



CITY OF RICHFIELD

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

CITY OF RICHFIELD
RICHFIELD, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

PREPARED BY:
FINANCE DEPARTMENT

Member GFOA of U.S. and Canada

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INTRODUCTORY SECTION

**CITY OF RICHFIELD
RICHFIELD, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2023**





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

MAYOR

MARY SUPPLE

CITY COUNCIL

SHARON CHRISTENSEN
SEAN HAYFORD OLEARY
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, 2023.

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

August 7, 2024

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 requires 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. 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.

August 7, 2024

Factors Affecting Financial Condition

Richfield was initially developed as a residential community. Many residents 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. When viewing the total estimated market value of the community, approximately 69% of the market value is comprised of residential properties, 17% apartments, and only 14% commercial/industrial property. Despite the limited commercial/industrial tax base, approximately 15,500 workers commute into the city compared to 19,100 who work outside the city according to 2019 U.S. Census Bureau data.

The City continues to build a more diversified tax base, including more commercial development. 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 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 1993, one in 1996, one in 2002, a fourth district decertified in 2010, with a fifth district decertified in 2012, and two more decertified in 2019. In the current TIF districts, the market value has increased by 460%.

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 engages in long-term financial and capital planning on an annual basis. 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.

August 7, 2024

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 2023, the unassigned fund balance of the general fund is at 39.8% of general fund expenditures.

Major Initiatives

Major initiatives in 2023 included the following:

Right Of Way Improvements:

- 77th Street Underpass - This project extends 77th Street under Trunk Highway 77, connecting to the 24th Avenue Interchange at I-494. This project provides 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 was substantially completed in 2023, with the exclusion of a few minor punch list items.
- 65th Street Reconstruction – This project consists of a reconstruction of 65th Street from 66th Street to Nicollet Avenue, including renewal/replacement of underground utilities and additional storm water capacity to improve system response to substantial rain events. The streetscape improvements include the addition of a sidewalk on the south side of the road and a trail on the north side, as well as a boulevard to allow for winter snow clearing of those features. The total estimated project cost is \$12,900,000, excluding an unanticipated \$800,000 change order for a soil retention system. Construction began in 2022 and was substantially completed in 2023.
- I-494 Project – In coordination with the City, MnDOT is constructing improvements to the I-494 corridor between Hwy 77 and Hwy 169, and will be minimizing congestion issues along the corridor by removing local access to I-494 at Nicollet Ave and 12th Ave and improving access at Portland Ave. The project includes the addition of E-Z Pass Lanes for east and westbound traffic on I-494, a flyover ramp at I-494 and I-35W, a new pedestrian bridge that will cross I-494 at Chicago Ave, and reconstruction of various frontage roads throughout Richfield. The estimated cost of the project is \$377 million dollars, with Richfield's share totaling approximately \$2.6 million. Construction began in 2023 and is expected to be completed in 2026.

August 7, 2024

Major Initiatives (Continued)

Right Of Way Improvements: (Continued)

- Nicollet Avenue Reconstruction – In coordination with the City, Hennepin County will be reconstructing Nicollet Avenue from 77th St to 66th St. In addition to the reconstruction of the road itself, this project includes renewal/replacement of underground utilities, and new traffic calming infrastructure. The streetscape improvements include new and improved pedestrian and bicycle accommodation along the corridor. The total estimated project cost is anticipated to be \$21,000,000, with the city contributing \$10,000,000 to that amount. Project design started in 2023 and construction is expected to begin in 2026.
- Sanitary Sewer Lining – This project is an ongoing reinvestment to line the sanitary sewer system throughout the City, as most of the sewer system consists of clay sewer pipe. The project lined approximately 19,300 linear feet of clay sanitary sewer pipe. The cost of the project was \$670,830.80. The annual project was started and completed in 2023.
- Pavement Management – The City has improved their pavement management program since the completion of the 6-Year Mill and Overlay Project using RoadAI software, and consistent road rehabilitation methods. In 2023, the City completed a concrete program which focused on the replacement of concrete curb and gutter, sidewalks, and pedestrian ramps. The work was completed in 2023 with a cost of \$20,370. The City also completed a pavement rejuvenation project, which added pavement rejuvenator to a total of 103,000 square yards of roadway. The cost of this project was \$112,270. The City anticipates a crack sealing project in 2024 to address the longitudinal and transverse cracking on roads throughout the City, with an estimated cost of \$120,000.
- Active Transportation Plan – The City completed their revised Active Transportation Plan in January 2024. The plan allocates a total of \$280,000 annually toward pedestrian, bicyclist, and ADA improvements. The City also secured an infrastructure grant that was approximately \$236,000 to construct RRFB's at 66th St and Richfield Parkway, and to reconstruct and improve the pedestrian ramps at that location. The City is currently evaluating the best methods to implement these funds, with the hope of starting work in the next year.
- Safe Routes to School Planning – The City continues to work on their Safe Routes to School Planning and has secured several grants and funding for numerous projects throughout the City. These projects include improving pedestrian crossings, installing a separated bike lane, and constructing new sidewalk in several locations in Richfield. The total amount of funding secured for SRTS was approximately \$1,261,000, which has minimal local match and includes some funding for design assistance on projects. Using those funds, several projects are anticipated to be constructed in 2024 and 2025.

August 7, 2024

Major Initiatives (Continued)

Right Of Way Improvements: (Continued)

- Funding Applications – The City applied for several grants in 2024 to secure funding for future projects in the City, which includes improving pedestrian sidewalks and trails, a roadway reconstruction and an intersection reconstruction that would also include a trail connection. While funding has not yet been formally secured, the City is anticipating funding of \$4,600,000 for 3 of the 5 projects that were submitted. The City originally applied for 5 projects with a total amount of funding of \$14,000,000. Project selection and grant awarding is anticipated to occur in July of 2024, with construction of these projects likely happening in 2025 and beyond. The City continues to look for additional funding for future projects.

Commercial Redevelopment and Housing Initiatives

High interest rates added to the challenges of high labor and material costs to slow redevelopment in 2023. Projects/programs that progressed in 2023 include:

- Construction of the RF64 townhome project (along 17th Avenue between 63rd and 65th Street) finished up the full redevelopment of this site is now complete and includes 64 townhomes and 237 market-rate apartments.
- North Bay Companies continued to work toward construction of the approved mixed-use project at 101 66th Street East (Emi). The project, which includes 80 apartments and 2,600 square feet of ground floor retail, is now expected to begin construction in 2024.
- Construction of the Lynvue at 65th Street & Lyndale Avenue wrapped up in 2023. The building includes 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 approved in 2022 but failed to secure tax credits in 2023.
- Plans for a 40-unit affordable housing project (Aster Commons) by Beacon Interfaith Collaborative were approved for a site at 66th Street and Portland Avenue. Construction is anticipated in 2025.
- 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.

August 7, 2024

Major Initiatives (Continued)

Right Of Way Improvements: (Continued)

- The Richfield Economic Development Authority added an Economic Development Manager position in 2023. This position will focus on business development and the vitality of Richfield's commercial and downtown areas.
- A new Small Business SAC Assistance Program was created to help eligible new or expanding businesses with the fees associated with Sewer Availability Charges (SAC).
- In 2023, the EDA continued to partner with the Center for Energy and Efficiency and provide rebates to 11 local businesses to make energy-related improvements. Rebates totaled \$15,510.

Awards and Acknowledgments

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 the certificate.

The preparation of this report would not have been 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



**City of Richfield
Elected Officials and Administration
December 31, 2023**

City Officials

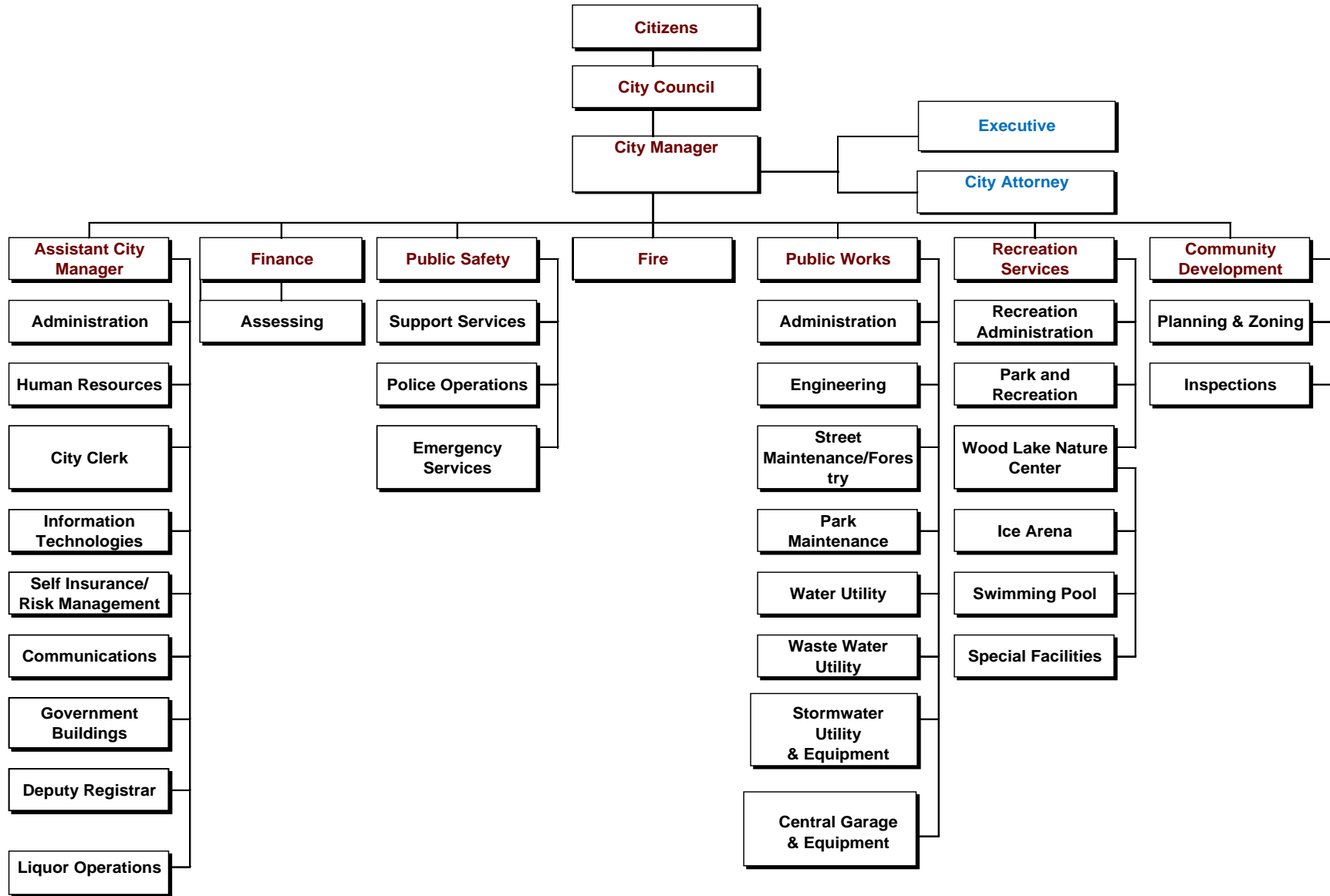
Name	Title	Term Ends
Mary Supple	Mayor	January 12, 2027
Sharon Christensen	Council Member	January 12, 2027
Simon Trautmann, Ward 1	Council Member	January 14, 2025
Sean Hayford Oleary, Ward 2	Council Member	January 14, 2025
Ben Whalen, Ward 3	Council Member	January 14, 2025

Administrative Staff

Name	Title
Katie Rodriguez	City Manager
Kumud Verma	Finance Director
Dustin Leslie	City Clerk



City of Richfield Organizational Chart





FINANCIAL SECTION
CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023





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, 2023, and the related notes to the financial statements, which collectively comprise the City of Richfield'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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund, Ice Arena Special Revenue Fund, and Elections 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.

Responsibilities of Management for the Financial Statements (Continued)

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Account 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 fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and 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 7, 2024, 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.

BerganKDV, Ltd.

St. Cloud, Minnesota
August 7, 2024

City of Richfield 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, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 thru 6 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 \$109,873,101 (net position). Of this amount, \$13,791,042 may be used to meet the governments ongoing obligations to citizens and creditors.
- ◆ The government's total net position increased by \$11,598,600.
- ◆ As of the close of the current fiscal year, the City of Richfield's governmental funds reported combined ending fund balances of \$25,786,255. Of this total amount, \$61,730 is classified as nonspendable, \$8,986,815 as restricted, \$8,212,034 as committed by City Council action and \$8,525,676 as unassigned.
- ◆ At the end of the current fiscal year, the general fund balance of \$11,486,988 included \$61,640 as nonspendable and \$11,425,348 as unassigned.
- ◆ The City of Richfield's total bonded debt decreased by \$5,057,418 (8.6%) during the current fiscal year from \$68,341,298 to \$63,283,880.

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 like a private-sector business.

The *statement of net position* presents information on all 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).

City of Richfield Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

Government-Wide Financial Statements. (Continued) Both 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 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-five 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, elections fund, improvement bonds fund, and capital improvements fund, all of which are considered major funds. Data from the other seventeen 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.

City of Richfield Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

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 \$109,873,101 at the close of the most recent fiscal year.

**City of Richfield
Management's Discussion and Analysis**

Government-Wide Financial Analysis (Continued)

By far the largest portion of the City of Richfield's net position (86%) 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.

	Governmental Activities			Business-Type Activities		
	2023	2022	increase (decrease)	2023	2022	increase (decrease)
Assets						
Current and other assets	\$ 55,544,284	\$ 62,798,500	\$ (7,254,216)	\$ 16,334,682	\$ 17,291,509	\$ (956,827)
Capital assets, net of depreciation	108,963,626	94,992,988	13,970,638	34,589,375	33,081,958	1,507,417
Total Assets	164,507,910	157,791,488	6,716,422	50,924,057	50,373,467	550,590
Deferred Outflows of Resources						
Deferred other postemployment benefits resources	670,569	804,805	(134,236)	36,677	43,149	(6,472)
Deferred pension resources	17,943,045	21,953,287	(4,010,242)	492,573	884,709	(392,136)
Total Deferred Outflows of Resources	18,613,614	22,758,092	(4,144,478)	529,250	927,858	(398,608)
Liabilities						
Long-term liabilities outstanding	64,439,527	94,602,990	(30,163,463)	16,401,225	19,823,849	(3,422,624)
Other liabilities	12,937,392	8,269,309	4,668,083	3,053,103	1,635,277	1,417,826
Total Liabilities	77,376,919	102,872,299	(25,495,380)	19,454,328	21,459,126	(2,004,798)
Deferred Inflows of Resources						
Deferred pension resources	18,296,757	647,365	17,649,392	673,089	57,193	615,896
Deferred other postemployment benefits resources	1,127,038	1,075,740	51,298	61,644	57,675	3,969
Deferred lease resources	4,792,825	6,127,033	(1,334,208)	-	-	-
Advanced appropriations - State shared tax	2,919,130	1,233,587	1,685,543	-	-	-
Total Deferred Inflows of Resources	27,135,750	9,083,725	18,052,025	734,733	114,868	619,865
Net Position						
Net investment in capital assets	75,377,835	64,217,643	11,160,192	19,177,441	21,550,313	(2,372,872)
Restricted	8,636,333	3,964,804	4,671,529	-	-	-
Unrestricted	(5,405,313)	411,109	(5,816,422)	12,086,805	8,177,018	3,909,787
Total Net Position	\$ 78,608,855	\$ 68,593,556	\$ 10,015,299	\$ 31,264,246	\$ 29,727,331	\$ 1,536,915

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. On December 31, 2023, the City had restricted net position of \$8,636,333. The remaining balance of *unrestricted net position* (\$13,791,042) may be used to meet the government's ongoing obligations to citizens and creditors. The government's net position reflects an increase of \$11,598,600. The increase can be attributed to increases in Capital and Operating grant revenues of \$3,358,238, interest earnings of \$2,087,186 and increased property tax collections of \$1,492,152 in 2023.

