of the Liquor Operations ~~Director~~ Manager. No other form of credit may be advanced by the liquor stores.

Sec. 6. This Ordinance will be effective in accordance with Section 3.09 of the City Charter.

Adopted this ____ of _____, 2022.

By: _____

Maria Regan Gonzalez, Mayor

ATTEST:

Kari Sinning, City Clerk



STAFF REPORT NO. 110
CITY COUNCIL MEETING
8/10/2022

REPORT PREPARED BY: Sam Crosby, Planner II

DEPARTMENT DIRECTOR REVIEW: Julie Urban, Assistant Community Development Director
7/28/2022

OTHER DEPARTMENT REVIEW:

CITY MANAGER REVIEW: Katie Rodriguez, City Manager
8/3/2022

ITEM FOR COUNCIL CONSIDERATION:

First reading of a proposed ordinance amendment updating the City's Zoning Code subsection that regulates fences, walls, and hedges.

EXECUTIVE SUMMARY:

Staff is proposing updates to the fence regulations (section 509.15) in the City's Zoning Code to incorporate the following:

- General provisions that define "good neighbor" standards that require the finished side of an erected fence to face the adjacent property.
- Modified height requirements for corner lots.
- Special fence exceptions for through lots that possess unique and special circumstances that make it impractical to meet the zoning requirements.

At the July 25, 2022, Planning Commission meeting, no one from the public spoke to the matter. To avoid confusion, the Planning Commission recommended the removal of subd.12 regarding non-conformities, as it is already addressed by Code section 905.25, "Nonconformities." With that one change, the Planning Commission voted (5-1) to recommend approval of the ordinance.

RECOMMENDED ACTION:

By motion: Approve a first reading of ordinance amendments to the City's Zoning Code to incorporate general provisions, modified height requirements for corner lots, and a special fence exception for through lots.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- Good Neighbor Standards: Section 509.15 does not contain general provisions that define "good neighbor" standards that require the finished side of an erected fence to face away from the center of the property. These standards are commonly used to help ensure the more attractive or finished side of the fence faces the adjacent property. The property owner building the fence has the view of the rails and posts from inside their yard. The City uses these standards, and they are included in a fence handout, but they have not been included as a requirement in the Zoning Code.

- **Height Requirements:** The proposed Zoning Code amendments will apply to corner lots. Staff is recommending height limits to not exceed four (4) feet along the corner side yard. The fence height may be increased to six (6) feet if it is located behind the principal building and set back at a half-way point between the side corner setback. An image is included in the attached ordinance to help the public to understand the regulation.
 - The purpose for this amendment is to help ensure fence heights are constructed at a reasonable height along roadways without negatively impacting the corridor's character and visibility angles. It is also intended to improve the pedestrian and bicyclist experience by creating recognizable corridors that are more comfortable to travel on. Fences that are greater than four (4) feet in height can have a negative impact on the corridor's aesthetics, feel, and safety.
- **Special Fence Exceptions:** City staff recognizes there may be unique and special circumstances that make it impractical for a through lot to meet the fence requirements. The proposed amendments will provide the option for a property owner to apply for a special exception. The applicant will need to demonstrate the unique and special circumstances that warrant a special exception, in addition to demonstrating that the proposed improvements are reasonable and do not negatively impact the neighborhood's aesthetics. Special exceptions will be processed administratively and require a \$250 application fee. The Community Development Director will be responsible for approving or denying special exceptions to the Zoning Code. Appeals are available per Zoning Code section 547.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- The proposed Zoning Code amendments are in alignment with the City's Comprehensive Plan's goals and policies. Examples include:
 - Maintain and enhance the "urban hometown" character of Richfield.
 - Develop identifiable nodes, corridors and gateways throughout Richfield.
 - Improve pedestrian and bicycle travel in the City.
 - Establish a land use pattern and supporting infrastructure that preserves and enhances the ability of residents to make personal connections in their neighborhoods.
 - Maintain and provide quality amenities and a safe living environment.
 - Improve gateways to create a visual means of welcoming people to the City.
 - Embrace the City's Complete Streets Policy.

C. CRITICAL TIMING ISSUES:

None.

D. FINANCIAL IMPACT:

None.

E. LEGAL CONSIDERATION:

- Notice of the public hearing was published in the Sun Current newspaper as required on July 14, 2022.
- With one minor change, the Commission voted (5-1) to recommend approval of the ordinance.
- A second reading of the proposed ordinance is scheduled for consideration by the City Council on September 13.

ALTERNATIVE RECOMMENDATION(S):

- Recommend approval of the first reading of an ordinance amendment with additional and/or modified stipulations.
- Recommend denial of the first treading of an ordinance amendment with a finding that the proposal does not meet City requirements.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

Description

Type

BILL NO. _____

**AN ORDINANCE AMENDMENT MODIFYING THE ZONING CODE
IN RELATION TO FENCES WALLS AND HEDGES**

THE CITY OF RICHFIELD DOES ORDAIN:

Section 1. Subsection 509.15, "Fences, Walls and hedges"; Subsection 547, "Administration"; and Appendix D, "License, Permit and Miscellaneous Fees", of the Richfield Zoning Code, is hereby amended to read as follows:

509.15. - Fences, walls, and hedges.

Subdivision 1. General rule. A fence, wall, or hedge may occupy a lot as provided in this subsection.

Subd. 2. Definitions.

- a) "Hedge." A row of shrubbery which forms or is intended to form a barrier.
- b) "Wall." This term includes retaining walls, freestanding walls, and decorative or privacy walls.
- c) "Height of fence." Fence height is measured to include the body of the fence, plus allowing a maximum of six (6) inches (on average between posts) above the natural grade (i.e., for drainage purposes). Fence posts are permitted to extend a maximum of six (6) inches above the body of the fence.

(Amended, Bill No. 2014-4)