**City of Richfield
Management's Discussion and Analysis**

Government-Wide Financial Analysis (Continued)

Governmental Activities. Governmental activities increased the City of Richfield's net position by \$10,015,299 in 2023. The key elements of this increase are as follows:

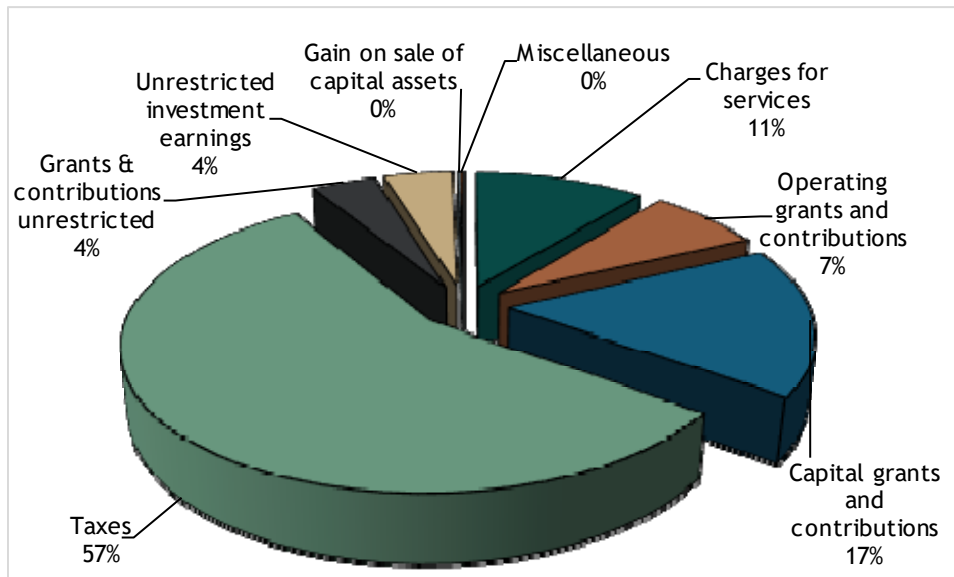
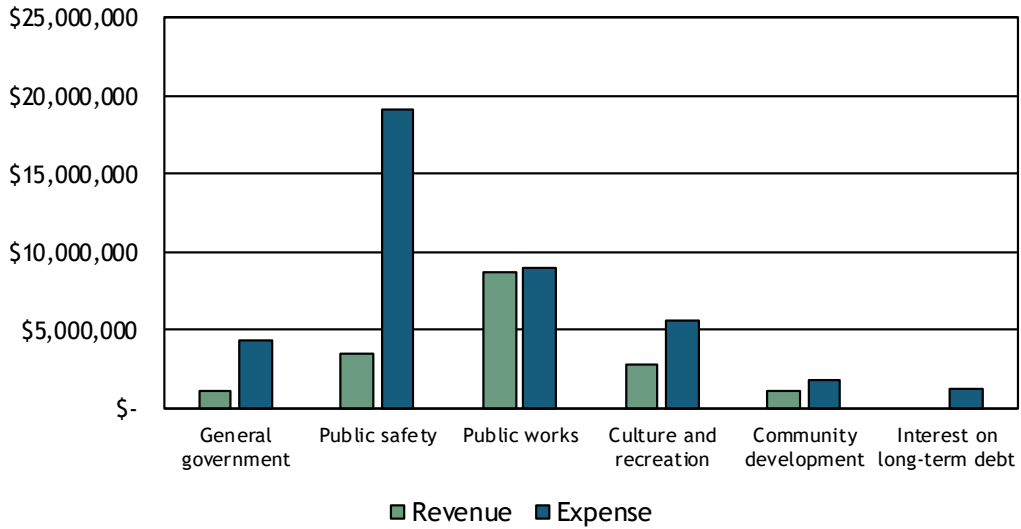
	Governmental Activities			Business-Type Activities		
	2023	2022	increase (decrease)	2023	2022	increase (decrease)
Revenues						
Program Revenues						
Charges for services	\$ 5,458,292	\$ 5,770,345	\$ (312,053)	\$ 26,779,708	\$ 26,257,435	\$ 522,273
Operating grants and contributions	3,627,875	1,614,601	2,013,274	-	-	-
Capital grants and contributions	8,372,899	7,027,935	1,344,964	-	-	-
General Revenues						
Taxes						
Property taxes	26,039,309	24,547,157	1,492,152	-	-	-
Other taxes	2,258,302	2,249,423	8,879	-	-	-
Grants and contributions not restricted to specific programs	2,038,711	2,334,669	(295,958)	20,000	18,992	1,008
Unrestricted investment earnings	2,165,757	580,838	1,584,919	606,770	104,503	502,267
Gain on sale of capital assets	108,500	26,625	81,875	-	7,176	(7,176)
Miscellaneous	78,000	85,525	(7,525)	-	-	-
Total Revenues	<u>50,147,645</u>	<u>44,237,118</u>	<u>5,910,527</u>	<u>27,406,478</u>	<u>26,388,106</u>	<u>1,018,372</u>
Expenses						
General government	4,416,925	4,535,832	(118,907)	-	-	-
Public safety	19,165,643	17,406,811	1,758,832	-	-	-
Public works	8,969,774	9,179,955	(210,181)	-	-	-
Culture and recreation	5,653,215	5,308,282	344,933	-	-	-
Community development	1,788,215	1,758,662	29,553	-	-	-
Interest on long-term debt	1,290,114	1,380,404	(90,290)	-	-	-
Municipal Liquor	-	-	-	12,700,999	13,299,880	(598,881)
Water and Sewer Utility	-	-	-	9,330,452	9,343,582	(13,130)
Storm Sewer	-	-	-	2,640,186	2,129,905	510,281
Total Expenses	<u>41,283,886</u>	<u>39,569,946</u>	<u>1,713,940</u>	<u>24,671,637</u>	<u>24,773,367</u>	<u>(101,730)</u>
Excess before Transfers	8,863,759	4,667,172	4,196,587	2,734,841	1,614,739	1,120,102
Transfers	<u>1,197,926</u>	<u>(448,183)</u>	<u>1,646,109</u>	<u>(1,197,926)</u>	<u>448,183</u>	<u>(1,646,109)</u>
Change in Net Position	10,061,685	4,218,989	5,842,696	1,536,915	2,062,922	(526,007)
Net Position, January 1, restated	<u>69,547,170</u>	<u>64,374,567</u>	<u>(5,497,763)</u>	<u>29,727,331</u>	<u>27,664,409</u>	<u>2,062,922</u>
Net Position, December 31	<u>\$ 79,608,855</u>	<u>\$ 68,593,556</u>	<u>\$ 11,015,299</u>	<u>\$ 31,264,246</u>	<u>\$ 29,727,331</u>	<u>\$ 1,536,915</u>

- ◆ Increase in property tax revenues of \$1,492,152.
- ◆ Total expenses increased by \$1,713,940 primarily due to an increase in GASB 68 PERA pension expense of \$811,588.

**City of Richfield
Management's Discussion and Analysis**

Government-Wide Financial Analysis (Continued)

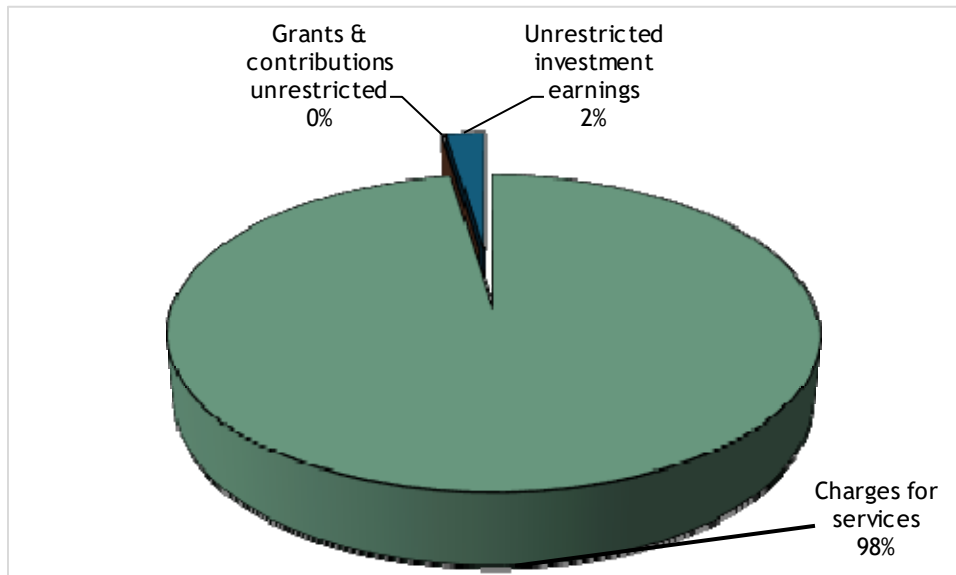
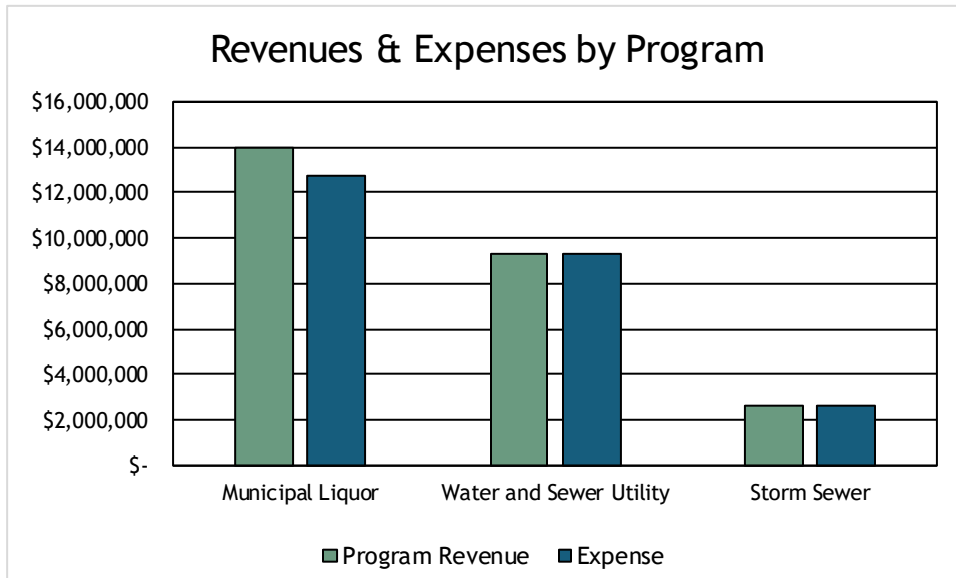
Revenue & Expense by Program



**City of Richfield
Management's Discussion and Analysis**

Government-Wide Financial Analysis (Continued)

Business-Type Activities. Business-type activities increased the City's net position by \$1,536,915 in 2023. The increase can be attributed to improved operating performance of all business-type activities in 2023.



City of Richfield Management's Discussion and Analysis

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 \$25,786,255 a decrease of \$4,428,142 from 2022. This decrease can be attributed to the construction of the 77th Street capital improvement project. Consequently, the year-end balance consists of the following: 0.24% (\$61,730) are amounts that are not in spendable form such as prepaid items. 34.85% (\$8,986,815) constitutes restricted fund balances which limits the spending of these balances to externally imposed constraints, i.e. debt service covenants. 31.84% (\$8,212,034) represents committed fund balances which are determined by resolution of the City Council. Finally, 33.06% or (\$8,525,676) 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 \$11,425,348 while total fund balance was \$11,486,988. 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 40.32% of total general fund revenues and 39.8% of total general fund expenditures. Moreover, the State Auditor has set a standard that unrestricted, unassigned fund balance should be between 35 and 50% of yearly general fund revenues. The City has adopted a policy that strives to maintain a minimum fund balance equal to 40% of total general fund expenditures. At December 31, 2023 the City of Richfield the City is right under the fund balance goal.

The City's fund balance for its general fund increased by \$496,598 in 2023. The increase is due to increased investment revenue received in 2023 and general fund expenditures 0.37% over budget projections.

The Ice Arena fund reflects an increase in fund balance of \$509,541 in 2023. The increase is due to transfers from the General Fund and Capital Improvements Fund.

The Elections fund reflects an increase in fund balance of \$239,835 in 2023. The increase is due to the GASB 87 requirement for recording lease revenue.

The G.O. Improvement Bonds fund has a fund balance of \$6,263,293. The fund balance increased in 2023 by \$488,246 due to increased property taxes collected.

The Capital Improvement fund accounts for public improvements and road right-of-way projects undertaken by the City. This fund's fund balance decreased by \$7,929,413. The decrease can be attributed to construction costs for the 77th Street project.

**City of Richfield
Management's Discussion and Analysis**

Financial Analysis of the Government's Funds (Continued)

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 \$1,767,051 in 2023. The increase can be attributed to one-time large donations to the Woodlake Nature Center, stronger revenue and positive Swimming Pool 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 \$2,077,943, for the water and sewer utility \$6,041,441, and for the storm sewer utility \$6,597,942. The total increase in net position for liquor operation, the water and sewer utility, and the storm sewer utility was \$502,977, \$1,176,772, and \$109,013 respectively.

Budgetary Highlights

General Fund

At the end of 2023 the City's General Fund realized a surplus of \$496,598 to its fund balance. This was accomplished through increased investment revenues, and general fund expenditures of 100.37% of projected 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, 2023 amounts to \$143,553,001 (net of accumulated depreciation/amortization). 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 2023 included the following:

- ◆ Construction substantially completed on 65th Street reconstruction.
- ◆ Construction substantially completed on 77th Street underpass project.
- ◆ Progress on the fourth phase of the Water Meter Replacement project with anticipated completion in the first quarter of 2025.

**City of Richfield
Management's Discussion and Analysis**

Capital Asset and Debt Administration (Continued)

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

	Governmental Activities			Business-Type Activities		
	2023	2022	increase (decrease)	2023	2022	increase (decrease)
Land	\$ 9,353,605	\$ 9,353,605	\$ -	\$ 638,673	\$ 638,673	\$ -
Leased equipment (Intangible Right to use amount)	73,385	98,545	(25,160)	-	-	-
Buildings and structures	29,541,526	30,727,613	(1,186,087)	2,599,293	2,825,545	(226,252)
Machinery and equipment	7,681,714	8,203,931	(522,217)	5,240,703	4,806,595	434,108
Other improvements	4,894,243	3,136,659	1,757,584	26,077,060	24,484,278	1,592,782
Streets (infrastructure)	54,250,320	19,286,880	34,963,440	-	-	-
Construction in progress	3,168,833	24,185,755	(21,016,922)	33,646	326,867	(293,221)
Total	\$ 108,963,626	\$ 94,992,988	\$ 13,970,638	\$ 34,589,375	\$ 33,081,958	\$ 1,507,417

Additional information on the City's capital assets can be found in Note 1P and Note 4 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 \$63,283,880. 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		
	2023	2022	increase (decrease)	2023	2022	increase (decrease)
G.O. Redevelopment Bonds	\$ 1,110,000	\$ 1,925,000	\$ (815,000)	\$ -	\$ -	\$ -
G.O. Improvement Bonds	45,635,000	48,690,000	(3,055,000)	-	-	-
Revenue Bonds	-	-	-	14,855,000	15,855,000	(1,000,000)
Bond Premium	1,165,923	1,293,779	(127,856)	517,957	577,519	(59,562)
Total	\$ 47,910,923	\$ 51,908,779	\$ (3,997,856)	\$ 15,372,957	\$ 16,432,519	\$ (1,059,562)

City of Richfield Management's Discussion and Analysis

Long-term Debt (Continued)

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% of its total assessed valuation. The current debt limitation for the City of Richfield is \$151,855,116, which is more than the City of Richfield's outstanding general obligation debt.

Additional details of the City's long-term debt activity can be found in Note 6, Long-Term Liabilities, in the accompanying notes to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

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

Prior to 2022, the City saw market values increase substantially and interest in redevelopment projects spike. In 2023, as interest rates continued to rise and material and labor costs continued to do the same, redevelopment activity has slowed. A number of projects were completed in 2023 and various affordable housing projects continue to work through the process, however, going forward into 2024 we expect a decrease in permit revenues and redevelopment activities.

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.



GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF RICHFIELD
RICHFIELD, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

City of Richfield
Statement of Net Position
December 31, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Housing and Redevelopment Authority	Economic Development Authority
Assets					
Cash and investments	\$ 41,874,875	\$ 13,128,781	\$ 55,003,656	\$ 18,882,527	\$ 1,195,047
Restricted cash	-	-	-	-	-
Property tax receivable	316,752	-	316,752	14,649	5,410
Accounts receivable	1,367,138	3,247,815	4,614,953	8,511	-
Interest receivable	183,036	39,507	222,543	51,507	2,874
Notes receivable	-	-	-	-	-
Leases receivable	4,958,060	-	4,958,060	-	-
Special assessments receivable	502,137	541,673	1,043,810	-	-
Due from other governments	3,010,755	54,495	3,065,250	160,546	-
Internal balances	2,630,521	(2,630,521)	-	-	-
Due from component unit	639,110	-	639,110	-	-
Inventory	-	1,717,767	1,717,767	-	-
Land held for resale	-	-	-	4,579,786	-
Prepaid items	61,900	235,165	297,065	7,486	-
Long-term second mortgage receivable	-	-	-	2,438,177	-
Deferred loan receivable	-	-	-	-	1,014,847
Allowance for uncollectible accounts	-	-	-	(2,438,177)	(1,014,847)
Land and construction in progress	12,522,438	672,319	13,194,757	-	-
Depreciable assets (net of accumulated depreciation/amortization)	96,441,188	33,917,056	130,358,244	-	-
Total assets	<u>164,507,910</u>	<u>50,924,057</u>	<u>215,431,967</u>	<u>23,705,012</u>	<u>1,203,331</u>
Deferred Outflows of Resources					
Deferred outflows of resources related to pensions	17,943,045	492,573	18,435,618	-	-
Deferred outflows of resources related to OPEB	670,569	36,677	707,246	-	-
Total deferred outflows of resources	<u>18,613,614</u>	<u>529,250</u>	<u>19,142,864</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 183,121,524</u>	<u>\$ 51,453,307</u>	<u>\$ 234,574,831</u>	<u>\$ 23,705,012</u>	<u>\$ 1,203,331</u>

**City of Richfield
Statement of Net Position
December 31, 2023**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Housing and Redevelopment Authority	Economic Development Authority
Liabilities					
Accounts payable	\$ 2,400,149	\$ 725,922	\$ 3,126,071	\$ 742,192	\$ 14,282
Salaries and benefits payable	805,902	130,127	936,029	-	-
Deposits payable	708,498	-	708,498	32,938	-
Contracts payable	-	-	-	-	-
Due to other governments	251,107	713,590	964,697	25,598	-
Due to primary government	-	-	-	639,110	-
Interest payable	573,943	182,217	756,160	-	-
Unearned revenue	2,014,003	-	2,014,003	-	-
Claims and judgements payable	1,183,616	-	1,183,616	-	-
Net G.O. bonds payable					
Payable within one year	4,190,000	1,185,000	5,375,000	-	-
Payable after one year	43,720,923	14,187,957	57,908,880	-	-
Lease liability					
Payable within one year	25,152	-	25,152	-	-
Payable after one year	48,696	-	48,696	-	-
Compensated absences payable					
Payable within one year	669,581	109,932	779,513	-	-
Payable after one year	1,863,924	248,567	2,112,491	-	-
Net pension liability					
Payable after one year	17,017,369	1,866,872	18,884,241	-	-
Total OPEB liability					
Payable within one year	115,441	6,314	121,755	-	-
Payable after one year	1,788,615	97,830	1,886,445	-	-
Total liabilities	<u>77,376,919</u>	<u>19,454,328</u>	<u>96,831,247</u>	<u>1,439,838</u>	<u>14,282</u>
Deferred Inflows of Resources					
Deferred inflows of resources related to pensions	18,296,757	673,089	18,969,846	-	-
Deferred inflows of resources related to OPEB	1,127,038	61,644	1,188,682	-	-
Advance appropriations					
- State shared taxes	2,919,130	-	2,919,130	-	-
Deferred inflows of resources related to leases receivable	4,792,825	-	4,792,825	-	-
Total deferred inflows of resources	<u>27,135,750</u>	<u>734,733</u>	<u>27,870,483</u>	<u>-</u>	<u>-</u>
Net Position					
Net investment in capital assets	75,377,835	19,177,441	87,445,276	-	-
Restricted for					
Debt service	5,912,811	-	5,912,811	-	-
Law enforcement drug forfeitures	288,610	-	288,610	-	-
Recreation services donations	81,557	-	81,557	-	-
Wood Lake Nature Center donations	222,532	-	222,532	-	-
Public Safety Aid	1,604,296	-	1,604,296	-	-
Public Health assessment	130,903	-	130,903	-	-
Public Health - opioid settlement	132,082	-	132,082	-	-
Wood lake Endowment	263,542	-	263,542	-	-
Capital Projects	-	-	-	9,983,197	-
Grants and donations	-	-	-	112,696	-
Unrestricted	(5,405,313)	12,086,805	13,791,042	12,169,281	1,189,049
Total net position	<u>78,608,855</u>	<u>31,264,246</u>	<u>109,873,101</u>	<u>22,265,174</u>	<u>1,189,049</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 183,121,524</u>	<u>\$ 51,453,307</u>	<u>\$ 234,574,831</u>	<u>\$ 23,705,012</u>	<u>\$ 1,203,331</u>

City of Richfield
Statement of Activities
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 4,416,925	\$ 1,003,475	\$ 180,830	\$ 4,308
Public safety	19,165,643	508,704	3,018,936	-
Public works	8,969,774	343,747	18,744	8,361,165
Culture and recreation	5,653,215	2,420,618	409,365	7,426
Community development	1,788,215	1,181,748	-	-
Interest on long-term debt	1,290,114	-	-	-
Total governmental activities	<u>41,283,886</u>	<u>5,458,292</u>	<u>3,627,875</u>	<u>8,372,899</u>
Business-type activities				
Municipal Liquor	12,700,999	13,967,904	-	-
Water and Sewer Utility	9,330,452	10,429,228	-	-
Storm Sewer	2,640,186	2,382,576	-	-
Total business-type activities	<u>24,671,637</u>	<u>26,779,708</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 65,955,523</u>	<u>\$ 32,238,000</u>	<u>\$ 3,627,875</u>	<u>\$ 8,372,899</u>
Component Units				
Housing and Redevelopment Authority	\$ 8,329,755	\$ 550	\$ 2,338,899	\$ -
Economic Development Authority	428,715	-	-	-
Total component units	<u>\$ 8,758,470</u>	<u>\$ 550</u>	<u>\$ 2,338,899</u>	<u>\$ -</u>
General revenues				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Franchise fees				
Tax increments				
Lodging taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment income				
Miscellaneous				
Gain (loss) on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Prior period adjustment (See Note 18)				
Net position - beginning restated				
Net position - ending				

Net (Expense) Revenues and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Housing and Redevelopment Authority	Economic Development Authority
\$ (3,228,312)	\$ -	\$ (3,228,312)	\$ -	\$ -
(15,638,003)	-	(15,638,003)	-	-
(246,118)	-	(246,118)	-	-
(2,815,806)	-	(2,815,806)	-	-
(606,467)	-	(606,467)	-	-
(1,290,114)	-	(1,290,114)	-	-
<u>(23,824,820)</u>	<u>-</u>	<u>(23,824,820)</u>	<u>-</u>	<u>-</u>
-	1,266,905	1,266,905	-	-
-	1,098,776	1,098,776	-	-
-	(257,610)	(257,610)	-	-
<u>-</u>	<u>2,108,071</u>	<u>2,108,071</u>	<u>-</u>	<u>-</u>
<u>(23,824,820)</u>	<u>2,108,071</u>	<u>(21,716,749)</u>	<u>-</u>	<u>-</u>
			(5,990,306)	-
			<u>-</u>	<u>(428,715)</u>
			<u>(5,990,306)</u>	<u>(428,715)</u>
21,992,920	-	21,992,920	675,485	579,096
4,046,389	-	4,046,389	-	-
2,250,588	-	2,250,588	-	-
-	-	-	6,686,246	-
7,714	-	7,714	-	-
2,038,711	20,000	2,058,711	-	-
2,165,757	606,770	2,772,527	720,403	36,230
78,000	-	78,000	165,609	2,400
108,500	-	108,500	-	-
1,197,926	(1,197,926)	-	-	-
<u>33,886,505</u>	<u>(571,156)</u>	<u>33,315,349</u>	<u>8,247,743</u>	<u>617,726</u>
10,061,685	1,536,915	11,598,600	2,257,437	189,011
68,593,556	29,727,331	98,320,887	20,007,737	1,000,038
(46,386)	-	(46,386)	-	-
<u>68,547,170</u>	<u>29,727,331</u>	<u>98,274,501</u>	<u>20,007,737</u>	<u>1,000,038</u>
<u>\$ 78,608,855</u>	<u>\$ 31,264,246</u>	<u>\$ 109,873,101</u>	<u>\$ 22,265,174</u>	<u>\$ 1,189,049</u>



FUND FINANCIAL STATEMENTS

**CITY OF RICHFIELD
RICHFIELD, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

City of Richfield
Balance Sheet - Governmental Funds
December 31, 2023

	General	Special Revenue		Debt Service
		Ice Arena	Elections	Improvement Bonds
Assets				
Cash and temporary investments	\$ 10,366,762	\$ -	\$ 1,855,638	\$ 6,243,400
Interest receivable	15,338	1,653	68,709	9,548
Property taxes receivable	223,666	-	-	89,840
Accounts receivable	188,264	184,802	267,346	-
Leases receivable	-	101,057	4,586,904	-
Due from other funds	1,921,808	-	-	-
Due from other governments	282,562	-	23,097	10,345
Special assessment receivable				
Delinquent	10,933	-	-	-
Deferred	5,784	-	-	133,621
Advances to other funds	-	-	-	-
Prepaid items	61,640	27	-	-
Total assets	\$ 13,076,757	\$ 287,539	\$ 6,801,694	\$ 6,486,754
Liabilities				
Accounts and contracts payable	493,340	59,277	1,545	-
Accrued salaries payable	726,881	23,209	-	-
Deposits payable	-	-	21,772	-
Due to other funds	-	1,921,808	-	-
Due to other governments	126,046	11,848	-	-
Advances from other funds	-	699,465	-	-
Unearned revenue	3,119	-	-	-
Total liabilities	1,349,386	2,715,607	23,317	-
Deferred Inflows of Resources				
Unavailable revenue - property taxes	223,666	-	-	89,840
Unavailable revenue - special assessments	16,717	-	-	133,621
Deferred inflows of resources related to leases receivable	-	100,874	4,422,842	-
Advance appropriations - State shared taxes	-	-	-	-
Unavailable revenue - State shared taxes	-	-	-	-
Total deferred inflows of resources	240,383	100,874	4,422,842	223,461
Fund Balances				
Nonspendable	61,640	27	-	-
Restricted	-	-	-	6,263,293
Committed	-	-	2,355,535	-
Unassigned	11,425,348	(2,528,969)	-	-
Total fund balances	11,486,988	(2,528,942)	2,355,535	6,263,293
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,076,757	\$ 287,539	\$ 6,801,694	\$ 6,486,754

<u>Capital Project</u>		
<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,134,886	\$ 7,713,576	\$ 30,314,262
36,639	21,513	153,400
3,246	-	316,752
6,781	612,028	1,259,221
-	270,099	4,958,060
-	-	1,921,808
2,631,401	63,350	3,010,755
2,950	4,961	18,844
215,173	128,715	483,293
-	432,122	432,122
-	63	61,730
<u>\$ 7,031,076</u>	<u>\$ 9,246,427</u>	<u>\$ 42,930,247</u>
1,328,159	57,098	1,939,419
-	8,576	758,666
680,691	6,035	708,498
-	-	1,921,808
73,879	10,976	222,749
-	175,540	875,005
2,005,551	5,333	2,014,003
<u>4,088,280</u>	<u>263,558</u>	<u>8,440,148</u>
3,246	-	316,752
218,123	133,676	502,137
-	269,109	4,792,825
2,919,130	-	2,919,130
173,000	-	173,000
<u>3,313,499</u>	<u>402,785</u>	<u>8,703,844</u>
-	63	61,730
-	2,723,522	8,986,815
-	5,856,499	8,212,034
(370,703)	-	8,525,676
<u>(370,703)</u>	<u>8,580,084</u>	<u>25,786,255</u>
<u>\$ 7,031,076</u>	<u>\$ 9,246,427</u>	<u>\$ 42,930,247</u>



City of Richfield
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2023

Total fund balances - governmental funds \$ 25,786,255

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets	201,741,345
Less accumulated depreciation/amortization	(96,883,343)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

G.O. bonds payable	(46,745,000)
Unamortized bond premiums	(1,165,923)
Lease liability	(73,848)
Total OPEB liability	(1,870,628)
Net pension liability	(16,276,736)

Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

Property taxes	316,752
Special assessments	18,844

Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions and OPEB that are not recognized in the governmental funds.

Deferred inflows of resources related to pensions	(18,029,726)
Deferred inflows of resources related to OPEB	(1,107,252)
Deferred outflows of resources related to pensions	17,747,629
Deferred outflows of resources related to OPEB	658,797

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred special assessments	483,293
State shared taxes	173,000

Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.

(573,943)

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	11,139,708
Allocation to reflection consolidation of internal service fund activities related to enterprise funds	2,630,521
Allocation to reflection consolidation of internal service fund activities related to component unit	639,110

Total net position - governmental activities	\$ 78,608,855
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City of Richfield
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2023

	Special Revenue			Debt Service
	General	Ice Arena	Elections	Improvement Bonds
Revenues				
Taxes	\$ 21,040,066	\$ -	\$ -	\$ 4,046,389
Licenses and permits	981,777	-	-	-
Intergovernmental	3,650,861	-	-	-
Charges for services	1,919,962	1,181,050	-	-
Fines and forfeitures	180,391	-	-	-
Special assessments	4,308	-	-	41,055
Interest earnings	659,981	16,676	147,067	120,686
Miscellaneous	49,918	172,014	351,021	-
Total revenues	<u>28,487,264</u>	<u>1,369,740</u>	<u>498,088</u>	<u>4,208,130</u>
Expenditures				
Current				
Legislative/executive	1,034,837	-	258,253	-
Administrative services	959,262	-	-	-
Finance	1,046,114	-	-	-
Public safety	11,133,159	-	-	-
Fire	5,618,697	-	-	-
Community development	1,652,012	-	-	-
Public works	5,064,179	-	-	-
Recreation services	2,209,931	1,250,594	-	-
Capital outlay				
Public works	-	-	-	-
Recreation services	-	-	-	-
Debt service				
Principal	-	-	-	3,055,000
Interest and other charges	-	9,605	-	1,410,878
Total expenditures	<u>28,718,191</u>	<u>1,260,199</u>	<u>258,253</u>	<u>4,465,878</u>
Excess of revenues over (under) expenditures	(230,927)	109,541	239,835	(257,748)
Other Financing Sources (Uses)				
Transfers in	987,525	400,000	-	745,994
Transfers out	(260,000)	-	-	-
Total other financing sources (uses)	<u>727,525</u>	<u>400,000</u>	<u>-</u>	<u>745,994</u>
Net change in fund balances	496,598	509,541	239,835	488,246
Fund Balances				
Beginning of year	10,990,390	(2,992,097)	2,115,700	5,775,047
Prior period adjustment (See Note 18)	-	(46,386)	-	-
Beginning of year, restated	<u>10,990,390</u>	<u>(3,038,483)</u>	<u>2,115,700</u>	<u>5,775,047</u>
End of year	<u>\$ 11,486,988</u>	<u>\$ (2,528,942)</u>	<u>\$ 2,355,535</u>	<u>\$ 6,263,293</u>

See notes to basic financial statements.

<u>Capital Project</u>		
Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
\$ 868,400	\$ 2,258,302	\$ 28,213,157
-	-	981,777
8,891,772	2,893,859	15,436,492
-	575,990	3,677,002
-	28,494	208,885
126,014	73,604	244,981
577,827	261,140	1,783,377
71,781	378,984	1,023,718
<u>10,535,794</u>	<u>6,470,373</u>	<u>51,569,389</u>
-	778,964	2,072,054
-	-	959,262
-	-	1,046,114
-	170,216	11,303,375
-	-	5,618,697
-	-	1,652,012
190,357	-	5,254,536
-	1,031,211	4,491,736
17,926,684	-	17,926,684
-	439,994	439,994
-	815,000	3,870,000
-	57,010	1,477,493
<u>18,117,041</u>	<u>3,292,395</u>	<u>56,111,957</u>
(7,581,247)	3,177,978	(4,542,568)
1,974,932	1,625,000	5,733,451
(2,323,098)	(3,035,927)	(5,619,025)
<u>(348,166)</u>	<u>(1,410,927)</u>	<u>114,426</u>
(7,929,413)	1,767,051	(4,428,142)
7,558,710	6,813,033	30,260,783
-	-	(46,386)
<u>7,558,710</u>	<u>6,813,033</u>	<u>30,214,397</u>
<u>\$ (370,703)</u>	<u>\$ 8,580,084</u>	<u>\$ 25,786,255</u>

City of Richfield
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the
Statement of Activities - Governmental Funds
Year Ended December 31, 2023

Total net change in fund balances - governmental funds \$ (4,428,142)

Amounts reported for governmental activities in the Statement of Activities are different because:

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	18,252,510
Depreciation/amortization expense	(4,199,465)

Some expenses are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.