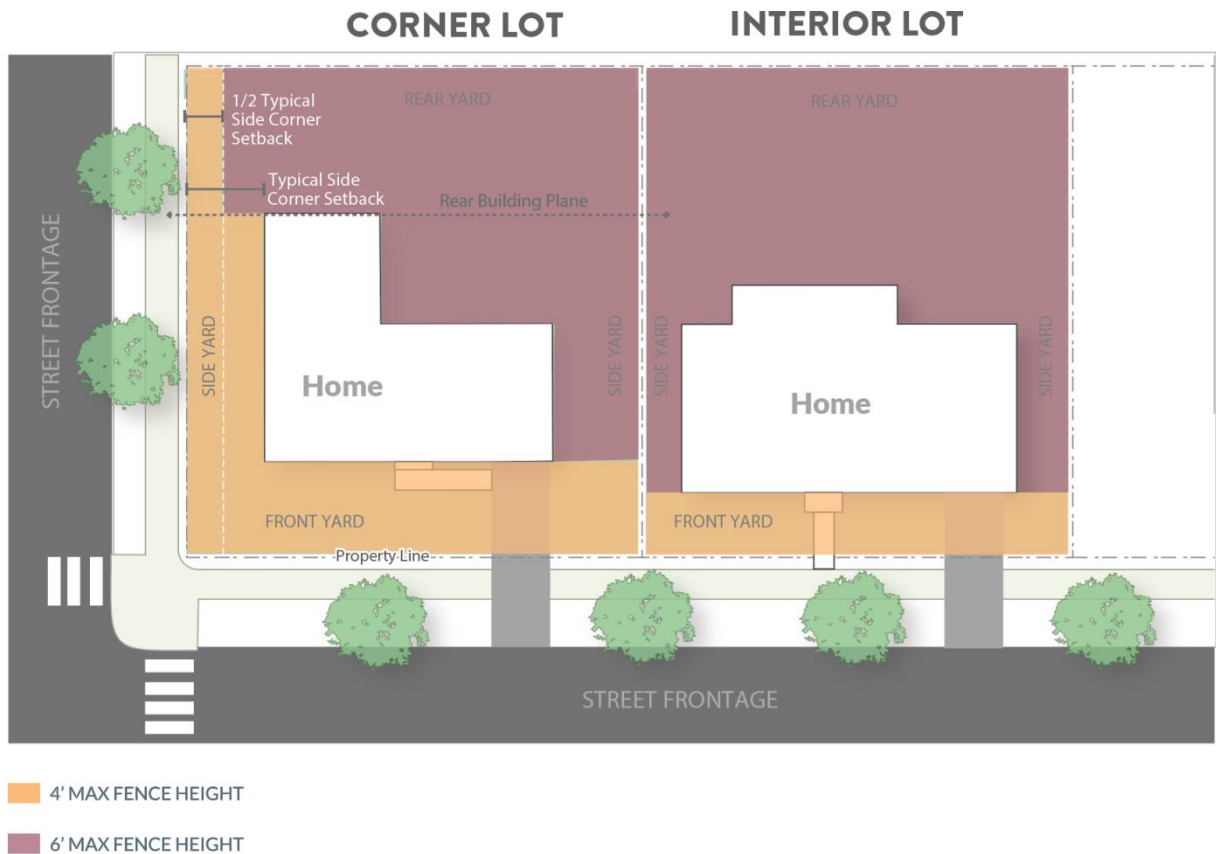
Subd. 3 General Provisions

- a) **All fences, walls, and hedges shall be maintained and kept safe and in a state of good repair.**
- b) **Fences and walls erected shall be erected with the finished side facing away from the center of the property.**
- c) **Provisions shall be made for gates or openings to provide access maintenance where necessary, such as through lots.**

Subd. ~~34~~. Height.

- a) No fence, wall, or hedge more than four (4) feet in height shall be constructed or permitted to grow forward of the front line of the principal building extended to the side lot lines;
- b) **On corner lots, fences located in the required side yard shall not exceed four (4) feet in height. The fence height may be increased to six (6) feet behind the rear plane of the principal building at a point halfway between the property line and the required corner side setback.**
- c) No fence or wall more than six (6) feet in height shall be constructed elsewhere on the lot; ~~except that in "C-2" and "I" districts the maximum height shall be eight (8) feet. A building permit shall be required for fences and walls over six (6) feet in height; and~~
- d) Whenever a fence and wall are used in combination, or placed upon a berm, the combined height shall not exceed the permitted heights outlined in the paragraphs ~~a) and b)~~ above. For

the purposes of this clause, fences placed within three (3) feet of a berm or wall shall be considered to be used "in combination" with said berm or wall (Amended, Bill No. 2011-13).



Subd. 45. Corner lots. Fences, walls, and hedges located on any corner lot are subject to the traffic visibility requirements described in subsection 925.01 of the City Code.

Subd. 56. Setback requirement. Fences, walls, and hedges located along a right-of-way which contains a public sidewalk, or located along a street or alley, shall be set back not less than three (3) feet from the nearest edge of such sidewalk, street, or alley.

Subd. 67. Prohibitions. Barbed wire and electric wire fences are prohibited in all districts. Fences shall not be constructed from chicken wire, welded wire, branches, or materials originally intended for other purposes, unless a showing of a high degree of architectural quality is achieved through the use of such, and prior approval is granted by the Director.

Subd. 78. Chain link. Chain link fences shall have a top rail and the barbed ends shall be toward the ground. Inserts or slats woven through such fences shall be kept in a good state of repair.

Subd. 89. Posts. Posts and stringers on any fence located at or near the lot line shall be on the inside of the fenced area unless designed as an integral part of the fence. Posts for wooden fences shall be spaced at intervals not to exceed eight (8) feet. Posts for chain link fences shall be spaced at intervals not to exceed ten (10) feet. (Amended, Bill No. 1999-3)

Subd. 910. Construction and maintenance. Fences and walls shall be constructed of durable, weather resistant materials that are properly anchored. All fences and walls shall be maintained in a condition of reasonable repair and shall not be allowed to become and remain in a condition of disrepair, danger, or constitute a nuisance.

Subd. 1011. Required screening. Any fence or wall required as a screening device shall be constructed of decay resistant materials that provide screening to the extent required by this Code. (Amended, Bill No. 2011-13)

Subd. 1112. Certain structures. Fences and walls legally existing on or before March 20, 1982, may continue to exist and to be repaired and maintained.

Subd. 12. Special Fence Exception. The Director may consider a special fence exception to the restrictions of Section 509.15 in instances where:

- a) On a through lot, where the proposed fence or wall does not affect the continuity of neighboring front yards.
- b) Whether the size, configuration or other unusual characteristics of the lot requires an exception from the zoning requirements in order to provide a reasonable enclosed area without creating significant harm to adjacent properties or the neighborhood.
- c) The review process for the special fence exception request shall follow the procedure detailed in Section 547.19.

Section 547 – ADMINISTRATION

547.19 – Special Fence Exception

Subdivision 1. Purpose. The purpose and intent for allowing a special exception of fence restrictions applies to through lots that possess unique and special circumstances that make it impractical to meet the zoning requirements.

Subd. 2. Application. An application for a special fence exception shall be made to the Director on forms provided by the City. The Director or staff will determine if an application is deemed complete. Submitted applications shall be accompanied by the following:

- a) Evidence of ownership or an interest in the property;
- b) Accurate legal description;
- c) One (1) full-size legible plan regarding the following aspects of the project (All submitted plans shall be signed by a registered architect, civil engineer, landscape architect, or other appropriate design professional):
 - a. Boundary survey with existing conditions; and
 - b. Site plan or landscaping plan with proposed improvements.

Section 5. This Ordinance is effective in accordance with Section 3.09 of the Richfield City Charter.

Passed by the City Council of the City of Richfield, Minnesota this 13 day of September, 2022.

Maria Regan Gonzalez, Mayor

ATTEST:

Kari Sinning, City Clerk

DRAFT

Subd. 3. General criteria and standards for review. In evaluating an application, staff or the Director shall consider its complaint with the following:

- a) **Consistency with the various elements and objectives of the City's long range plans, including, but not limited to, the Comprehensive Plan;**
- b) **Consistency with the purposes of this Code;**
- c) **Demonstrates unique and special circumstances that make it impractical to meet the fence requirements described in 509.15.**
- d) **Does not create significant harm to adjacent properties or the neighborhood.**
- e) **Preservation of the site in its natural state, insofar as practicable, by minimizing tree and soil removal, and designing any grade changes so as to be in keeping with the general appearance of neighboring developed or developing areas.**

Subd. 4. Fee. The fee for a special fence exception is set by Appendix D of the City Code.

Subd. 5. Decision. The Director may approve or disapprove a special fence exception application as submitted or may require that the applicant modify, alter, adjust, or amend the proposal.