Total OPEB liability	(77,350)
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Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities.

Bond principal payments	3,870,000
Lease payments	24,979

Governmental funds report the effects of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

127,856

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires 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.

59,523

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

State shared taxes	(2,102,843)
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Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.

Pension expense	(2,071,086)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (loss) of internal service funds are reported with governmental activities.

Investment earnings	382,380
Transfers - net	1,083,500
Gain on sale of capital assets	108,500
Consolidation of internal service fund activities with governmental activities	(1,128,895)

Delinquent property tax and special assessment receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

Property taxes	84,454
Special assessments	75,764

Change in net position - governmental activities	\$ 10,061,685
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City of Richfield
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 21,026,215	\$ 21,026,215	\$ 21,040,066	\$ 13,851
Special assessments	-	-	4,308	4,308
Licenses and permits	1,319,495	1,094,810	981,777	(113,033)
Intergovernmental	3,544,943	3,553,902	3,650,861	96,959
Charges for services	1,902,618	1,855,551	1,919,962	64,411
Fines and forfeitures	220,000	200,000	180,391	(19,609)
Interest earnings	25,000	25,000	659,981	634,981
Miscellaneous	45,580	104,700	49,918	(54,782)
Total revenues	<u>28,083,851</u>	<u>27,860,178</u>	<u>28,487,264</u>	<u>627,086</u>
Expenditures				
Current				
Legislative/executive	1,148,816	1,114,258	1,034,837	(79,421)
Administrative services	1,000,852	991,424	959,262	(32,162)
Finance	886,071	1,006,135	1,046,114	39,979
Public safety	11,332,622	11,095,903	11,133,159	37,256
Fire	5,335,950	5,397,355	5,618,697	221,342
Community development	1,781,890	1,753,100	1,652,012	(101,088)
Public works	4,946,140	5,006,740	5,064,179	57,439
Recreation services	2,251,430	2,246,971	2,209,931	(37,040)
Total expenditures	<u>28,683,771</u>	<u>28,611,886</u>	<u>28,718,191</u>	<u>106,305</u>
Excess of revenues over (under) expenditures	(599,920)	(751,708)	(230,927)	520,781
Other Financing Sources (Uses)				
Transfers in	859,920	1,011,708	987,525	(24,183)
Transfers out	(260,000)	(260,000)	(260,000)	-
Total other financing sources (uses)	<u>599,920</u>	<u>751,708</u>	<u>727,525</u>	<u>(24,183)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	496,598	<u>\$ 496,598</u>
Fund Balances				
Beginning of year			<u>10,990,390</u>	
End of year			<u>\$ 11,486,988</u>	

City of Richfield
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Ice Arena Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Charges for services	\$ 1,138,210	\$ 1,084,550	\$ 1,181,050	\$ 96,500
Interest earnings	-	-	16,676	16,676
Miscellaneous	61,930	61,930	172,014	110,084
Total revenues	<u>1,200,140</u>	<u>1,146,480</u>	<u>1,369,740</u>	<u>223,260</u>
Expenditures				
Current				
Recreation services	1,225,370	1,222,330	1,250,594	28,264
Debt service				
Interest and other charges	10,970	9,605	9,605	-
Capital outlay				
Culture and recreation	-	60,160	-	(60,160)
Total expenditures	<u>1,236,340</u>	<u>1,292,095</u>	<u>1,260,199</u>	<u>(31,896)</u>
Excess of revenues over (under) expenditures	(36,200)	(145,615)	109,541	255,156
Other Financing Sources				
Transfers in	350,000	440,000	400,000	(40,000)
Net change in fund balances	<u>\$ 313,800</u>	<u>\$ 294,385</u>	509,541	<u>\$ 215,156</u>
Fund Balances				
Beginning of year			(2,992,097)	
Prior period adjustment			<u>(46,386)</u>	
Beginning of year, restated (See Note 18)			<u>(3,038,483)</u>	
End of year			<u>\$ (2,528,942)</u>	

City of Richfield
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Elections Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Interest earnings	\$ 4,000	\$ 4,000	\$ 147,067	\$ 143,067
Miscellaneous	267,341	377,341	351,021	(26,320)
Total revenues	<u>271,341</u>	<u>381,341</u>	<u>498,088</u>	<u>116,747</u>
Expenditures				
Current				
General government	139,501	249,061	258,253	9,192
Total expenditures	<u>139,501</u>	<u>249,061</u>	<u>258,253</u>	<u>9,192</u>
Net change in fund balances	<u>\$ 131,840</u>	<u>\$ 132,280</u>	239,835	<u>\$ 107,555</u>
Fund Balances				
Beginning of year			<u>2,115,700</u>	
End of year			<u>\$ 2,355,535</u>	

City of Richfield
Statement of Net Position - Proprietary Funds
December 31, 2023

	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	\$ 1,907,836	\$ 5,040,870	\$ 6,180,075	\$ 13,128,781	\$ 11,560,613
Interest receivable	5,339	15,261	18,907	39,507	29,636
Accounts receivable	100	2,602,142	645,573	3,247,815	107,917
Special assessments receivable	-	541,673	-	541,673	-
Due from other governments	4,027	50,117	351	54,495	-
Advances to other funds	-	-	-	-	70,176
Inventories	1,717,767	-	-	1,717,767	-
Prepaid items	21,733	213,406	26	235,165	170
Total current assets	<u>3,656,802</u>	<u>8,463,469</u>	<u>6,844,932</u>	<u>18,965,203</u>	<u>11,768,512</u>
Noncurrent assets					
Advances to other funds	-	-	-	-	372,707
Capital assets not being depreciated					
Land	499,188	53,550	85,935	638,673	-
Construction in progress	-	-	33,646	33,646	415,457
Capital assets being depreciated					
Buildings and structures	5,090,656	5,405,689	-	10,496,345	12,333,269
Machinery and equipment	1,067,974	14,328,056	831,285	16,227,315	-
Other improvements	253,149	29,986,023	24,278,398	54,517,570	-
Less accumulated depreciation	<u>(3,552,621)</u>	<u>(29,208,753)</u>	<u>(14,562,800)</u>	<u>(47,324,174)</u>	<u>(8,643,102)</u>
Net capital assets	<u>3,358,346</u>	<u>20,564,565</u>	<u>10,666,464</u>	<u>34,589,375</u>	<u>4,105,624</u>
Total noncurrent assets	<u>3,358,346</u>	<u>20,564,565</u>	<u>10,666,464</u>	<u>34,589,375</u>	<u>4,478,331</u>
Total assets	<u>7,015,148</u>	<u>29,028,034</u>	<u>17,511,396</u>	<u>53,554,578</u>	<u>16,246,843</u>
Deferred Outflows of Resources					
Deferred outflows of resources related to pensions	196,400	270,382	25,791	492,573	195,416
Deferred outflows of resources related to OPEB	15,019	21,580	78	36,677	11,772
Total deferred outflows of resources	<u>211,419</u>	<u>291,962</u>	<u>25,869</u>	<u>529,250</u>	<u>207,188</u>
Total assets and deferred outflows of resources	<u>\$ 7,226,567</u>	<u>\$ 29,319,996</u>	<u>\$ 17,537,265</u>	<u>\$ 54,083,828</u>	<u>\$ 16,454,031</u>

City of Richfield
Statement of Net Position - Proprietary Funds
December 31, 2023

	Business-Type Activities - Enterprise Funds				Governmental
	Municipal Liquor	Water and Sewer Utility	Storm Sewer	Total	Activities - Internal Service Funds
Liabilities					
Current liabilities					
Accounts and contracts payable	\$ 389,646	\$ 312,903	\$ 23,373	\$ 725,922	\$ 460,730
Accrued salaries payable	54,960	69,096	6,071	130,127	47,236
Due to other governments	153,351	560,239	-	713,590	28,358
Accrued interest payable	-	84,394	97,823	182,217	-
Compensated absences payable	34,250	71,927	3,755	109,932	669,581
Bonds payable due within one year	-	628,000	557,000	1,185,000	-
Total current liabilities	<u>632,207</u>	<u>1,726,559</u>	<u>688,022</u>	<u>3,046,788</u>	<u>1,205,905</u>
Noncurrent liabilities					
Compensated absences payable	77,442	162,634	8,491	248,567	1,863,924
Claims and judgements	-	-	-	-	1,183,616
Bonds payable	-	6,429,075	7,758,882	14,187,957	-
Net pension liability	744,364	1,024,758	97,750	1,866,872	740,633
Total OPEB liability	<u>42,646</u>	<u>61,276</u>	<u>222</u>	<u>104,144</u>	<u>33,428</u>
Total noncurrent liabilities	<u>864,452</u>	<u>7,677,743</u>	<u>7,865,345</u>	<u>16,407,540</u>	<u>3,821,601</u>
Total liabilities	<u>1,496,659</u>	<u>9,404,302</u>	<u>8,553,367</u>	<u>19,454,328</u>	<u>5,027,506</u>
Deferred Inflows of Resources					
Deferred inflows of resources related to pensions	268,376	369,470	35,243	673,089	267,031
Deferred inflows of resources related to OPEB	<u>25,243</u>	<u>36,270</u>	<u>131</u>	<u>61,644</u>	<u>19,786</u>
Total deferred inflows of resources	<u>293,619</u>	<u>405,740</u>	<u>35,374</u>	<u>734,733</u>	<u>286,817</u>
Net Position					
Net investment in capital assets	3,358,346	13,468,513	2,350,582	19,177,441	4,105,624
Unrestricted	<u>2,077,943</u>	<u>6,041,441</u>	<u>6,597,942</u>	<u>14,717,326</u>	<u>7,034,084</u>
Total net position	<u>5,436,289</u>	<u>19,509,954</u>	<u>8,948,524</u>	<u>33,894,767</u>	<u>11,139,708</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 7,226,567</u>	<u>\$ 29,319,996</u>	<u>\$ 17,537,265</u>	<u>\$ 54,083,828</u>	<u>\$ 16,454,031</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>\$ (2,630,521)</u>	
Net position of business-type activities				<u>\$ 31,264,246</u>	

City of Richfield
Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds
Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities -
	Municipal Liquor	Water and Sewer Utility	Storm Sewer	Totals	Internal Service Funds
Operating Revenues					
Charges for services	\$ 13,935,832	\$ 10,241,076	\$ 2,219,957	\$ 26,396,865	\$ 4,623,321
Less: cost of sales	(10,170,469)	-	-	(10,170,469)	-
Total operating revenues	<u>3,765,363</u>	<u>10,241,076</u>	<u>2,219,957</u>	<u>16,226,396</u>	<u>4,623,321</u>
Operating Expenses					
Personnel services	1,555,580	2,608,184	605,236	4,769,000	1,954,894
Other services and charges	692,895	5,030,552	1,065,331	6,788,778	3,238,612
Depreciation	215,630	1,378,468	713,849	2,307,947	990,004
Total operating expenses	<u>2,464,105</u>	<u>9,017,204</u>	<u>2,384,416</u>	<u>13,865,725</u>	<u>6,183,510</u>
Operating income (loss)	1,301,258	1,223,872	(164,459)	2,360,671	(1,560,189)
Nonoperating Revenues (Expenses)					
Intergovernmental	-	10,000	10,000	20,000	-
Interest earnings	67,573	226,422	312,775	606,770	382,380
Miscellaneous revenues	32,072	188,152	162,619	382,843	146,122
Gain (loss) on sale of asset	-	-	-	-	108,500
Interest and amortization expense	-	(171,674)	(211,922)	(383,596)	-
Total nonoperating revenues (expenses)	<u>99,645</u>	<u>252,900</u>	<u>273,472</u>	<u>626,017</u>	<u>637,002</u>
Income before capital contributions and transfers	1,400,903	1,476,772	109,013	2,986,688	(923,187)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	1,140,000
Transfers out	(897,926)	(300,000)	-	(1,197,926)	(56,500)
Total other financing sources (uses)	<u>(897,926)</u>	<u>(300,000)</u>	<u>-</u>	<u>(1,197,926)</u>	<u>1,083,500</u>
Change in net position	502,977	1,176,772	109,013	1,788,762	160,313
Net Position					
Beginning of year	<u>4,933,312</u>	<u>18,333,182</u>	<u>8,839,511</u>	<u>32,106,005</u>	<u>10,979,395</u>
End of year	<u>\$ 5,436,289</u>	<u>\$ 19,509,954</u>	<u>\$ 8,948,524</u>	<u>\$ 33,894,767</u>	<u>\$ 11,139,708</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(251,847)</u>	
Change in net position of business-type activities				<u>\$ 1,536,915</u>	

City of Richfield
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Municipal Liquor	Water and Sewer Utility	Storm Sewer	Total	
Cash Flows - Operating Activities					
Receipts from customers and users	\$ 13,932,784	\$ 9,705,453	\$ 2,110,814	\$ 25,749,051	\$ 4,584,595
Payments to suppliers	(11,010,289)	(4,732,831)	(1,076,701)	(16,819,821)	(3,087,409)
Payments to employees	(1,648,105)	(2,592,468)	(566,877)	(4,807,450)	(1,787,280)
Other operating receipts	32,072	188,152	162,619	382,843	146,122
Net cash flows					
- operating activities	<u>1,306,462</u>	<u>2,568,306</u>	<u>629,855</u>	<u>4,504,623</u>	<u>(143,972)</u>
Cash Flows - Noncapital					
Financing Activities					
Intergovernmental revenue	-	10,000	10,000	20,000	-
Receipt of advances to other funds	-	-	-	-	68,788
Transfer from other funds	-	-	-	-	1,140,000
Transfer to other funds	(897,926)	(300,000)	-	(1,197,926)	(56,500)
Net cash flows - noncapital financing activities	<u>(897,926)</u>	<u>(290,000)</u>	<u>10,000</u>	<u>(1,177,926)</u>	<u>1,152,288</u>
Cash Flows - Capital and Related					
Financing Activities					
Principal paid on debt	-	(555,000)	(445,000)	(1,000,000)	-
Interest paid on debt	-	(215,316)	(249,444)	(464,760)	-
Proceeds from sale of capital assets	-	-	-	-	450,238
Acquisition of capital assets	-	(4,111,251)	(92,626)	(4,203,877)	(1,249,334)
Net cash flows					
- capital and related financing activities	<u>-</u>	<u>(4,881,567)</u>	<u>(787,070)</u>	<u>(5,668,637)</u>	<u>(799,096)</u>
Cash Flows - Investing Activities					
Interest and dividends received	<u>64,458</u>	<u>220,967</u>	<u>306,236</u>	<u>591,661</u>	<u>367,418</u>
Net change in cash and cash equivalents	472,994	(2,382,294)	159,021	(1,750,279)	576,638
Cash and Cash Equivalents					
January 1	<u>1,434,842</u>	<u>7,423,164</u>	<u>6,021,054</u>	<u>14,879,060</u>	<u>10,983,975</u>
December 31	<u>\$ 1,907,836</u>	<u>\$ 5,040,870</u>	<u>\$ 6,180,075</u>	<u>\$ 13,128,781</u>	<u>\$ 11,560,613</u>

City of Richfield
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Municipal Liquor	Water and Sewer Utility	Storm Sewer	Total	
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities					
Operating income (loss)	\$ 1,301,258	\$ 1,223,872	\$ (164,459)	\$ 2,360,671	\$ (1,560,189)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities					
Other revenues	32,072	188,152	162,619	382,843	146,122
Depreciation expense	215,630	1,378,468	713,849	2,307,947	990,004
Net pension liability expense	(90,965)	(35,025)	30,063	(95,927)	21,705
OPEB liability expense	3,687	2,924	275	6,886	3,464
Accounts receivable	(50)	(322,459)	(117,784)	(440,293)	(38,726)
Special assessments receivable	-	(163,047)	-	(163,047)	-
Due from other governments	(2,998)	(50,117)	8,641	(44,474)	-
Prepaid items	738	(205,316)	779	(203,799)	305,060
Inventory	(178,578)	-	-	(178,578)	-
Accounts payable	21,766	(12,054)	(12,149)	(2,437)	302,002
Due to other governmental units	9,149	515,091	-	524,240	(25,135)
Salaries payable	4,802	563	(473)	4,892	(3,004)
Compensated absences payable	-	-	-	-	145,449
Estimated payable for outstanding claim	(10,049)	47,254	8,494	45,699	(430,724)
Total adjustments	<u>5,204</u>	<u>1,344,434</u>	<u>794,314</u>	<u>2,143,952</u>	<u>1,416,217</u>
Net cash flows					
- operating activities	<u>\$ 1,306,462</u>	<u>\$ 2,568,306</u>	<u>\$ 629,855</u>	<u>\$ 4,504,623</u>	<u>\$ (143,972)</u>

City of Richfield
Statement of Fiduciary Net Position
December 31, 2023

	<u>Custodial Funds</u>
Assets	
Cash and temporary investments	\$ 429,893
Receivables	
Accrued interest	<u>37,539</u>
Total assets	<u>\$ 467,432</u>
Liabilities	
Due to other governments	<u>\$ 374,291</u>
Total liabilities	<u>374,291</u>
Net Position	<u>\$ 93,141</u>

City of Richfield
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2023

	Custodial Funds
Additions	
Interest earnings	\$ 118
License fee collections for State of Minnesota	21,097,305
Total additions	42,194,728
Deductions	
Payments to State of Minnesota	21,097,305
Total deductions	42,194,610
Change in net position	118
Net Position	
Beginning of year	93,023
End of year	\$ 93,141

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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:

B. 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 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.

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

The EDA was established May 9, 2017 per *Minnesota Statutes* §§ 469.090 through 469.108 and some but not all of the powers of a housing and redevelopment authority under *Minnesota Statutes* §§ 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.