Appendix D – License, Permit and Miscellaneous Fees

ZONING, LAND USE AND RELATED CHARGES

Type of Permit or License	Section Requiring	Description	Fee
<u>(17) Special Exception Review for Fences or Walls</u>	<u>509.15 Subd. 13</u>	<u>A special fence exception may be issued to the restrictions of Section 509.15 for corner lots or through lots.</u>	<u>\$250.00</u>



STAFF REPORT NO. 111
CITY COUNCIL MEETING
8/10/2022

REPORT PREPARED BY: Scott Kulzer, Administrative Aide/Analyst

DEPARTMENT DIRECTOR REVIEW: Kristin Asher, Public Works Director
8/2/2022

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Katie Rodriguez, City Manager

ITEM FOR COUNCIL CONSIDERATION:

Consider adoption of a resolution authorizing the City of Richfield to accept grant funds in the amount of \$10,000 and enter into a Source Water Protection Grant Agreement (SWIFT Contract Number 214643) with Minnesota Department of Health (MDH) to upgrade security system infrastructure at the Water Treatment Plant and Well Houses.

EXECUTIVE SUMMARY:

In April 2022, the City of Richfield applied for and was awarded a Source Water Protection Grant in the amount of \$10,000 to assist the City with the full replacement of security system infrastructure (e.g. cameras, switches, transmitters, connectivity, software) at the well houses and Water Treatment Plant. A camera is stationed at each well house and monitors the immediate area and access doors. The video feed is brought back to the water treatment plant control room where the switch and security software/center are managed. The current security systems in place are past their useful life lifespans and due for replacement.

RECOMMENDED ACTION:

By motion: Approve the resolution authorizing the City of Richfield to accept grant funds in the amount of \$10,000 and enter into a Source Water Protection Grant Agreement (SWIFT Contract Number 214643) with MDH to upgrade security system infrastructure at the Water Treatment Plant and Well Houses.

BASIS OF RECOMMENDATION:

A. **HISTORICAL CONTEXT**

See executive summary.

B. **POLICIES (resolutions, ordinances, regulations, statutes, etc):**

Minnesota Statute 465.03 requires every acceptance of a grant or devise of real or personal property on terms prescribed by donor be made by resolution and adopted by two-thirds majority of the City Council.

C. **CRITICAL TIMING ISSUES:**

- The effective date of the grant agreement is July 15, 2022 or the date all signatures are authorized and obtained by MDH.

- The expiration date of the grant agreement is August 31, 2023, or once all obligations have been fulfilled to the satisfaction of MDH, whichever occurs first.

D. FINANCIAL IMPACT:

- The anticipated total cost for the project is \$31,314.00.
- The cost share for the City would be \$21,314.00, after accounting for the \$10,000 SWP grant.
- The City's cost share funds are accounted for in the Public Works Water Utility budget and are intended to be used for this project.

E. LEGAL CONSIDERATION:

The City attorney has reviewed the grant agreement and will be available to answer questions.

ALTERNATIVE RECOMMENDATION(S):

None

PRINCIPAL PARTIES EXPECTED AT MEETING:

None

ATTACHMENTS:

Description	Type
□ Resolution	Resolution Letter
□ SWP Grant Agreement	Contract/Agreement

RESOLUTION NO.

RESOLUTION AUTHORIZING THE CITY OF RICHFIELD TO ACCEPT GRANT FUNDS IN THE AMOUNT OF \$10,000 AND ENTER INTO A SOURCE WATER PROTECTION GRANT AGREEMENT (SWIFT CONTRACT NUMBER 214643) WITH MINNESOTA DEPARTMENT OF HEALTH TO UPGRADE SECURITY SYSTEM INFRASTRUCTURE AT THE WATER TREATMENT PLANT AND WELL HOUSES

WHEREAS, the Richfield Public Works Department has applied for and been awarded a Source Water Protection Grant in the amount of \$10,000; and

WHEREAS, the City intends to use these funds to upgrade security system infrastructure at the Water Treatment Plant and Well Houses; and

WHEREAS, Minnesota Statutes section 465.03 requires every acceptance of a grant or devise of real or personal property on terms prescribed by the donor be made by resolution adopted by a two-thirds majority of the City Council.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Richfield, Minnesota, as follows:

1. That the City Council of the City of Richfield hereby authorizes the Mayor and City Manager to enter into the Source Water Protection Grant Agreement (SWIFT Contract Number 214643) with Minnesota Department of Health in the amount of \$10,000.
2. Appropriate City personnel are authorized to administer the funds in accordance with the grant agreement and terms described by the Minnesota Department of Health.

Adopted by the City Council of the City of Richfield, Minnesota this 10th day of August, 2022.

Maria Regan Gonzalez, Mayor

ATTEST:

Kari Sinning, City Clerk



DEPARTMENT
OF HEALTH

Encumbrance Worksheet G

Supplier Name & Doing Business As (D/B/A when applicable): City of Richfield		Supplier Number: 0000197711		Supplier Location Code: 001	
Supplier Address: 6700 Portland Avenue S., Richfield, MN 55423		Supplier Remit-to Address (if different):			
Requestor's Name & Employee ID#: (required by SWIFT): Eddie Wojski / 01128746		Certified TG/ED/VO Supplier: <input type="checkbox"/> Yes <input type="checkbox"/> No			
Starting State Fiscal Year:	2023	Amount of Original Agreement:		\$10,000.00	
Agreement Start Date:	7/15/2022	Amount of Original + ALL Previous Amendments:			
Original End Date:	8/31/2023	Amount of this Amendment ONLY:			
Amended End Date:		Grand Total (Original + all Amendments):		\$10,000.00	
Select Amendment Type:	Language Only <input type="checkbox"/>	Time Only <input type="checkbox"/>	Money Only <input type="checkbox"/>	Time and Money <input type="checkbox"/>	

Special Instructions:

Does this contract contain non-public data? ☐ Yes X No

If "Yes" provide a Contract/PO description for SWIFT:

ACCOUNTING INFORMATION

State Fiscal Year 2023						
Fund	Dept ID	Appr ID	Project ID	Activity ID	Amount	Project Funding Start Date
2302	H1232127	H12158P		2127	\$10,000.00	7/1/2022
	H123	H12			\$	
	H123	H12			\$	
State Fiscal Year 202						
Fund	Dept ID	Appr ID	Project ID	Activity ID	Amount	Project Funding Start Date
	H123	H12			\$	
	H123	H12			\$	
	H123	H12			\$	
State Fiscal Year 202						
Fund	Dept ID	Appr ID	Project ID	Activity ID	Amount	Project Funding Start Date
	H123	H12			\$	
	H123	H12			\$	
	H123	H12			\$	

FINANCIAL MANAGEMENT USE ONLY

Encumbrance Signature	Charlotte Paulson	Digitally signed by Charlotte Paulson Date: 2022.06.28 14:55:24 -05'00'	Date	
Contract Number	214643		Origin Code	649
Purchase Order Number	3-94404		Source Type	N/A
Category Code	84101501		Account ID	441352

REQ:5865

Revised 1/2020



Minnesota Department of Health

Grant Agreement

This grant agreement is between the State of Minnesota, acting through its Commissioner of the Department of Health ("MDH") and City of Richfield ("Grantee"). Grantee's address is 6700 Portland Avenue S., Richfield, Minnesota 55423.

Recitals

1. MDH is empowered to enter into this grant agreement under Minn. Stat. §§ 144.05 and 144.0742 along with §114D.50 Clean Water Fund.
2. MDH is in need of assisting public water suppliers to protect the source of drinking water.
3. The vision of MDH is for health equity in Minnesota, where all communities are thriving and all people have what they need to be healthy. Health equity is achieved when every person has the opportunity to attain their health potential. Grantee agrees, where applicable, to perform its work with advancing health equity as a goal.
4. Grantee represents that it is duly qualified and will perform all the duties described in this grant agreement to the satisfaction of MDH. Grantee agrees to minimize administrative costs as a condition of this grant agreement pursuant to Minn. Stat. § 16B.98, subd 1.