C. 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.

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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.

The custodial funds report using the economic resources measurement focus and the accrual basis of accounting.

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:

General Fund - This 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.

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

Elections Fund - This fund was established to isolate the large fluctuation over time in election costs from year to year. The fund provides voter registration services, voter information services and election administration. Funding for the costs of elections services is derived from rental revenues from cellular telephone carriers who rent space for their antennas on City infrastructure.

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

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

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The government reports the following major proprietary funds:

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

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

Storm Sewer Fund - This 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 - These fund 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 - These 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 and 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.

Budgets for the General Fund and Special Revenue Funds, excluding the Public Safety Aid and 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.

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets

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, 2023 there are no significant encumbrances outstanding in any major or nonmajor fund.

F. 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 2023 the General Fund budget was amended to decrease budgeted revenues by \$223,673, decrease budgeted expenditures by \$71,885 and increase budgeted transfer in by \$151,788. 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.

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations (budget) in the following individual funds for the year ended December 31, 2023:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Major			
General	\$ 28,611,886	\$ 28,718,191	\$ 106,305
Elections	249,061	258,253	9,192
Nonmajor			
Communications	546,582	665,437	118,855
Public Safety Compliance	15,500	40,873	25,373
Recreation Contribution	59,000	115,800	56,800
Nature Center Contribution	11,756	62,302	50,546
Wood lake Half Marathon	62,000	65,663	3,663
Utility Franchis Fees	45,000	108,087	63,087
Opioid Settlement	-	9,824	9,824
Recreation Special Program	79,943	141,210	61,267
Swimming Pool	525,150	571,161	46,011

H. Deficit Fund Equity

The following funds had fund equity deficits as December 31, 2023:

Fund	Amount
Major	
Ice Arena	\$ 2,528,942
Capital Improvements	370,703

I. 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.

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Cash, Cash Equivalents, and Investments (Continued)

1. 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.

J. 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.

1. 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.

2. 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.

K. 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.

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Special Assessment Revenue Recognition (Continued)

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.

1. 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.

2. 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.

L. 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.

M. 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.

N. Lease Receivable

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

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

O. 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 of net realizable value.

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. 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:

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

Q. 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.

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. 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.

S. 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.

T. 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 Fund Balances - Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- ◆ Restricted Fund Balances - Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- ◆ Committed Fund Balances - 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 Fund Balances - 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 Fund Balances - The residual classification for the General Fund which also reflects negative residual amounts in other funds.

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Fund Equity (Continued)

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.

U. 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 assets 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has seven items that qualify for reporting in this category. Five of the items reported arise under the modified accrual basis of accounting and are reported in the Governmental Fund Balance Sheet as unavailable revenue, deferred inflows of resources related to lease receivables, and advanced appropriations - state shared taxes. 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, lease receivable, pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

V. 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 \$7,109,550 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."

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. 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.

X. 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.

Y. 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.

NOTE 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:

- 1) Direct obligations or obligations guaranteed by the United States or its agencies.
- 2) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in a) above.
- 3) General obligations of the State of Minnesota or any of its municipalities.
- 4) Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- 5) Commercial paper, issued by United States corporations of their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- 6) 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.
- 7) 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.
- 8) 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.

City of Richfield
Notes to Basic Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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: 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: This is the 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 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.

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.

City of Richfield
Notes to Basic Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Money market mutual funds invested as part of the City's trust arrangement at Principal consist entirely of money market funds and are 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 Bank 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, 2023, the City, HRA and EDA had the following investments and maturities (in years):

Types of Investments	Moody's Ratings	Percent of Total	Fair Value	Less Than 1 Year	Years 1 - 5
Pooled Investments					
U.S. Agencies					
Federal Home Loan Bank	AA+	11.23%	\$ 8,446,935	\$ 6,949,480	\$ 1,497,455
U.S. Treasury Securities	A1+	0.29%	214,594	214,594	-
U.S. Treasury Bonds	AA+	7.90%	5,942,430	4,977,390	965,040
Municipal Bonds	AA	0.13%	100,000	100,000	-
Negotiable Certificates of Deposits	NR	1.14%	858,784	858,784	-
Money Markets					
Money Market Mutual Fund Investments	NR	32.95%	24,789,650	24,789,650	-
External Investment Pool	NR	46.37%	34,886,561	34,886,561	-
Total Pooled Investments		<u>100.00%</u>	<u>75,238,954</u>	<u>72,776,459</u>	<u>2,462,495</u>
Non-pooled Investment					
External Investment Pool	NR	<u>100.00%</u>	<u>272,169</u>	<u>272,169</u>	<u>-</u>
Total Investments			<u>\$ 75,511,123</u>	<u>\$ 73,048,628</u>	<u>\$ 2,462,495</u>

The City has the following recurring fair value measurements as of December 31, 2023:

- ◆ \$24,789,650 of investments are valued using a quoted market prices (Level 1 inputs)
- ◆ \$15,562,742 of investments are valued using a matrix pricing model (Level 2 inputs)

City of Richfield
Notes to Basic Financial Statements

NOTE 3 - LEASE RECEIVABLE

As of December 31, 2023 the City had the following lease receivable:

Description	Issue Date	Discount Rate	Current Year Inflow of Resources	Balance at Year End
Woodlawn Terrace Cooperative - Property Lease	1/1/2022	1.55 %	\$ 101,733	\$ 105,304
Wheel Fun Rentals, LLC - Management Services Agreement	1/1/2022	1.27	145,364	146,500
E-Clan Inc (B&J Trees) - Property Lease	11/1/2022	3.24	22,013	18,295
Sprint - Site Lease Agreement (City Hall)	1/1/2022	0.69	363,603	371,040
Sprint - Site Lease Agreement (Penn)	1/1/2022	0.50	82,898	86,165
T-Mobile - Site Lease Agreement (Penn)	1/1/2022	0.55	225,049	233,847
T-Mobile - Site Lease Agreement (Logan)	1/1/2022	1.52	727,974	755,776
AT&T - Site Lease Agreement (Penn)	1/1/2022	1.41	656,955	682,158
Verizon - Site Lease Agreement (City Hall)	1/1/2022	1.41	710,625	728,864
Verizon - Site Lease Agreement (Penn)	1/1/2022	1.59	1,231,091	1,288,024
American - Site Lease Agreement (66th)	1/1/2022	1.31	424,646	441,030
Fortis Academy - Training Room Lease	11/1/2023	3.53	100,874	101,057
			<u>\$ 4,792,825</u>	<u>\$ 4,958,060</u>
Total lease receivables			<u>\$ 4,792,825</u>	<u>\$ 4,958,060</u>

For the Woodlawn Terrace Cooperative lease, the vendor paid the City \$5,445 in 2023 and this will increase by 3% each year to lease ten feet of the City's property. This lease can be renewed for up to two successive five-year terms.

For the Wheel Fund Rentals, LLC lease, the vendor pays the City \$4,000 quarterly for renting the City owned Mini-Golf facility. The City will also be paid 10% of gross revenues from the operation, concessions and bike rentals, after \$200,000 of gross revenues is received.

For the E-Clan Inc. (B&J Trees) lease, the vendor paid the City \$8,925 in 2023 and will increase by 5% each year to use property owned by the City for storing, displaying and selling of Christmas trees. The City may terminate this agreement without cause by giving notice of termination.

For the Sprint lease, the vendor paid the City \$121,645 in 2023 and will increase by 4% each year to use property owned by the City for operating cell towers. Each term of five years and can be extend for three additional five-year periods.

For the T-Mobile lease, the vendor paid the City \$78,298 in 2023 and will increase by 4% each year to use property owned by the City for operating cell towers. Each term of five years and can be extend for three additional five-year periods.

For the AT&T lease, the vendor paid the City \$40,150 in 2023 and will increase by 4% each year to use property owned by the City for operating cell towers. Each term of five years and can be extend for three additional five-year periods.

City of Richfield
Notes to Basic Financial Statements

NOTE 3 - LEASE RECEIVABLE (CONTINUED)

For the Verizon lease, the vendor paid the City \$94,271 in 2023 and will increase by 3% each year to use property owned by the City for operating cell towers. Each term of five years and can be extend for three additional five-year periods.

For the American lease, the vendor paid the City \$34,159 in 2023 and will increase by 4% each year to use property owned by the City for operating cell towers. Each term of five years and can be extend for two additional five-year periods.

For the Fortis Academy lease, the vendor paid the City \$1,500 monthly to lease office space from the City. The monthly fee will increase \$50 annually during the three-year agreement. This lease can be renewed for an additional three-year term.

City of Richfield
Notes to Basic Financial Statements

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated/amortized				
Land	\$ 9,353,605	\$ -	\$ -	\$ 9,353,605
Construction in progress	24,185,755	17,748,980	(38,765,902)	3,168,833
Total capital assets not being depreciated/amortized	<u>33,539,360</u>	<u>17,748,980</u>	<u>(38,765,902)</u>	<u>12,522,438</u>
Capital assets being depreciated/amortized				
Leased equipment (intangible right to use asset)	123,705	-	-	123,705
Buildings and structures	50,005,128	-	-	50,005,128
Machinery and equipment	19,780,349	758,030	(679,344)	19,859,035
Other improvements	8,283,937	2,131,091	-	10,415,028
Streets (infrastructures)	84,276,830	37,287,907	-	121,564,737
Total capital assets being depreciated/amortized	<u>162,469,949</u>	<u>40,177,028</u>	<u>(679,344)</u>	<u>201,967,633</u>
Less accumulated depreciation/amortization for				
Leased equipment (intangible right to use asset)	(25,160)	(25,160)	-	(50,320)
Buildings and structures	(19,277,515)	(1,186,087)	-	(20,463,602)
Machinery and equipment	(11,576,418)	(1,280,247)	679,344	(12,177,321)
Other improvements	(5,147,278)	(373,507)	-	(5,520,785)
Streets (Infrastructures)	(64,989,950)	(2,324,467)	-	(67,314,417)
Total accumulated depreciation/amortization	<u>(101,016,321)</u>	<u>(5,189,468)</u>	<u>679,344</u>	<u>(105,526,445)</u>
Total capital assets being depreciated/amortized, net	<u>61,453,628</u>	<u>34,987,560</u>	<u>-</u>	<u>96,441,188</u>
Governmental activities capital assets, net	<u>\$ 94,992,988</u>	<u>\$ 52,736,540</u>	<u>\$ (38,765,902)</u>	<u>\$ 108,963,626</u>

City of Richfield
Notes to Basic Financial Statements

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 638,673	\$ -	\$ -	\$ 638,673
Construction in progress	326,867	1,527,770	(1,820,991)	33,646
Total capital assets not being depreciated	<u>965,540</u>	<u>1,527,770</u>	<u>(1,820,991)</u>	<u>672,319</u>
Capital assets being depreciated				
Buildings and structures	10,496,345	-	-	10,496,345
Machinery and equipment	15,195,137	1,040,372	(8,194)	16,227,315
Other improvements	51,449,354	3,068,216	-	54,517,570
Total capital assets being depreciated	<u>77,140,836</u>	<u>4,108,588</u>	<u>(8,194)</u>	<u>81,241,230</u>
Less accumulated depreciation for				
Buildings and structures	(7,670,803)	(226,249)	-	(7,897,052)
Machinery and equipment	(10,388,542)	(606,264)	8,194	(10,986,612)
Other improvements	(26,965,076)	(1,475,434)	-	(28,440,510)
Total accumulated depreciation	<u>(45,024,421)</u>	<u>(2,307,947)</u>	<u>8,194</u>	<u>(47,324,174)</u>
Total capital assets being depreciated, net	<u>32,116,415</u>	<u>1,800,641</u>	<u>-</u>	<u>33,917,056</u>
Business-type activities capital assets, net	<u>\$ 33,081,955</u>	<u>\$ 3,328,411</u>	<u>\$ (1,820,991)</u>	<u>\$ 34,589,375</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/amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General Government	\$ 471,821
Public Safety	114,859
Public Works	2,708,125
Culture and Recreation	904,659
Internal service funds	<u>990,004</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 5,189,468</u>

City of Richfield
Notes to Basic Financial Statements

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Business-type activities	
Municipal Liquor	\$ 215,630
Water and Sewer Utility	1,378,468
Storm Sewer	<u>713,849</u>
Total depreciation expense - business-type activities	<u>\$ 2,307,947</u>

At December 31, 2023, the City had construction project contracts in progress. The commitments related to the remaining contract balances are summarized as follows:

Project	Contract Amount	Remaining Commitment
77th Street Phase III	\$ 23,122,275	\$ 628,255
Sanitary Sewer Lining	796,666	17,124
77th Street Signal	989,739	2,306
65th Street Reconstruction	<u>11,301,390</u>	<u>97,532</u>
Total	<u>\$ 36,210,070</u>	<u>\$ 745,217</u>

NOTE 5 - 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 2023. 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 \$1,183,616 reported in the fund at December 31, 2023 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.

City of Richfield
Notes to Basic Financial Statements

NOTE 5 - RISK MANAGEMENT (CONTINUED)

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, 2023 and 2022 are as follows:

Years Ending December 31,	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments-Net	Balance at Fiscal Year End
2022	\$ 1,113,644	\$ 923,980	\$ (423,284)	\$ 1,614,340
2023	1,614,340	32,866	(463,590)	1,183,616

NOTE 6 - LONG-TERM LIABILITIES

The City issues general obligation bonds 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.

The City entered into a lease agreement with Big Belly Solar, LLC for the purchase of hardware/software for the public works department. See the details below of the agreement.

Description	Total Lease Liability	Interest Rate	Issue Date	Payment Terms	Payment Amount
Connect Services Agreement - hardware/ software for public works department	\$ 73,848	0.69 %	1/1/2022	59 months	\$2,132 monthly

City of Richfield
Notes to Basic Financial Statements

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

A. Components of Long-Term Liabilities

As of December 31, 2023, 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	\$ 600,000
G.O. Tax Increment Refunding Bonds, 2012B	2.25	09/06/12	02/01/25	2,970,000	510,000
Total Redevelopment Bonds					<u>1,110,000</u>
Improvement Bonds					
G.O. Improvement Bonds, Series 2013A	2.18	03/21/13	02/01/34	3,120,000	1,415,000
G.O. Street Reconstruction Bonds, Series 2015A	2.71	06/04/15	02/01/36	9,100,000	6,205,000
G.O. Refunding Bonds, Series 2016B	1.58	11/17/16	02/01/28	5,085,000	2,525,000
G.O. Refunding Bonds, Series 2016C	2.04	12/15/16	02/01/29	6,130,000	3,875,000
G.O. Street Reconstruction Bonds, Series 2017A	2.49	04/20/17	02/01/38	9,130,000	7,295,000
G.O. Capital Improvement Refunding Bonds, Series 2017B	2.17	12/14/17	02/01/29	3,045,000	1,865,000
G.O. Street Reconstruction Bonds, Series 2018A	3.10	05/31/18	02/01/39	9,770,000	8,250,000
G.O. Bonds, Series 2019A	2.63	06/06/19	02/01/40	5,290,000	4,715,000
G.O. Bonds, Series 2020A	1.91	05/14/20	02/01/41	2,995,000	2,760,000
G.O. Refunding Bonds, Series 2020B	1.09	11/19/20	02/01/33	1,370,000	1,165,000
G.O. Bonds, Series 2022A	4.00	07/07/22	02/01/43	5,565,000	5,565,000
Unamortized Bond Premiums					1,165,923
Total Improvement Bonds					<u>46,800,923</u>
Lease Payable					
Connect Services Agreement - hardware/ software for public works department	0.68	01/01/22	11/19/26	123,705	73,848
Total Governmental Indebtedness					<u>\$ 47,984,771</u>
Enterprise Bonds					
G.O. Refunding Bonds, Series 2015B	1.74	11/10/15	02/01/27	5,360,000	\$ 2,180,000
G.O. Storm Water Bonds, Series 2016A	2.18	05/19/16	02/01/37	2,970,000	2,230,000
G.O. Bonds, Series 2019A	2.63	06/06/19	02/01/40	3,035,000	2,705,000
G.O. Bonds, Series 2020A	1.91	05/14/20	02/01/41	2,125,000	1,820,000
G.O. Refunding Bonds, Series 2020B	1.09	11/19/20	02/01/33	1,740,000	1,485,000
G.O. Bonds, Series 2022A	4.00	07/07/22	02/01/43	4,435,000	4,435,000
Unamortized Bond Premiums					517,957
Total Enterprise Bonds					<u>15,372,957</u>
Total City Indebtedness					<u>\$ 63,357,728</u>

City of Richfield
Notes to Basic Financial Statements

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

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

<u>Year Ending December 31,</u>	Redevelopment Bonds		
	Principal	Interest	Total
2024	\$ 850,000	\$ 24,256	\$ 874,256
2025	260,000	3,738	263,738
Total	\$ 1,110,000	\$ 27,994	\$ 1,137,994
<u>Year Ending December 31,</u>	Improvement Bonds		
	Principal	Interest	Total
2024	\$ 3,340,000	\$ 1,287,289	\$ 4,627,289
2025	3,450,000	1,188,044	4,638,044
2026	3,540,000	1,090,054	4,630,054
2027	3,645,000	992,729	4,637,729
2028	3,750,000	891,961	4,641,961
2029 - 2033	13,120,000	3,232,627	16,352,627
2034 - 2038	11,095,000	1,448,983	12,543,983
2039 - 2043	3,695,000	238,925	3,933,925
Total	\$ 45,635,000	\$ 10,370,612	\$ 56,005,612
<u>Year Ending December 31,</u>	Lease Payable		
	Principal	Interest	Total
2024	\$ 25,152	\$ 416	\$ 25,568
2025	25,326	241	25,567
2026	23,370	67	23,437
Total	\$ 73,848	\$ 724	\$ 74,572

City of Richfield
Notes to Basic Financial Statements

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

<u>Year Ending December 31,</u>	Water and Sewer		
	Principal	Interest	Total
2024	\$ 628,000	\$ 192,458	\$ 820,458
2025	649,600	173,806	823,406
2026	661,200	156,540	817,740
2027	682,800	138,835	821,635
2028	296,000	124,584	420,584
2029 - 2033	1,528,600	477,895	2,006,495
2034 - 2038	1,372,400	267,752	1,640,152
2039 - 2043	971,112	63,945	1,035,057
Total	\$ 6,789,712	\$ 1,595,815	\$ 8,385,527
<u>Year Ending December 31,</u>	Storm Sewer		
	Principal	Interest	Total
2024	\$ 557,000	\$ 226,437	\$ 783,437
2025	575,400	210,289	785,689
2026	588,800	195,155	783,955
2027	607,200	180,285	787,485
2028	454,000	166,661	620,661
2029 - 2033	2,441,400	654,597	3,095,997
2034 - 2038	1,752,600	351,923	2,104,523
2039 - 2043	1,088,888	104,932	1,193,820
Total	\$ 8,065,288	\$ 2,090,279	\$ 10,155,567

City of Richfield
Notes to Basic Financial Statements

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

C. Change in Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
Redevelopment bonds	\$ 1,925,000	\$ -	\$ (815,000)	\$ 1,110,000	\$ 850,000
Improvement bonds	48,690,000	-	(3,055,000)	45,635,000	3,340,000
Bond premium	1,293,779	-	(127,856)	1,165,923	-
Total bonds payable	51,908,779	-	(3,997,856)	47,910,923	4,190,000
Lease payable	98,827	-	(24,979)	73,848	25,152
Claims and judgements	1,614,340	32,866	(463,590)	1,183,616	-
Compensated absences payable	2,388,056	2,934,372	(2,788,923)	2,533,505	669,581
Governmental activity long-term liabilities	<u>\$ 56,010,002</u>	<u>\$ 2,967,238</u>	<u>\$ (7,275,348)</u>	<u>\$ 51,701,892</u>	<u>\$ 4,884,733</u>
Business-type activities					
Bonds payable					
Storm sewer revenue bonds	\$ 2,360,000	\$ -	\$ (130,000)	\$ 2,230,000	\$ 135,000
G.O. Bonds	9,190,000	-	(230,000)	8,960,000	390,000
G.O. Refunding Bonds	4,305,000	-	(640,000)	3,665,000	660,000
Bond premium	577,519	-	(59,562)	517,957	-
Total bonds payable	16,432,519	-	(1,059,562)	15,372,957	1,185,000
Compensated absences payable	312,800	327,141	(281,442)	358,499	109,932
Business-type activity long-term liabilities	<u>\$ 16,745,319</u>	<u>\$ 327,141</u>	<u>\$ (1,341,004)</u>	<u>\$ 15,731,456</u>	<u>\$ 1,294,932</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, 2023 is backed by the full faith and credit of the City, including special assessment and revenue bond issues. Special assessment receivable at December 31, 2023 totaled \$502,137.

City of Richfield
Notes to Basic Financial Statements

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

D. 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	\$ 2,271,125	\$ 561,425	\$ 7,383,492
G.O. Storm Water Bonds, Series 2016A	Utility Infrastructure	Utility Charges	100	2017-2037	2,617,968	184,215	2,219,957
G.O. Bonds Series 2019A	Utility Infrastructure	Utility Charges	100	2020-2040	3,472,400	204,900	12,448,664
G.O. Bonds, Series 2020A	Utility Infrastructure	Utility Charges	100	2021-2041	2,139,368	162,900	5,163,535
G.O. Refunding Bonds, Series 2020B	Utility Infrastructure	Utility Charges	100	2021-2033	1,368,665	161,380	2,219,957
G.O. Refunding Bonds, Series 2022A	Utility Infrastructure	Utility Charges	100	2023-2043	6,438,900	189,227	12,448,664

NOTE 7 - INTERFUND BALANCES AND TRANSACTIONS

Interfund transfers as of December 31, 2023 are as follows:

Fund	Transfer In						Total
	General	Ice Arena	Improvement Bond	Capital Improvements	Nonmajor Governmental	Internal Service Funds	
Transfer Out							
General	\$ -	\$ 140,000	\$ -	\$ -	\$ 120,000	\$ -	\$ 260,000
Capital Improvements	639,598	200,000	-	200,000	200,000	1,083,500	2,323,098
Nonmajor Governmental	-	60,000	745,994	1,474,932	755,001	-	3,035,927
Municipal Liquor	347,927	-	-	-	549,999	-	897,926
Storm Sewer	-	-	-	300,000	-	-	300,000
Internal Service	-	-	-	-	-	56,500	56,500
Total	\$ 987,525	\$ 400,000	\$ 745,994	\$ 1,974,932	\$ 1,625,000	\$ 1,140,000	\$ 6,873,451

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, 2023 the balance of the respective advances (due in more than a year) was \$372,707. The portion of the advances that is due in one year is \$70,176.

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, 2023 the portion of the advance that is due in one year is \$7,000, and the portion due in more than one year is \$168,540.

City of Richfield
Notes to Basic Financial Statements

NOTE 7 - INTERFUND BALANCES AND TRANSACTIONS (CONTINUED)

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, 2023, 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 \$213,818.

At the end of 2023, the Ice Arena has overdrawn it's cash position. As a result, the General Fund has advanced to the Ice Arena fund to cover the overdrawn cash position as of December 31, 2023. 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:

<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>	<u>Amount</u>
Nonmajor governmental	Ice Arena	\$ 256,582
Nonmajor governmental	Nonmajor governmental	175,540
Internal Service		
Self Insurance	Ice Arena	<u>442,883</u>
Total		<u><u>\$ 875,005</u></u>

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Ice Arena	<u><u>\$ 1,921,808</u></u>

City of Richfield
Notes to Basic Financial Statements

NOTE 8 - 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, 2023, a summary of the City's governmental fund balance classifications are as follows:

	General	Ice Arena	Elections	Improvement Bonds	Capital Improvements	Other Governmental	Total
Nonspendable							
Prepaid items	\$ 61,640	\$ 27	\$ -	\$ -	\$ -	\$ 63	\$ 61,730
Restricted for							
Future debt service	-	-	-	6,263,293	-	-	6,263,293
Law enforcement drug forfeitures	-	-	-	-	-	288,610	288,610
Recreation services donations	-	-	-	-	-	81,557	81,557
Wood Lake Nature Center donations	-	-	-	-	-	222,532	222,532
Public health assessment	-	-	-	-	-	130,903	130,903
Public safety aid	-	-	-	-	-	1,604,296	1,604,296
Public health - opioid settlement	-	-	-	-	-	132,082	132,082
Wood Lake endowment	-	-	-	-	-	263,542	263,542
Total Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,263,293</u>	<u>-</u>	<u>2,723,522</u>	<u>8,986,815</u>
Committed to							
Park improvement projects	-	-	-	-	-	147,502	147,502
Tourism administration	-	-	-	-	-	52,471	52,471
Public cable TV and information activities	-	-	-	-	-	1,897,988	1,897,988
National, state and local elections	-	-	2,355,535	-	-	-	2,355,535
Alcohol and tobacco compliance	-	-	-	-	-	257,527	257,527
Wood Lake half marathon	-	-	-	-	-	80,295	80,295
Street maintenance and forestry programs	-	-	-	-	-	1,280,422	1,280,422
Special facilities	-	-	-	-	-	61,545	61,545
Recreation special program	-	-	-	-	-	234,419	234,419
Swimming pool	-	-	-	-	-	228,685	228,685
Park and recreation capital projects	-	-	-	-	-	1,615,645	1,615,645
Total Committed	<u>-</u>	<u>-</u>	<u>2,355,535</u>	<u>-</u>	<u>-</u>	<u>5,856,499</u>	<u>8,212,034</u>
Unassigned	<u>11,425,348</u>	<u>(2,528,969)</u>	<u>-</u>	<u>-</u>	<u>(370,703)</u>	<u>-</u>	<u>8,525,676</u>
Total	<u>\$ 11,486,988</u>	<u>\$ (2,528,942)</u>	<u>\$ 2,355,535</u>	<u>\$ 6,263,293</u>	<u>\$ (370,703)</u>	<u>\$ 8,580,084</u>	<u>\$ 25,786,255</u>

City of Richfield
Notes to Basic Financial Statements

NOTE 9 - 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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

The City participates in various pension plans. For the year ended December 31, 2023 total pension expense was \$4,399,211 and the total net pension liability was \$18,884,241. 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.

City of Richfield
Notes to Basic Financial Statements

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

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% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% 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% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

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% after five years up to 100% 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% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% 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%. 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.

City of Richfield
Notes to Basic Financial Statements

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

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% of their annual covered salary in fiscal year 2023 and the City of Richfield was required to contribute 7.50% for Coordinated Plan members. The City of Richfield's contributions to the General Employees Fund for the year ended December 31, 2023, were \$935,762. 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% of their annual covered salary in fiscal year 2023 and the City was required to contribute 17.70% for Police and Fire Plan members. The City of Richfield's contributions to the Police and Fire Fund for the year ended December 31, 2023, were \$1,432,678. 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, 2023, the City of Richfield reported a liability of \$8,371,056 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 \$230,721.

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City of Richfield's proportionate share was 0.1497% at the end of the measurement period and 0.1546% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 8,371,056
State of Minnesota's proportionate share of the net pension liability associated with the City	<div style="border-top: 1px solid black; display: inline-block; width: 100%;">230,721</div>
Total	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">\$ 8,601,777</div>

**City of Richfield
Notes to Basic Financial Statements**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

E. Pension Costs

1. General Employees Fund Pension Costs (Continued)

For the year ended December 31, 2023, the City of Richfield recognized pension expense of \$1,283,553 for its proportionate share of the General Employees Plan's pension expense. Included in the amount, the City of Richfield recognized an additional \$1,037 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2023, the City 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 277,067	\$ 60,208
Changes in actuarial assumptions	1,414,289	2,294,435
Net collective difference between projected and actual investment earnings	-	336,137
Changes in proportion	49,463	327,358
Contributions paid to PERA subsequent to the measurement date	467,881	-
Total	\$ 2,208,700	\$ 3,018,138

**City of Richfield
Notes to Basic Financial Statements**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

E. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

The \$467,881 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2024	\$ 170,059
2025	(1,399,305)
2026	133,524
2027	<u>(181,597)</u>
Total	<u><u>\$ (1,277,319)</u></u>

2. Police and Fire Fund Pension Costs

At December 31, 2023, the City of Richfield reported a liability of \$10,513,185 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the City of Richfield's proportionate share was 0.6088% at the end of the measurement period and 0.6276% for the beginning of the period.

City of Richfield
Notes to Basic Financial Statements

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

E. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$423,463.

City's proportionate share of the net pension liability	\$ 10,513,185
State of Minnesota's proportionate share of the net pension liability associated with the City	423,463
Total	\$ 10,936,648

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2023, the City of Richfield recognized pension expense of \$3,112,074 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized an additional \$(25,505) 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 \$54,792 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

**City of Richfield
Notes to Basic Financial Statements**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

E. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

At December 31, 2023, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,919,423	\$ -
Changes in actuarial assumptions	12,388,550	14,784,319
Net collected difference between projected actual investment earnings	-	261,005
Changes in proportion	202,606	906,384
Contributions paid to PERA subsequent to the measurement date	716,339	-
Total	\$ 16,226,918	\$ 15,951,708

The \$716,339 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2024	\$ 481,070
2025	67,440
2026	2,490,227
2027	(735,118)
2028	(2,744,748)
Total	\$ (441,129)

City of Richfield
Notes to Basic Financial Statements

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

F. 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 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	<u>25.0</u>	5.90
Total	<u><u>100.0 %</u></u>	

G. Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0% . 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 7.0% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1% for the Police and Fire Plan.

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

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

**City of Richfield
Notes to Basic Financial Statements**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

G. Actuarial Assumptions (Continued)

Actuarial assumptions used in the June 30, 2023 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 2022. The assumption changes were adopted by the Board and become effective with the July 1, 2023 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 2023:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Police and Fire Fund

Changes in Actuarial Assumptions

- ◆ The investment return assumption and single discount rate were changed from 6.5% to 7.0%.
- ◆ The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions

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

**City of Richfield
Notes to Basic Financial Statements**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

H. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0%. 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 Fire Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

I. 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:

	1% Decrease in Discount Rate (6%)	Current Discount Rate (7%)	1% Increase in Discount Rate (8%)
City's proportionate share of the General Employees Fund net pension liability	\$ 14,809,071	\$ 8,371,056	\$ 3,075,545
	1% Decrease in Discount Rate (6%)	Current Discount Rate (7%)	1% Increase in Discount Rate (8%)
City's proportionate share of the Police and Fire Fund net pension liability	\$ 20,859,412	\$ 10,513,185	\$ 2,007,201

J. 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.

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.

**City of Richfield
Notes to Basic Financial Statements**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Defined Contribution Plan (Defined Contribution Plan) (Continued)

J. Pension Plan Fiduciary Net Position (Continued)

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 5% 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 2% of employer contributions and twenty-five hundredths of one percent (0.25%) 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 2023 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 3,585	\$ 3,585	5%	5%	5%

NOTE 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, 2022, the following were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	16
Active Plan Members	218
Total	234

City of Richfield
Notes to Basic Financial Statements

NOTE 11 - OTHER POST EMPLOYMENTS BENEFITS (CONTINUED)

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 2023, the City contributed \$144,967 to the plan.

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount Rate	4.05%
Expected Long-Term investment Return	N/A
20-Year Municipal Bond Yield	4.05%
Inflation Rate	2.50%
Salary Increases	N/A
Medical Trend Rate	6.2% in 2022 grading to 5.2% in 2025

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

1. 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.