Grant Agreement

1. Term of Agreement

1.1. *Effective Date*

July 15, 2022, or the date MDH obtains all required signatures under Minn. Stat. § 16B.98, subd. 5, whichever is later. Per Minn. Stat. § 16B.98, subd 7, no payments will be made to the Grantee until this grant agreement is fully executed. Grantee must not begin work until this grant agreement is fully executed and MDH's Authorized Representative has notified Grantee that work may commence.

1.2. *Expiration Date*

August 31, 2023, or until all obligations have been fulfilled to the satisfaction of MDH, whichever occurs first.

1.3. *Survival of Terms*

The following clauses survive the expiration or cancellation of this grant agreement: Liability; State Audits; Government Data Practices and Data Disclosure; Ownership of Equipment; Intellectual Property; Publicity and Endorsement; and Governing Law, Jurisdiction, and Venue.



2. Grantee's Duties

Grantee, who is not a state employee, shall:

- 2.1 Fully replace security system infrastructure (cameras, switches, transmitters, connectivity, and software).
- 2.2 Grantee agrees that work shall take place only in the MDH approved Drinking Water Supply Management Area (DWSMA). Grantee will be reimbursed only for work that takes place in the DWSMA.
- 2.3 Grantee shall use the Clean Water Land and Legacy Amendment logo provided by MDH on all materials purchased or produced under this Grant Agreement (equipment, reports to the public, publications, displays, videos). Failure to display the logo may render the Grantee ineligible for reimbursement.
- 2.4 Grantee shall pay in full any licensed contractor or consultant hired for the purpose of completing any work under this Grant Agreement.
- 2.5 Upon completion of the project, Grantee shall complete and submit an itemized Grant Invoice and a Grant Narrative Report to MDH SWP Grant Coordinator. The Grant Narrative Report and the Grant Invoice shall be due no later than the expiration day of this Grant Agreement.
- 2.6 On or before the end date of this Agreement, the Grantee shall provide MDH with one electronic copy of all final products produced under this Grant Agreement, including reports, publications, software and videos. If required by the nature of the project, data collected during the project shall be reported in a format acceptable to MDH.
- 2.7 In the event the Grantee is unable to satisfactorily complete all the duties specified in this grant agreement, the Grantee will forfeit payment. A Grantee who has not satisfactorily fulfilled the grant obligations, including but not limited to paying the contractor in full for all work performed by the contractor, will be denied participation in the next grant cycle.

3. Time

Grantee is required to perform all of the duties stated in this grant agreement, and any incorporated exhibits, within the grant agreement period. MDH is not obligated to extend the grant agreement period. Failure to meet a deadline may be a basis for a determination by MDH's Authorized Representative that Grantee has not complied with the terms of the grant agreement.

4. Consideration and Payment

4.1. *Consideration*

MDH will compensate for all services performed by Grantee under this grant agreement as follows:

**4.1.1. Compensation.**

Compensation will be paid according to the following breakdown of costs:

Activity Summary	Grant Amount	Cost Share
Full replacement of security system infrastructure (cameras, switches, transmitters, connectivity, software)	\$10,000.00	\$10,000.00
Total	\$10,000.00	\$10,000.00

The following cost are not eligible and will be deducted from the final invoice, before reimbursement.

- Permitting fees payable to MDH (i.e. well construction fee; well sealing fee)
- Pressure tanks are grant eligible, as part of a new well construction and pump system project. The pressure tank must be appropriately sized for the pump being proposed for the new well and not sized for additional water storage. Pressure tank designed to serve the purpose of water storage, as well as the replacement or maintenance of pressure tanks, remains ineligible for grant reimbursement.
- Water lines may be reimbursed only from the well to the pressure tank or to the building, whichever comes first.

4.1.2. Travel Expenses

Grantee will be reimbursed for travel and subsistence expenses in the same manner and in no greater amount than provided in the current "Commissioner's Plan" promulgated by the Commissioner of Minnesota Management and Budget ("MMB"), or at the Grantee's established rate, whichever is lower, at the time travel occurred. Grantee will not be reimbursed for travel and subsistence expenses incurred outside Minnesota unless Grantee has received MDH's prior written approval for out of state travel. Minnesota will be considered the home state for determining whether travel is out of state.

4.1.3. Budget Modifications

Modifications greater than 10 percent of any budget line item in the most recently approved budget (as listed in 4.1.1) requires prior written approval from MDH and must be indicated on submitted reports. Failure to obtain prior written approval for modifications greater than 10 percent of any budget line item may result in denial of modification request, loss of funds, or both. Modifications equal to or less than 10 percent of any budget line item are permitted without prior approval from MDH provided that such modification is indicated on submitted reports and that the total obligation of MDH for all compensation and reimbursements to Grantee shall not exceed the total obligation listed in 4.1.4.

4.1.4. Total Obligation



The total obligation of MDH for all compensation and reimbursements to Grantee under this grant agreement will not exceed \$10,000.00.

4.2. Terms of Payment

4.2.1. Invoices

MDH will promptly pay Grantee after Grantee presents an itemized invoice for the services actually performed and MDH's Authorized Representative accepts the invoiced services. Invoices must be submitted in a timely fashion and according to the following schedule: Upon completion of the services.

Grantee shall email invoice to: health.swpgrants@state.mn.us

Or mail to:

Eddie Wojski
SWP Grant Coordinator
Minnesota Department of Health
PO Box 64975
St. Paul, MN 55164-0975

4.2.2 Matching Requirements/Cost Share

Grantee certifies that the following matching requirement, for the grant will be met by Grantee:

By submitting an invoice for the total cost of the project, Grantee certifies that the cost share requirement of \$10,000.00 has been met.

If the total cost of the project ends up being less than \$20,000.00, Grantee agrees to contribute a minimum cost share of 50% of the total cost of the project.

4.3. Contracting and Bidding Requirements

4.3.1. Municipalities

A grantee that is a municipality, as defined in Minn. Stat. § 471.345, subd. 1, is subject to the contracting requirements set forth under Minn. Stat. § 471.345. Projects that involve construction work are subject to the applicable prevailing wage laws, including those under Minn. Stat. § 177.41, et. seq.

4.3.2. Non-municipalities

Grantees that are not municipalities must adhere to the following standards in the event that duties assigned to Grantee are to be subcontracted out to a third party:

- I. Any services or materials that are expected to cost \$100,000 or more must undergo a formal notice and bidding process consistent with the standards set forth under Minn. Stat. ch. 16B.



- ii. Services or materials that are expected to cost between \$25,000 and \$99,999 must be competitively awarded based on a minimum of three verbal quotes or bids.
- iii. Services or materials that are expected to cost between \$10,000 and \$24,999 must be competitively awarded based on a minimum of two verbal quotes or bids or awarded to a targeted vendor.
- iv. Grantee must take all necessary affirmative steps to assure that targeted vendors from businesses with active certifications through the following entities are used when possible:
 - 1) Minnesota Department of Administration's Certified Targeted Group, Economically Disadvantaged and Veteran-Owned Vendor List (<http://www.mmd.admin.state.mn.us/process/search/>);
 - 2) Metropolitan Council's Targeted Vendor list: Minnesota Unified Certification Program (<https://mnucp.metc.state.mn.us/>); or
 - 3) Small Business Certification Program through Hennepin County, Ramsey County, and City of St. Paul: Central Certification Program (<https://www.stpaul.gov/departments/human-rights-equal-economic-opportunity/contract-compliance-business-development/central>).
- v. Grantee must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, awarding and administration of contracts.
- vi. Grantee must maintain support documentation of the purchasing or bidding process utilized to contract services in their financial records, including support documentation justifying a single/sole source bid, if applicable.
- vii. Notwithstanding parts (i) through (iv) above, MDH may waive the formal bidding process requirements when:
 - Vendors included in response to a competitive grant request for proposal process were approved and incorporated as an approved work plan for the grant agreement or
 - There is only one legitimate or practical source for such materials or services and Grantee has established that the vendor is charging a fair and reasonable price.
- viii. Projects that involve construction work of \$25,000 or more, are subject to applicable prevailing wage laws, including those under Minn. Stat. §§ 177.41 through 177.44.



- ix. Grantee must not contract with vendors who are suspended or debarred in Minnesota. The list of debarred vendors is available at:
<http://www.mmd.admin.state.mn.us/debarredreport.asp>.

5. Conditions of Payment

All services provided by Grantee pursuant to this grant agreement must be performed to the satisfaction of MDH, as determined in the sole discretion of its Authorized Representative. Further, all services provided by Grantee must be in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. Requirements of receiving grant funds may include, but are not limited to: financial reconciliations of payments to Grantees, site visits of Grantee, programmatic monitoring of work performed by Grantee, and program evaluation. Grantee will not be paid for work that MDH deems unsatisfactory, or performed in violation of federal, state, or local law, ordinance, rule, or regulation.

6. Authorized Representatives

6.1. MDH's Authorized Representative

MDH's Authorized Representative for purposes of administering this grant agreement is Eddie Wojski, SWP Grant Coordinator, 625 Robert Street N., PO Box 64975, St. Paul, MN 55164-0975, 651-201-4576, eddie.wojski@state.mn.us, or their successor, and has the responsibility to monitor Grantee's performance and the final authority to accept the services provided under this grant agreement. If the services are satisfactory, MDH's Authorized Representative will certify acceptance on each invoice submitted for payment.

6.2. Grantee's Authorized Representative

Grantee's Authorized Representative is Chad Donnelly, Assistant Utility Superintendent, 6700 Portland Avenue S., Richfield, MN 55423, 612-861-9798, and cdonnelly@richfieldmn.gov, or their successor. Grantee's Authorized Representative has full authority to represent Grantee in fulfillment of the terms, conditions, and requirements of this grant agreement. If Grantee selects a new Authorized Representative at any time during this grant agreement, Grantee must immediately notify MDH's Authorized Representative in writing, via e-mail or letter.

7. Assignment, Amendments, Waiver, and Grant Agreement Complete

7.1. Assignment

Grantee shall neither assign nor transfer any rights or obligations under this grant agreement without the prior written consent of MDH.

7.2. Amendments

If there are any amendments to this grant agreement, they must be in writing. Amendments will not be effective until they have been executed and approved by MDH and Grantee.

7.3. Waiver

If MDH fails to enforce any provision of this grant agreement, that failure does not waive the provision or MDH's right to enforce it.

**7.4. Grant Agreement Complete**

This grant agreement, and any incorporated exhibits, contains all the negotiations and agreements between MDH and Grantee. No other understanding regarding this grant agreement, whether written or oral, may be used to bind either party.

8. Liability

Grantee must indemnify and hold harmless MDH, its agents, and employees from all claims or causes of action, including attorneys' fees incurred by MDH, arising from the performance of this agreement by Grantee or Grantee's agents or employees. This clause will not be construed to bar any legal remedies Grantee may have for MDH's failure to fulfill its obligations under this grant agreement. Nothing in this clause may be construed as a waiver by Grantee of any immunities or limitations of liability to which Grantee may be entitled pursuant to Minn. Stat. ch. 466, or any other statute or law.

9. State Audits

The relevant books, records, documents, and accounting procedures and practices of Grantee and any other party are subject to examination under Minn. Stat. § 16B.98, subd. 8, by MDH and the Minnesota State Auditor or the Minnesota Legislative Auditor, as appropriate, for a minimum of six years from the end of this grant agreement, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

10. Government Data Practices and Data Disclosure**10.1. Government Data Practices**

Grantee and MDH must comply with the Minnesota Government Data Practices Act, Minn. Stat. ch. 13, as it applies to all data provided by MDH under this grant agreement, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by Grantee under this agreement pursuant to Minn. Stat. § 13.05, subd. 11(a). The civil remedies of Minn. Stat. § 13.08 apply to the release of the data referred to in this clause by either Grantee or MDH. If Grantee receives a request to release the data referred to in this clause, Grantee must immediately notify MDH. MDH will give Grantee instructions concerning the release of the data to the requesting party before any data is released. Grantee's response to the request must comply with the applicable law.

10.2. Data Disclosure

Grantee consents to disclosure of its social security number, federal employee tax identification number, or Minnesota tax identification number--which may have already been provided to MDH--to federal and state tax agencies and state personnel involved in the payment of state obligations pursuant to Minn. Stat. § 270C.65, subd. 3, and all other applicable laws. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring Grantee to file state tax returns and pay delinquent state tax liabilities, if any.

11. Ownership of Equipment

MDH shall have the right to require transfer of all equipment purchased with grant funds (including title) to MDH or to an eligible non-State party named by MDH. This right will normally be exercised



by MDH only if the project or program for which the equipment was acquired is transferred from one grantee to another.

12. Ownership of Materials and Intellectual Property Rights

12.1. *Ownership of Materials*

Grantee shall own all rights, title, and interest in all of the materials conceived, created, or otherwise arising out of the performance of this grant agreement by it, its employees, or subgrantees, either individually or jointly with others. For the purpose of this grant agreement, "Materials" includes any inventions, reports, studies, designs, drawings, specifications, notes, documents, software, computer-based training modules, and other recorded materials in whatever form.

Grantee hereby grants to MDH a perpetual, irrevocable, no-fee license and right to reproduce, modify, distribute, perform, make, have made, and otherwise use the Materials for any and all purposes, in all forms and manners that MDH, in its sole discretion, deems appropriate. Grantee shall, upon the request of MDH, execute all papers and perform all other acts necessary to document and secure this right and license to the Materials by MDH. At the request of MDH, Grantee shall permit MDH to inspect the original Materials and provide a copy of any of the Materials to MDH, without cost, for use by MDH in any manner MDH, in its sole discretion, deems appropriate.

12.2. *Intellectual Property Rights*

Grantee represents and warrants that materials produced or used under this grant agreement do not and will not infringe upon any intellectual property rights of another including but not limited to patents, copyrights, trade secrets, trade names, and service marks and names. Grantee shall indemnify and defend MDH, at Grantee's expense, from any action or claim brought against MDH to the extent that it is based on a claim that all or parts of the materials infringe upon the intellectual property rights of another. Grantee shall be responsible for payment of any and all such claims, demands, obligations, liabilities, costs, and damages including, but not limited to, reasonable attorney fees arising out of this grant agreement, amendments and supplements thereto, which are attributable to such claims or actions. If such a claim or action arises or in Grantee's or MDH's opinion is likely to arise, Grantee shall at MDH's discretion either procure for MDH the right or license to continue using the materials at issue or replace or modify the allegedly infringing materials. This remedy shall be in addition to and shall not be exclusive of other remedies provided by law.

13. Workers' Compensation

Grantee certifies that it is in compliance with Minn. Stat. § 176.181, subd. 2, which pertains to workers' compensation insurance coverage. Grantee's employees and agents, and any contractor hired by Grantee to perform the work required by this grant agreement and its employees, will not be considered State employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees, and any claims made by any third party as a consequence of any act or omission on the part of these employees, are in no way MDH's obligation or responsibility.