2. Police and Fire

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

City of Richfield
Notes to Basic Financial Statements

NOTE 11 - OTHER POST EMPLOYMENTS BENEFITS (CONTINUED)

E. Actuarial Assumptions (Continued)

2. Police and Fire (Continued)

- ◆ 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 discount rate used to measure the total OPEB liability was 4.05%.

F. Total OPEB Liability

The City's total OPEB liability of \$2,008,200 was measured as of December 31, 2023 and was determined by an actuarial analysis as of that date.

	<u>Total OPEB Liability</u>
Balances at December 31, 2022	<u>\$ 2,116,475</u>
Changes for the year	
Service cost	254,038
Interest	47,246
Changes of assumptions	(255,608)
Benefit payments	<u>(153,951)</u>
Net changes	<u>(108,275)</u>
Balances at December 31, 2023	<u>\$ 2,008,200</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.06% as of December 31, 2022 to 4.05% as of December 31, 2023.

City of Richfield
Notes to Basic Financial Statements

NOTE 11 - OTHER POST EMPLOYMENTS BENEFITS (CONTINUED)

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 4.05% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability		
1% Decrease in Discount Rate (3.05%)	Current Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
\$ 2,135,381	\$ 2,008,200	\$ 1,885,862

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.

Total OPEB Liability		
1% Decrease in Trend Rate (5.2% Decreasing to 4%)	Current Trend Rate (6.2% Decreasing to 5%)	1% Increase in Trend Rate (7.2% Decreasing to 6%)
\$ 1,783,503	\$ 2,008,200	\$ 2,276,508

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

For the year ended December 31, 2023 the City recognized OPEB expense of \$185,104. At December 31, 2023, 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	\$ 474,316	\$ 543,868
Changes of assumptions	135,526	644,814
Contributions subsequent to the measurement date	97,404	-
Total	\$ 707,246	\$ 1,188,682

**City of Richfield
Notes to Basic Financial Statements**

NOTE 11 - OTHER POST EMPLOYMENTS BENEFITS (CONTINUED)

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

The \$97,404 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, 2024.

The \$707,246 reported as deferred outflows of resources and \$1,188,682 reported as deferred inflows of resources related to OPEB resulting from changes in assumptions in the year ended December 31, 2023.

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

Year Ending December 31,	Total
2024	\$ (107,196)
2025	(107,196)
2026	(109,359)
2027	(108,862)
2028	(91,123)
Thereafter	(55,104)
Total	\$ (578,840)

NOTE 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.

NOTE 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.

City of Richfield
Notes to Basic Financial Statements

NOTE 13 - CONDUIT DEBT (CONTINUED)

As of December 31, 2023 there was one bond issue outstanding with an estimated aggregate principal amount outstanding of approximately \$10,000,000.

NOTE 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 2023 that exceeded this 90% threshold.

During the year ended December 31, 2023, the HRA generated \$6,686,247 in tax increment revenue and made \$3,327,938 in payments to developer.

The tax abatement agreements that the HRA has outstanding as of December 31, 2023 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 %	\$ 430,858
Business redevelopment	75	299,018
Rental housing	90	84,218
Mixed-use housing and retail	75	748,478
Mixed-use housing and retail	-	425,245
Mixed-use housing and retail	90	353,997
Mixed-use housing and retail	75	506,828
Senior housing	75	142,637
Retail redevelopment	-	72,909
Rental housing	-	418,365
Rental housing	-	135,497

City of Richfield
Notes to Basic Financial Statements

NOTE 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, 2023.

NOTE 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 2023, the HRA transferred to the City \$872,009 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.

City of Richfield
Notes to Basic Financial Statements

NOTE 17 - JOINT VENTURE

A. 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 2023 financial statements of the City was \$803,801 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.

NOTE 18 - PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 2023, a prior period adjustment was required to adjust beginning net position for the Ice Arena Fund to correct a prior year misstatement. Beginning net position was adjusted to correct an overstatement of accounts receivable related to ice arena rental revenue.



REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF RICHFIELD
RICHFIELD, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

City of Richfield
Schedule of Changes in Total OPEB Liability
and Related Ratios

	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Total OPEB Liability				
Service cost	\$ 184,122	\$ 202,165	\$ 146,639	\$ 183,028
Interest	83,730	84,039	100,980	49,990
Differences between expected and actual experience	-	-	(987,796)	18,865
Changes of assumptions	53,295	(110,794)	144,714	59,622
Benefit payments	(109,190)	(113,317)	(74,575)	(96,235)
Net change in total OPEB liability	<u>211,957</u>	<u>62,093</u>	<u>(670,038)</u>	<u>215,270</u>
Beginning of year	<u>2,085,544</u>	<u>2,297,501</u>	<u>2,359,594</u>	<u>1,689,556</u>
End of year	<u>\$ 2,297,501</u>	<u>\$ 2,359,594</u>	<u>\$ 1,689,556</u>	<u>\$ 1,904,826</u>
Covered employee payroll	\$ 15,900,000	\$ 16,500,000	\$ 16,600,000	\$ 17,100,000
Total OPEB liability as a percentage of covered employee payroll	14.4%	14.3%	10.2%	11.1%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.
No assets are accumulated in a trust for OPEB.

December 31, 2022	December 31, 2023
\$ 214,592	\$ 254,038
43,201	47,246
585,621	-
(468,540)	(255,608)
<u>(163,225)</u>	<u>(153,951)</u>
<u>211,649</u>	<u>(108,275)</u>
<u>1,904,826</u>	<u>2,116,475</u>
<u>\$ 2,116,475</u>	<u>\$ 2,008,200</u>
\$ 18,800,000	\$ 19,500,000
11.3%	10.3%

City of Richfield
Schedule of City's Proportionate Share
of Net Pension Liability - General Employees Retirement Fund
Last Ten Years*

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.1596%	\$ 8,271,300	\$ -	\$ 8,271,300	\$ 9,226,400	89.6%	78.2%
2016	0.1587%	12,885,653	168,215	13,053,868	9,846,133	130.9%	68.9%
2017	0.1507%	9,620,589	121,007	9,741,596	9,711,387	99.1%	75.9%
2018	0.1520%	8,432,337	276,621	8,708,958	10,214,587	82.6%	79.5%
2019	0.1491%	8,243,405	256,322	8,499,727	10,555,547	78.1%	80.2%
2020	0.1530%	9,173,049	282,832	9,455,881	10,910,907	84.1%	79.1%
2021	0.1563%	6,674,710	203,866	6,878,576	11,253,880	59.3%	87.0%
2022	0.1546%	12,244,371	359,121	12,603,492	11,581,413	105.7%	76.7%
2023	0.1497%	8,371,056	230,721	8,601,777	11,903,267	70.3%	83.1%

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

Schedule of City's Proportionate Share
of Net Pension Liability - Public Employees Police and Fire Retirement Fund
Last Ten Years*

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.6030%	\$ 6,851,491	\$ -	\$ 6,851,491	\$ 5,371,889	127.5%	86.6%
2016	0.6560%	26,326,421	-	26,326,421	6,317,469	416.7%	63.9%
2017	0.5910%	7,979,203	-	7,979,203	6,070,907	131.4%	85.4%
2018	0.6046%	6,389,999	-	6,389,999	6,371,512	100.3%	88.8%
2019	0.6387%	6,713,383	-	6,713,383	6,587,723	101.9%	89.3%
2020	0.6287%	8,230,357	195,222	8,425,579	7,092,654	116.0%	87.2%
2021	0.6000%	4,577,363	208,222	4,785,585	7,091,288	64.5%	93.7%
2022	0.6276%	27,310,672	1,193,051	28,503,723	7,624,186	358.2%	70.5%
2023	0.6088%	10,513,185	423,463	10,936,648	7,995,051	131.5%	86.5%

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

See notes to required supplementary information.

City of Richfield
Schedule of City Contributions -
General Employees Retirement Fund
Last Ten Years*

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 706,736	\$ 706,736	\$ -	\$ 9,423,147	7.50%
2016	726,143	726,143	-	9,681,907	7.50%
2017	742,606	742,606	-	9,901,413	7.50%
2018	783,227	783,227	-	10,443,027	7.50%
2019	812,029	812,029	-	10,827,053	7.50%
2020	837,463	837,463	-	11,166,173	7.50%
2021	861,454	861,454	-	11,486,053	7.50%
2022	869,515	869,515	-	11,593,533	7.50%
2023	935,761	935,761	-	12,476,813	7.50%

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

Schedule of City Contributions -
Public Employees Police and Fire Retirement Fund
Last Ten Years*

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 948,453	\$ 948,453	\$ -	\$ 5,854,648	16.20%
2016	1,000,004	1,000,004	-	6,172,864	16.20%
2017	1,004,300	1,004,300	-	6,199,383	16.20%
2018	1,048,095	1,048,095	-	6,469,722	16.20%
2019	1,217,879	1,217,879	-	7,185,127	16.95%
2020	1,262,187	1,262,187	-	7,131,000	17.70%
2021	1,343,767	1,343,767	-	7,591,904	17.70%
2022	1,383,252	1,383,252	-	7,814,983	17.70%
2023	1,432,678	1,432,678	-	8,094,226	17.70%

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

City of Richfield
Notes to Required Supplementary Information

General Employees Fund

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

- ◆ The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- ◆ The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- ◆ The price inflation assumption was decreased from 2.5% to 2.25%.
- ◆ The payroll growth assumption was decreased from 3.25% to 3.0%.
- ◆ 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.

City of Richfield
Notes to Required Supplementary Information

General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- ◆ 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 and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ 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 Changes

Changes in Actuarial Assumptions

- ◆ The mortality projection scale was changed from MP-2015 to MP-2017.
- ◆ The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- ◆ 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% to 3.00%, beginning July 1, 2018.
- ◆ Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- ◆ Contribution stabilizer provisions were repealed.
- ◆ Annual increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, 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.

City of Richfield
Notes to Required Supplementary Information

General Employees Fund (Continued)

2017 Changes

Changes in Actuarial Assumptions

- ◆ The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- ◆ The assumed annual increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- ◆ 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 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ 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; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

City of Richfield
Notes to Required Supplementary Information

Police and Fire Fund

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2022 Changes

Changes in Actuarial Assumptions

- ◆ The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.
- ◆ The single discount rate was changed from 6.5% to 5.4%.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

- ◆ The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- ◆ The inflation assumption was changed from 2.5% to 2.25%.
- ◆ The payroll growth assumption was changed from 3.25% to 3.0%.
- ◆ 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 MP-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 resulted 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 resulted in more assumed terminations.
- ◆ Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.
- ◆ Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

City of Richfield
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2021 Changes (Continued)

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ Annual increases were changed to 1.00% 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% funding, or July 1, 2048, if earlier.
- ◆ Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019, and 11.80% of pay, effective January 1, 2020.
- ◆ Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019, and 17.70% of pay, effective January 1, 2020.
- ◆ Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- ◆ Deferred augmentation was changed to 0.00%, 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 Changes

Changes in Actuarial Assumptions

- ◆ Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- ◆ Assumed rates of retirement were changed, resulting in fewer retirements.
- ◆ The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% 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.

City of Richfield
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- ◆ Assumed termination rates were decreased to 3% 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% to 60%.
- ◆ 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 annual benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- ◆ The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- ◆ The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- ◆ The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- ◆ The single discount rate changed from 7.90% to 5.60%.
- ◆ The assumed future salary increases, payroll growth, and inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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



**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

**CITY OF RICHFIELD
RICHFIELD, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

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

	Special Revenue	Redevelopment Bonds	Park Capital Projects	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 6,120,463	\$ -	\$ 1,593,113	\$ 7,713,576
Interest receivable	17,794	-	3,719	21,513
Accounts receivable	585,974	-	26,054	612,028
Lease receivable	270,099	-	-	270,099
Due from other governments	63,350	-	-	63,350
Special assessment receivable				
Delinquent	4,961	-	-	4,961
Deferred	128,715	-	-	128,715
Advances to other Funds	256,582	-	175,540	432,122
Prepaid items	63	-	-	63
	<u>7,448,001</u>	<u>-</u>	<u>1,798,426</u>	<u>9,246,427</u>
Liabilities				
Accounts and contracts payable	\$ 55,892	\$ -	\$ 1,206	\$ 57,098
Deposits payable	-	-	6,035	6,035
Accrued salaries payable	8,576	-	-	8,576
Due to other governments	10,976	-	-	10,976
Unearned revenue	5,333	-	-	5,333
Advances from other funds	-	-	175,540	175,540
Total liabilities	<u>80,777</u>	<u>-</u>	<u>182,781</u>	<u>263,558</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	133,676	-	-	133,676
Deferred inflows of resources related to leases receivable	269,109	-	-	269,109
Total deferred inflows of resources	<u>402,785</u>	<u>-</u>	<u>-</u>	<u>402,785</u>
Fund Balances				
Nonspendable	63	-	-	63
Restricted	2,723,522	-	-	2,723,522
Committed	4,240,854	-	1,615,645	5,856,499
Total fund balances	<u>6,964,439</u>	<u>-</u>	<u>1,615,645</u>	<u>8,580,084</u>
	<u>7,448,001</u>	<u>-</u>	<u>1,798,426</u>	<u>9,246,427</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,448,001</u>	<u>\$ -</u>	<u>\$ 1,798,426</u>	<u>\$ 9,246,427</u>

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

	Special Revenue	Redevelopment Bonds	Park Capital Projects	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 2,258,302	\$ -	\$ -	\$ 2,258,302
Special assessments	73,604	-	-	73,604
Intergovernmental	2,021,849	872,010	-	2,893,859
Charges for services	575,990	-	-	575,990
Fines and forfeitures	28,494	-	-	28,494
Interest earnings (loss)	213,905	-	47,235	261,140
Miscellaneous	353,284	-	25,700	378,984
Total revenues	<u>5,525,428</u>	<u>872,010</u>	<u>72,935</u>	<u>6,470,373</u>
Expenditures				
Current				
Administrative services	778,964	-	-	778,964
Public safety	170,216	-	-	170,216
Recreation services	1,016,454	-	14,757	1,031,211
Capital outlay				
Recreation services	-	-	439,994	439,994
Debt service				
Principal	-	815,000	-	815,000
Interest and other charges	-	57,010	-	57,010
Total expenditures	<u>1,965,634</u>	<u>872,010</u>	<u>454,751</u>	<u>3,292,395</u>
Excess of revenues over (under) expenditures	3,559,794	-	(381,816)	3,177,978
Other Financing Sources (Uses)				
Transfers in	950,000	-	675,000	1,625,000
Transfers out	(2,770,927)	-	(265,000)	(3,035,927)
Total other financing sources (uses)	<u>(1,820,927)</u>	<u>-</u>	<u>410,000</u>	<u>(1,410,927)</u>
Net change in fund balances	1,738,867	-	28,184	1,767,051
Fund Balances				
Beginning of year	<u>5,225,572</u>	<u>-</u>	<u>1,587,461</u>	<u>6,813,033</u>
End of year	<u>\$ 6,964,439</u>	<u>\$ -</u>	<u>\$ 1,615,645</u>	<u>\$ 8,580,084</u>

City of Richfield
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2023

	Special Revenue			
	Liquor Contributions Fund	Tourism Admin	Communications	Public Safety Aid
Assets				
Cash and temporary investments	\$ 147,061	\$ 60,479	\$ 1,563,055	\$ 1,604,296
Interest receivable	441	165	4,459	-
Accounts receivable	-	7,959	84,767	-
Lease receivable	-	-	-	-
Due from other governments	-	-	-	-
Special assessment receivable				
Delinquent	-	-	-	-
Deferred	-	-	-	-
Advances to other funds	-	-	256,582	-
Prepaid items	-	-	21	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 147,502</u>	<u>\$ 68,603</u>	<u>\$ 1,908,884</u>	<u>\$ 1,604,296</u>
Liabilities				
Accounts and contracts payable	\$ -	\$ 16,132	\$ 3,220	\$ -
Accrued salaries payable	-	-	7,655	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>16,132</u>	<u>10,875</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	-	-	-	-
Deferred inflows of resources related to leases receivable	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	21	-
Restricted	-	-	-	1,604,296
Committed	147,502	52,471	1,897,988	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>147,502</u>	<u>52,471</u>	<u>1,898,009</u>	<u>1,604,296</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 147,502</u>	<u>\$ 68,603</u>	<u>\$ 1,908,884</u>	<u>\$ 1,604,296</u>