14. Publicity and Endorsement

14.1. *Publicity*

Any publicity given to the program, publications, or services provided resulting from this grant agreement, including, but not limited to, notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for Grantee or its employees individually or jointly with others, or any subgrantees shall identify MDH as the sponsoring agency and shall not be released without prior written approval by MDH's Authorized Representative, unless such release is a specific part of an approved work plan included in this grant agreement.

14.2. *Endorsement*

Grantee must not claim that MDH endorses its products or services.

15. Termination

15.1. *Termination by MDH or Grantee*

MDH or Grantee may cancel this grant agreement at any time, with or without cause, upon 30 days written notice to the other party.

15.2. *Termination for Cause*

If Grantee fails to comply with the provisions of this grant agreement, MDH may terminate this grant agreement without prejudice to the right of MDH to recover any money previously paid. The termination shall be effective five business days after MDH mails, by certified mail, return receipt requested, written notice of termination to Grantee at its last known address.

15.3. *Termination for Insufficient Funding*

MDH may immediately terminate this grant agreement if it does not obtain funding from the Minnesota Legislature or other funding source; or if funding cannot be continued at a level sufficient to allow for the payment of the work scope covered in this grant agreement. Termination must be by written or facsimile notice to Grantee. MDH is not obligated to pay for any work performed after notice and effective date of the termination. However, Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. MDH will not be assessed any penalty if this grant agreement is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. MDH must provide Grantee notice of the lack of funding within a reasonable time of MDH receiving notice of the same.

16. Governing Law, Jurisdiction, and Venue

This grant agreement, amendments and supplements to it, shall be governed by the laws of the State of Minnesota. Venue for all legal proceedings arising out of this grant agreement, or for breach thereof, shall be in the state or federal court with competent jurisdiction in Ramsey County, Minnesota.

17. Clerical Error

Notwithstanding Clause 7 of this grant agreement, MDH reserves the right to unilaterally fix clerical errors contained in the Grant Agreement without executing an amendment. Grantee will be informed of errors that have been fixed pursuant to this paragraph.



18. Lobbying

- 18.1. Grantee must ensure that grant funds are not used for lobbying, which includes paying or compensating any person for influencing or attempting to influence legislators or other public officials on behalf or against proposed legislation, in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, or the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- 18.2. In accordance with the provisions of 31 USC § 1352, if Grantee uses any funds other than federal funds from MDH to conduct any of the aforementioned activities, Grantee must complete and submit to MDH the disclosure form specified by MDH. Further, Grantee must include the language of this section in all contracts and subcontracts, and all contractors and subcontractors must comply accordingly.
- 18.3. Providing education about the importance of policies as a public health strategy, however, is allowed. Education includes providing facts, assessment of data, reports, program descriptions, and information about budget issues and population impacts, but stopping short of making a recommendation on a specific piece of legislation. Education may be provided to legislators, public policy makers, other decision makers, specific stakeholders, and the general community.
- 18.4. By signing this grant agreement, Grantee certifies that it will not use any funds received from MDH to employ, contract with, or otherwise coordinate the efforts of a lobbyist, as defined in Minn. Stat. § 10A.01, subd. 21. This requirement also applies to any subcontractors or subgrantees that Grantee may engage for any activities pertinent to this grant.

19. Other Provisions

19.1. *Voter Registration Requirement*

Grantee will comply with Minn. Stat. § 201.162 by providing voter registration services for its employees and for the public served by the grantee.

[Signatures on following page]

APPROVED:

1. State Encumbrance Verification

Individual certifies that funds have been encumbered as required by Minn. Stat. §§ 16A.15 and 16C.05.

Signature: _____

SWIFT Contract & Initial PO: _____

2. Grantee

Grantee certifies that the appropriate persons(s) have executed the grant agreement on behalf of Grantee as required by applicable articles, bylaws, resolutions, or ordinances.

Signature: _____

Title: _____

Date: _____

Signature: _____

Title: _____

Date: _____

Signature: _____

Title: _____

Date: _____

Signature: _____

Title: _____

Date: _____

3. Minnesota Department of Health

Grant agreement approval and certification that State funds have been encumbered as required by Minn. Stat. §§ 16A.15 and 16C.05.

Signature:
(with delegated authority) _____

Title: _____

Date: _____

Distribution:

All parties on the DocuSign envelope will receive a copy of the fully executed grant agreement.



STAFF REPORT NO. 112
CITY COUNCIL MEETING
8/10/2022

REPORT PREPARED BY: Sack Thongvanh, Assistant City Manager

DEPARTMENT DIRECTOR REVIEW:

OTHER DEPARTMENT REVIEW: Kari Sinning, City Clerk

CITY MANAGER REVIEW: Katie Rodriguez, City Manager
8/3/2022

ITEM FOR COUNCIL CONSIDERATION:

Consider the approval of a resolution appointing Assistant City Manager Sack Thongvanh as the City's Director Representative on the Local Government Information Systems (LOGIS) Board of Directors.

EXECUTIVE SUMMARY:

LOGIS is a Joint Powers, intergovernmental consortium of Minnesota local government units. It offers computer applications for a variety of municipal functions. Richfield has been a full participating member since 2002.

The LOGIS consortium is governed by its members. Each member appoints a director and an alternate director to be on the LOGIS Board of Directors. The Board which governs LOGIS is made up of a variety of member city and county professionals from police chiefs to city managers to finance directors. The Board then elects a five-member executive committee. The Executive Committee, which has fiduciary authority and responsibility, establishes operating policies, sets service charges and approves expenditures.

RECOMMENDED ACTION:

By Motion: Approve a resolution appointing Assistant City Manager Sack Thongvanh as City's Director Representative on the Local Government Information System (LOGIS) Board of Directors

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- The City has been an associate member since 1996 and a full participating member since 2002.
- IT Manager, Jane Skov, currently serves as the City's Alternate Director on the LOGIS board.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

None

C. CRITICAL TIMING ISSUES:

Open seat needs to be filled.

D. FINANCIAL IMPACT:

None

E. LEGAL CONSIDERATION:

None

ALTERNATIVE RECOMMENDATION(S):

None

PRINCIPAL PARTIES EXPECTED AT MEETING:

ATTACHMENTS:

Description	Type
▣ Resolution - Appointment of Assistant City Manager as the City's Director on the LOGIS Board of Directors	Cover Memo

RESOLUTION NO.

**RESOLUTION AUTHORIZING THE APPOINTMENT OF THE ASSISTANT
CITY MANAGER AS THE CITY'S DIRECTOR REPRESENTATIVE ON THE
LOGIS BOARD OF DIRECTORS**

WHEREAS, the City of Richfield is currently a full participating member of the Local Government Information Systems (LOGIS) consortium; and

WHEREAS, due to a staff changes, the City of Richfield needs to appoint a new City's Director Representative to the LOGIS Board of Directors.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Richfield, Minnesota, that:

1. Sack Thongvanh, Assistant City Manager is appointed as the City's Director Representative to the LOGIS Board of Directors.

Approved by the City Council of the City of Richfield, Minnesota this 10th day of August, 2022.

Maria Regan Gonzalez, Mayor

ATTEST:

Kari Sinning, City Clerk



STAFF REPORT NO. 113
CITY COUNCIL MEETING
8/10/2022

REPORT PREPARED BY: Julie Urban, Asst. Community Development Director

DEPARTMENT DIRECTOR REVIEW: Julie Urban, Acting Community Development Director
8/2/2022

OTHER DEPARTMENT REVIEW: N/A

CITY MANAGER REVIEW: Katie Rodriguez, City Manager
8/3/2022

ITEM FOR COUNCIL CONSIDERATION:

Consider the adoption of a resolution supporting a Livable Communities Act Transit Oriented Development grant application to the Metropolitan Council for the proposed "Veterans Village" development by the American Legion Post 435 at 6501 Portland Avenue.

EXECUTIVE SUMMARY:

The American Legion Post 435 is seeking to redevelop their existing site at 6501 Portland Avenue with a "Veterans Village," which will include up to 190 units of mixed-income, multi-family housing, restaurant space, Legion offices, and banquet/community space. The Legion is proposing to submit a request for a Livable Communities Act (LCA) Transit Oriented Development (TOD) grant to help finance the project.

LCA grants help communities achieve development goals that create more housing choice, support living wage job creation, and connect jobs, housing, and regional amenities to create a more equitable region. LCA TOD grants are focused on high density projects that contribute to a mix of uses in TOD-eligible areas, which include areas along light rail, commuter rail, bus rapid transit, and high frequency bus corridors.

Applications are due on August 15, 2022, and a resolution of support from the City is required with the application.

RECOMMENDED ACTION:

By motion: Adopt a resolution supporting the submittal of an application to the Metropolitan Council for a Livable Communities Act Transit Oriented Development grant to support the proposed "Veterans Village" development by the American Legion Post 435 at 6501 Portland Avenue.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

- In 2021, the City underwent a visioning process for the area surrounding Veterans Park, including the American Legion site. The Council adopted an overlay district, guiding development of the area in ways that complement the Park and its facilities.
- The American Legion presented their development concept for the site at a work session on April 26, 2022.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- The Metropolitan Council requires the City to be the applicant and to submit a resolution in support of the grant application.
- It is the City's policy to seek grant funding when available and as appropriate.

C. CRITICAL TIMING ISSUES:

- The grant application is due August 15, 2022, and a resolution of support needs to be submitted as part of the application.
- Approval of the application would be awarded in December.
- Funds must be expended within three years of the grant award.

D. FINANCIAL IMPACT:

- Funding would be provided by the Metropolitan Council.
- Community Development has the staff capacity to help prepare the application and administer the grant, if awarded funds.

E. LEGAL CONSIDERATION:

- The City will be required to enter into a grant agreement with the Metropolitan Council, if funding is awarded.
- The City Attorney will review the grant agreement prior to execution.

ALTERNATIVE RECOMMENDATION(S):

Do not approve the resolution.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

Description	Type
□ Resolution	Resolution Letter

RESOLUTION NO.

RESOLUTION IDENTIFYING THE NEED FOR LIVABLE COMMUNITIES TRANSIT ORIENTED DEVELOPMENT FUNDING AND AUTHORIZING APPLICATION FOR GRANT FUNDS

WHEREAS, the City of Richfield is a participant in the Livable Communities Act's Local Housing Incentives Account Program for 2022 as determined by the Metropolitan Council, and is therefore eligible to apply for Livable Communities Act Transit Oriented Development (TOD) grant funds; and

WHEREAS, the City has identified a proposed project within the City that meets the Transit Oriented Development Account purposes and criteria and is consistent with and promotes the purposes of the Metropolitan Livable Communities Act and the policies of the Metropolitan Council's adopted metropolitan development guide; and

WHEREAS, the City has the institutional, managerial and financial capability to ensure adequate project administration; and

WHEREAS, the City certifies that it will comply with all applicable laws and regulations as stated in the grant agreement; and

WHEREAS, the City agrees to act as legal sponsor for the project contained in the grant application submitted on August 15, 2022; and

WHEREAS, the City acknowledges TOD grants are intended to fund projects or project components that can serve as models, examples or prototypes for development or redevelopment projects elsewhere in the region, and therefore represents that the proposed project can be replicated in other metropolitan-area communities; and

WHEREAS, only a limited amount of grant funding is available through the Metropolitan Council's TOD grants during each funding cycle and the Metropolitan Council has determined it is appropriate to allocate those scarce grant funds only to eligible projects that would not occur without the availability of TOD grant funding.

NOW, THEREFORE, BE IT RESOLVED

1. It is in the best interests of the City's development goals and priorities for the proposed project to occur at this particular site and at this particular time.
2. The project components for which TOD grant funding is sought will not occur solely through private or other public investment within the reasonably foreseeable future and will occur within three years after a grant award only if TOD funding is made available for this project at this time.

3. The City has undertaken reasonable and good faith efforts to procure funding for the project components for which TOD grant funding is sought but was not able to find or secure from other sources, funding that is necessary for project component completion within three years and states that this representation is based on the following reasons and supporting facts: the project requires significant funding to cover the costs of redeveloping an existing site, providing affordability for 20% of the multi-family units at 50% of the Area Median Income (AMI), support for veterans, incorporating commercial space, providing both exterior and interior community-oriented space and connections, design features that integrate the development with the adjacent community park, and increased construction costs.

Project Name	Amount Requested
American Legion Post 435 – Veterans Village	\$750,000

4. Staff is authorized to submit on behalf of the City an application for Metropolitan Council TOD grant funds for the project components identified in the application, and to execute such agreements as may be necessary to implement the project on behalf of the City.

Adopted by the City Council of the City of Richfield, Minnesota this 10th day of August, 2022.

Maria Regan Gonzalez, Mayor

ATTEST:

Kari Sinning, City Clerk



STAFF REPORT NO. 114
CITY COUNCIL MEETING
8/10/2022

REPORT PREPARED BY: Scott Kulzer, Administrative Aide/Analyst

DEPARTMENT DIRECTOR REVIEW: Kristin Asher, Public Works Director
8/2/2022

OTHER DEPARTMENT REVIEW:

CITY MANAGER REVIEW: Katie Rodriguez, City Manager
8/3/2022

ITEM FOR COUNCIL CONSIDERATION:

Consider authorizing the Mayor and City Manager to execute a cost-share/reimbursement agreement with Partnership Academy for installation of a water utility service line in advance of the City's 65th Street Reconstruction Project due to expansion of the Partnership Academy campus.

EXECUTIVE SUMMARY:

Advance Authorization Requested

- The City Attorney is working with Engineering Staff to draft the cost-share/reimbursement agreement but the final agreement is not ready at this time. Authorizing the Mayor and City Manager to execute the agreement at a future date will ensure the Partnership Academy addition construction is not delayed while the cost-share/reimbursement agreement is waiting to be formally approved by City Council.

Partnership Academy Cost-Share/Reimbursement

- The City's 65th Street Reconstruction Project includes installation of a new 6" water service from 65th St to Partnership Academy (6500 Nicollet Ave). The work is primarily within Partnership Academy property and the City has a current Waiver of Trespass to perform the work as part of the 65th Street Reconstruction Project.
- Partnership Academy is constructing a new building addition that requires relocation of the existing water main and water service on their property.
- Partnership Academy is potentially performing their utility work prior to the City installing the new water service, and would benefit from being able to install the new service from the building to the right-of-way on their own schedule as they build their addition.
- The City has agreed to reimburse Partnership Academy the cost for any work in the 65th Street Reconstruction Project plans that is constructed by Partnership Academy. The reimbursement is based strictly on 65th Street Reconstruction Project bid item costs which is what the City would pay for the work.
- The calculated cost-share/reimbursement amount is \$31,311.20 and the cost breakdown is included with this staff report.

RECOMMENDED ACTION:

By Motion: Authorize the Mayor and City Manager to execute a cost-share/reimbursement agreement with Partnership Academy for installation of a water utility service line in advance of the City's 65th Street Reconstruction Project due to expansion of the Partnership Academy campus.

BASIS OF RECOMMENDATION:

A. HISTORICAL CONTEXT

See Executive Summary.

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

- The 65th Street Reconstruction Project is identified in the City's Capital Improvement Program and Five-Year Street Reconstruction Plan.
- Approval of this cost-share/reimbursement agreement is consistent with City Council Strategic Priority/Outcome 3a (City infrastructure supports the needs of the community).

C. CRITICAL TIMING ISSUES:

- The August 23rd City Council meeting is cancelled and the next regular City Council meeting is September 13th.
- Partnership Academy's construction schedule will require the water service to be installed prior to September 13th.
- Authorizing the Mayor and City Manager to approve the final cost-share/reimbursement agreement at a future date will ensure that Partnership Academy's project is not delayed while the agreement is waiting to be formally approved by City Council.

D. FINANCIAL IMPACT:

- The cost-share/reimbursement will be paid using the project funds already dedicated to the installation of the water service line on the Partnership Academy campus.
- The calculated cost-share/reimbursement amount is \$31,311.20 and the cost breakdown is included with this staff report.

E. LEGAL CONSIDERATION:

The City Attorney is drafting the final cost-share/reimbursement agreement and will be available to answer questions.

ALTERNATIVE RECOMMENDATION(S):

None

PRINCIPAL PARTIES EXPECTED AT MEETING:

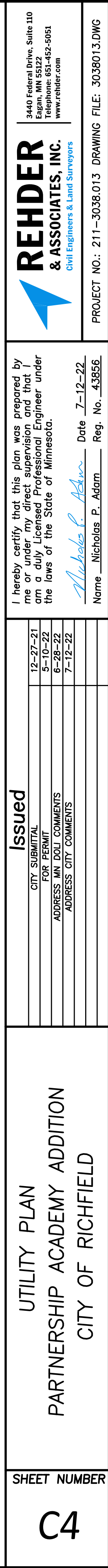
None

ATTACHMENTS:

Description	Type
▣ Cost Breakdown	Exhibit
▣ PA water main plan set	Exhibit

Partnership Academy Water Service Line Cost Breakdown

ITEM NO.	ITEM DESCRIPTION	UNIT	TOTAL ESTIMATED QUANTITY	UNIT COST	TOTAL COST
2504.608	DUCTILE IRON FITTINGS	POUND	378	\$ 5.50	\$ 2,079.00
2104.503	SAWING BIT PAVEMENT (FULL DEPTH)	LIN FT	394	\$ 2.70	\$ 1,063.80
2104.504	REMOVE BITUMINOUS PAVEMENT	SQ YD	297	\$ 7.10	\$ 2,108.70
2504.603	6" WATERMAIN DUCTILE IRON CL 52	LIN FT	189	\$ 70.00	\$ 13,230.00
2106.507	SELECT GRANULAR EMBANKMENT (CV)	CU YD	99	\$ 20.50	\$ 2,029.50
2211.507	AGGREGATE BASE (CV) CLASS 6	CU YD	58	\$ 50.00	\$ 2,900.00
2360.509	TYPE SP 12.5 WEARING COURSE MIX (3,C)	TON	83.16	\$ 95.00	\$ 7,900.20
				GRAND TOTAL:	\$ 31,311.20





STAFF REPORT NO. 115
CITY COUNCIL MEETING
8/10/2022

REPORT PREPARED BY: Chris Swanson, Management Analyst

DEPARTMENT DIRECTOR REVIEW:

OTHER DEPARTMENT REVIEW: Kumud Verma, Finance Manager

CITY MANAGER REVIEW: Katie Rodriguez, City Manager
8/4/2022

ITEM FOR COUNCIL CONSIDERATION:

Approval of a resolution amending the allocation of the 2021 General Fund Budget.

EXECUTIVE SUMMARY:

The Richfield City Charter provides that the City Council must appropriate monies for operations of the City on a departmental level basis. During the course of the year, the City Council amends the operating budget and it is referred to as the Revised Budget.

After completion of the annual audit and closing of the fiscal year, if a department within the City's General Fund exceeds its approved appropriation, a transfer of appropriations from another General Fund department is required to bring that department's budget into balance.

Two General Fund departments currently exceed their approved 2021 appropriations:

The Finance department exceeded their 2021 budget by \$10,641 or 1.4%. The higher than expected expenditures are due to increased costs in professional services to assist with processing support due to multiple vacancies and performed an overall evaluation to improve workflow, increase processing efficiencies and internal controls within Finance.

The Fire department exceeded their 2021 budget by \$140,870 or 2.8%. This was the result of additional expenditures due to overtime required to offset staffing shortages and an electronic key project (Knox Box) that was completed to ensure reliable emergency access to buildings throughout the city. The additional expenditures were somewhat offset by additional department revenues. Revenues exceeded the budget by \$98,715 primarily due to state aid coming in higher than anticipated and additional training reimbursements.

To balance the appropriation of the Finance and Fire departments, a combined transfer of appropriations from the Public Safety department in the amount of \$151,511 is recommended. This transfer will still leave a surplus of \$23,913 in the Public Safety department. The surplus in Police Department budget is due to positions vacant during 2021, which have now been filled.

Finally, it should be noted, that the General Fund will end 2021 with an estimated surplus of \$539,439.

RECOMMENDED ACTION:

By Motion: Approve the resolution amending the 2021 General Fund Budget by authorization of a transfer of appropriations from the Public Safety Department to the Finance and Fire Departments.

BASIS OF RECOMMENDATION:**A. HISTORICAL CONTEXT**

See Executive Summary

B. POLICIES (resolutions, ordinances, regulations, statutes, etc):

The City Charter provides that the City Council must appropriate monies for operations of the City on a departmental level basis.

During the course of the year, the City Council amends the operating budget and it is referred to as the Revised Budget.

C. CRITICAL TIMING ISSUES:

See Executive Summary

D. FINANCIAL IMPACT:

See Executive Summary

E. LEGAL CONSIDERATION:

City Charter provides that the City Council must appropriate funds at the department level of spending.

ALTERNATIVE RECOMMENDATION(S):

Council could direct staff to reduce other General Fund department budgets to increase the Finance and Fire Department budgets for fiscal year 2021.

PRINCIPAL PARTIES EXPECTED AT MEETING:

N/A

ATTACHMENTS:

	Description	Type
D	Resolution amending the allocation of the 2021 General Fund Budget.	Resolution Letter

RESOLUTION NO

RESOLUTION AUTHORIZING REVISION OF 2021 BUDGETS OF VARIOUS DEPARTMENTS

WHEREAS, Resolution No. 11798 appropriated funds for personal services, other services and charges, supplies and capital outlays for each department of the City for the year 2021; and

WHEREAS, Resolution No. 11799 authorized revision of the 2021 budget various departments; and

WHEREAS, the City Manager has requested a revision of the 2021 budget appropriations in accordance with charter provisions.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Richfield, MN as follows:

SUMMARY

INCREASE BUDGETED EXPENDITURES

Finance Division	\$ 10,641
Fire Department	\$ 140,870
Total	\$ 151,511

DECREASE BUDGETED EXPENDITURES

Public Safety Department	\$151,511
Total	\$151,511

Net Change to General Fund Budget	\$ <u>0</u>
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Passed by the City Council of the City of Richfield, MN. this 10th day of August, 2022.

Maria Regan Gonzalez, Mayor

ATTEST:

Kari Sinning, City Clerk