Special Revenue

Drug/ Forfeiture	Public Safety Compliance	Recreation Contribution	Nature Center Contribution	Public Health Grants	Wood Lake Half Marathon
\$ 287,767	\$ 252,077	\$ 78,128	\$ 215,710	\$ 126,287	\$ 80,006
843	741	883	624	378	289
-	2,422	200	-	-	-
-	-	105,304	-	-	-
-	7,568	4,492	8,006	14,412	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 288,610</u>	<u>\$ 262,808</u>	<u>\$ 189,007</u>	<u>\$ 224,340</u>	<u>\$ 141,077</u>	<u>\$ 80,295</u>
\$ -	\$ 1,198	\$ 4,467	\$ 1,807	\$ -	\$ -
-	-	-	-	-	-
-	-	-	1	10,174	-
-	4,083	1,250	-	-	-
-	5,281	5,717	1,808	10,174	-
-	-	-	-	-	-
-	-	101,733	-	-	-
-	-	101,733	-	-	-
-	-	-	-	-	-
288,610	-	81,557	222,532	130,903	-
-	257,527	-	-	-	80,295
<u>288,610</u>	<u>257,527</u>	<u>81,557</u>	<u>222,532</u>	<u>130,903</u>	<u>80,295</u>
<u>\$ 288,610</u>	<u>\$ 262,808</u>	<u>\$ 189,007</u>	<u>\$ 224,340</u>	<u>\$ 141,077</u>	<u>\$ 80,295</u>

City of Richfield
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2023

	Special Revenue Fund			
	Utility Franchise Fees	Opioid Settlement	Recreation Special Program	Swimming Pool
Assets				
Cash and temporary investments	\$ 788,656	\$ 131,741	\$ 232,590	\$ 228,778
Interest receivable	6,360	341	542	171
Accounts receivable	485,406	-	-	1,220
Lease receivable	-	-	-	-
Due from other governments	-	-	1,484	27,388
Special assessment receivable				
Delinquent	-	-	4,961	-
Deferred	-	-	128,715	-
Advances to other funds	-	-	-	-
Prepaid items	-	-	14	14
	<u>-</u>	<u>-</u>	<u>14</u>	<u>14</u>
Total assets	<u>\$ 1,280,422</u>	<u>\$ 132,082</u>	<u>\$ 368,306</u>	<u>\$ 257,571</u>
Liabilities				
Accounts and contracts payable	\$ -	\$ -	\$ 197	\$ 27,491
Accrued salaries payable	-	-	-	921
Due to other governments	-	-	-	460
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>197</u>	<u>28,872</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	-	-	133,676	-
Deferred inflows of resources related to leases receivable	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>133,676</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	14	14
Restricted	-	132,082	-	-
Committed	1,280,422	-	234,419	228,685
Total fund balances	<u>1,280,422</u>	<u>132,082</u>	<u>234,433</u>	<u>228,699</u>
	<u>\$ 1,280,422</u>	<u>\$ 132,082</u>	<u>\$ 368,306</u>	<u>\$ 257,571</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,280,422</u>	<u>\$ 132,082</u>	<u>\$ 368,306</u>	<u>\$ 257,571</u>

<u>Special Revenue Fund</u>		
<u>Special Facility</u>	<u>Wood Lake Endowment</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 61,070	\$ 262,762	\$ 6,120,463
777	780	17,794
4,000	-	585,974
164,795	-	270,099
-	-	63,350
-	-	4,961
-	-	128,715
-	-	256,582
14	-	63
<u>\$ 230,656</u>	<u>\$ 263,542</u>	<u>\$ 7,448,001</u>
\$ 1,380	\$ -	\$ 55,892
-	-	8,576
341	-	10,976
-	-	5,333
<u>1,721</u>	<u>-</u>	<u>80,777</u>
-	-	133,676
167,376	-	269,109
<u>167,376</u>	<u>-</u>	<u>402,785</u>
14	-	63
-	263,542	2,723,522
61,545	-	4,240,854
<u>61,559</u>	<u>263,542</u>	<u>6,964,439</u>
<u>\$ 230,656</u>	<u>\$ 263,542</u>	<u>\$ 7,448,001</u>

City of Richfield
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2023

	Special Revenue			
	Liquor Contributions Fund	Tourism Admin	Communications	Public Safety Aid
Revenues				
Taxes				
Franchise	\$ -	\$ -	\$ 314,280	\$ -
Lodging	-	7,714	-	-
Special assessments	-	-	-	-
Intergovernmental	-	-	100,000	1,604,296
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest earnings (loss)	5,541	2,073	55,940	-
Miscellaneous	-	-	-	-
Total revenues	<u>5,541</u>	<u>9,787</u>	<u>470,220</u>	<u>1,604,296</u>
Expenditures				
Current				
Administrative services	-	5,440	665,437	-
Public safety	-	-	-	-
Recreation services	-	-	-	-
Total expenditures	<u>-</u>	<u>5,440</u>	<u>665,437</u>	<u>-</u>
Excess of revenues over (under) expenditures	5,541	4,347	(195,217)	1,604,296
Other Financing Sources (Uses)				
Transfers in	550,000	-	-	-
Transfers out	(550,000)	-	-	-
Total other financing sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	5,541	4,347	(195,217)	1,604,296
Fund Balances				
Beginning of year	<u>141,961</u>	<u>48,124</u>	<u>2,093,226</u>	<u>-</u>
End of year	<u>\$ 147,502</u>	<u>\$ 52,471</u>	<u>\$ 1,898,009</u>	<u>\$ 1,604,296</u>

Speical Revenue

Drug/ Forfeiture	Public Safety Compliance	Recreation Contribution	Nature Center Contribution	Public Health Grants	Wood Lake Half Marathon
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	25,784	11,918	13,006	108,136	-
-	-	-	-	-	-
28,494	-	-	-	-	-
10,658	9,333	4,642	7,865	4,765	3,651
922	23,552	131,004	88,648	-	70,815
<u>40,074</u>	<u>58,669</u>	<u>147,564</u>	<u>109,519</u>	<u>112,901</u>	<u>74,466</u>
-	-	-	-	-	-
25,253	40,873	-	-	104,090	-
-	-	115,800	62,302	-	65,663
<u>25,253</u>	<u>40,873</u>	<u>115,800</u>	<u>62,302</u>	<u>104,090</u>	<u>65,663</u>
14,821	17,796	31,764	47,217	8,811	8,803
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,821	17,796	31,764	47,217	8,811	8,803
273,789	239,731	49,793	175,315	122,092	71,492
<u>\$ 288,610</u>	<u>\$ 257,527</u>	<u>\$ 81,557</u>	<u>\$ 222,532</u>	<u>\$ 130,903</u>	<u>\$ 80,295</u>

City of Richfield
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2023

	Special Revenue			
	Utility Franchise Fees	Opioid Settlement	Recreation Special Program	Swimming Pool
Revenues				
Taxes				
Franchise	\$ 1,936,308	\$ -	\$ -	\$ -
Lodging	-	-	-	-
Special assessments	-	-	73,604	-
Intergovernmental	-	-	135,409	23,300
Charges for services	-	-	-	520,633
Fines and forfeitures	-	-	-	-
Interest earnings (loss)	80,573	4,437	6,957	2,237
Miscellaneous	-	27,310	3,054	1,492
Total revenues	<u>2,016,881</u>	<u>31,747</u>	<u>219,024</u>	<u>547,662</u>
Expenditures				
Current				
Administrative services	108,087	-	-	-
Public safety	-	-	-	-
Recreation services	-	9,824	141,210	571,161
Total expenditures	<u>108,087</u>	<u>9,824</u>	<u>141,210</u>	<u>571,161</u>
Excess of revenues over (under) expenditures	1,908,794	21,923	77,814	(23,499)
Other Financing Sources (Uses)				
Transfers in	-	-	-	400,000
Transfers out	<u>(2,220,927)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (Uses)	<u>(2,220,927)</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
Net change in fund balances	(312,133)	21,923	77,814	376,501
Fund Balances				
Beginning of year	<u>1,592,555</u>	<u>110,159</u>	<u>156,619</u>	<u>(147,802)</u>
End of year	<u>\$ 1,280,422</u>	<u>\$ 132,082</u>	<u>\$ 234,433</u>	<u>\$ 228,699</u>

Special Revenue		Total Nonmajor Special Revenue Funds
Special Facility	Wood Lake Endowment	
\$ -	\$ -	\$ 2,250,588
-	-	7,714
-	-	73,604
-	-	2,021,849
55,357	-	575,990
-	-	28,494
5,420	9,813	213,905
737	5,750	353,284
<u>61,514</u>	<u>15,563</u>	<u>5,525,428</u>
-	-	778,964
-	-	170,216
50,494	-	1,016,454
<u>50,494</u>	<u>-</u>	<u>1,965,634</u>
11,020	15,563	3,559,794
-	-	950,000
-	-	<u>(2,770,927)</u>
-	-	<u>(1,820,927)</u>
11,020	15,563	1,738,867
<u>50,539</u>	<u>247,979</u>	<u>5,225,572</u>
<u>\$ 61,559</u>	<u>\$ 263,542</u>	<u>\$ 6,964,439</u>

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Liquor Contributions Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Interest earnings (loss)	\$ 300	\$ 300	\$ 5,541	\$ 5,241
Total revenues	<u>300</u>	<u>300</u>	<u>5,541</u>	<u>5,241</u>
Other Financing Sources (Uses)				
Transfers in	550,000	550,000	550,000	-
Transfers out	(550,000)	(550,000)	(550,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 300</u>	<u>\$ 300</u>	5,541	<u>\$ 5,241</u>
Fund Balances				
Beginning of year			<u>141,961</u>	
End of year			<u>\$ 147,502</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Tourism Admin Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes				
Lodging	\$ 5,300	\$ 5,300	\$ 7,714	\$ 2,414
Interest earnings (loss)	140	140	2,073	1,933
Total revenues	<u>5,440</u>	<u>5,440</u>	<u>9,787</u>	<u>4,347</u>
Expenditures				
Current				
Administrative services	5,440	5,440	5,440	-
Total expenditures	<u>5,440</u>	<u>5,440</u>	<u>5,440</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	4,347	<u>\$ 4,347</u>
Fund Balances				
Beginning of year			<u>48,124</u>	
End of year			<u>\$ 52,471</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Communications Special Revenue Fund
Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Franchise	\$ 250,000	\$ 275,000	\$ 314,280	\$ 39,280
Intergovernmental	-	-	100,000	100,000
Interest earnings (loss)	5,000	5,000	55,940	50,940
Total revenues	<u>255,000</u>	<u>280,000</u>	<u>470,220</u>	<u>190,220</u>
Expenditures				
Current				
Administrative services	420,426	396,582	665,437	268,855
Capital outlay				
General government	150,000	150,000	-	(150,000)
Total expenditures	<u>570,426</u>	<u>546,582</u>	<u>665,437</u>	<u>118,855</u>
Net change in fund balances	<u>\$ (315,426)</u>	<u>\$ (266,582)</u>	(195,217)	<u>\$ 71,365</u>
Fund Balances				
Beginning of year			<u>2,093,226</u>	
End of year			<u>\$ 1,898,009</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Drug/Forfeiture Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 35,000	\$ 35,000	\$ 28,494	\$ (6,506)
Interest earnings (loss)	750	500	10,658	10,158
Miscellaneous	-	400	922	522
Total revenues	<u>35,750</u>	<u>35,900</u>	<u>40,074</u>	<u>4,174</u>
Expenditures				
Current				
Public safety	13,000	44,300	25,253	(19,047)
Total expenditures	<u>13,000</u>	<u>44,300</u>	<u>25,253</u>	<u>(19,047)</u>
Net change in fund balances	<u>\$ 22,750</u>	<u>\$ (8,400)</u>	14,821	<u>\$ 23,221</u>
Fund Balances				
Beginning of year			<u>273,789</u>	
End of year			<u>\$ 288,610</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Public Safety Compliance Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ 15,000	\$ 18,100	\$ 25,784	\$ 7,684
Interest earnings (loss)	400	400	9,333	8,933
Miscellaneous	11,000	15,000	23,552	8,552
Total revenues	<u>26,400</u>	<u>33,500</u>	<u>58,669</u>	<u>25,169</u>
Expenditures				
Current				
Public safety	15,000	15,500	40,873	25,373
Total expenditures	<u>15,000</u>	<u>15,500</u>	<u>40,873</u>	<u>25,373</u>
Net change in fund balances	<u>\$ 11,400</u>	<u>\$ 18,000</u>	17,796	<u>\$ (204)</u>
Fund Balances				
Beginning of year			<u>239,731</u>	
End of year			<u>\$ 257,527</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Recreation Contribution Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 11,918	\$ 11,918
Interest earnings (loss)	-	-	4,642	4,642
Miscellaneous	56,000	65,000	131,004	66,004
Total revenues	<u>56,000</u>	<u>65,000</u>	<u>147,564</u>	<u>82,564</u>
Expenditures				
Current				
Recreation services	47,000	59,000	115,800	56,800
Total expenditures	<u>47,000</u>	<u>59,000</u>	<u>115,800</u>	<u>56,800</u>
Net change in fund balances	<u>\$ 9,000</u>	<u>\$ 6,000</u>	31,764	<u>\$ 25,764</u>
Fund Balances				
Beginning of year			<u>49,793</u>	
End of year			<u>\$ 81,557</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Nature Center Contribution Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 13,006	\$ 13,006
Interest earnings (loss)	-	-	7,865	7,865
Miscellaneous	50,000	55,000	88,648	33,648
Total revenues	<u>50,000</u>	<u>55,000</u>	<u>109,519</u>	<u>54,519</u>
Expenditures				
Current				
Recreation services	10,410	11,756	62,302	50,546
Total expenditures	<u>10,410</u>	<u>11,756</u>	<u>62,302</u>	<u>50,546</u>
Net change in fund balances	<u>\$ 39,590</u>	<u>\$ 43,244</u>	47,217	<u>\$ 3,973</u>
Fund Balances				
Beginning of year			<u>175,315</u>	
End of year			<u>\$ 222,532</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Public Health Grants Special Revenue Fund
Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Over (Under)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 610,978	\$ 244,415	\$ 108,136	\$ (136,279)
Interest earnings (loss)	-	-	4,765	4,765
Total revenues	<u>610,978</u>	<u>244,415</u>	<u>112,901</u>	<u>(131,514)</u>
Expenditures				
Current				
Public safety	177,835	177,835	104,090	(73,745)
Total expenditures	<u>177,835</u>	<u>177,835</u>	<u>104,090</u>	<u>(73,745)</u>
Net change in fund balances	<u>\$ 433,143</u>	<u>\$ 66,580</u>	8,811	<u>\$ (57,769)</u>
Fund Balances				
Beginning of year			<u>122,092</u>	
End of year			<u>\$ 130,903</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Wood Lake Half Marathon Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Interest earnings (loss)	\$ -	\$ -	\$ 3,651	\$ 3,651
Miscellaneous	67,000	67,000	70,815	3,815
Total revenues	<u>67,000</u>	<u>67,000</u>	<u>74,466</u>	<u>7,466</u>
Expenditures				
Current				
Recreation services	62,000	62,000	65,663	3,663
Total expenditures	<u>62,000</u>	<u>62,000</u>	<u>65,663</u>	<u>3,663</u>
Net change in fund balances	<u>\$ 5,000</u>	<u>\$ 5,000</u>	8,803	<u>\$ 3,803</u>
Fund Balances				
Beginning of year			<u>71,492</u>	
End of year			<u>\$ 80,295</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Utility Franchise Fees Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes				
Franchise	\$ 1,898,000	\$ 1,900,000	\$ 1,936,308	\$ 36,308
Interest earnings (loss)	6,500	6,500	80,573	74,073
Total revenues	<u>1,904,500</u>	<u>1,906,500</u>	<u>2,016,881</u>	<u>110,381</u>
Expenditures				
Current				
Administrative services	45,000	45,000	108,087	63,087
Total expenditures	<u>45,000</u>	<u>45,000</u>	<u>108,087</u>	<u>63,087</u>
Excess of revenues over expenditures	1,859,500	1,861,500	1,908,794	47,294
Other Financing Uses				
Transfers out	<u>(2,496,000)</u>	<u>(1,797,000)</u>	<u>(2,220,927)</u>	<u>(423,927)</u>
Net change in fund balances	<u>\$ (636,500)</u>	<u>\$ 64,500</u>	(312,133)	<u>\$ (376,633)</u>
Fund Balances				
Beginning of year			<u>1,592,555</u>	
End of year			<u>\$ 1,280,422</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Opioid Settlement Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Interest earnings (loss)	\$ -	\$ -	\$ 4,437	\$ 4,437
Miscellaneous	33,527	19,099	27,310	8,211
Total revenues	<u>33,527</u>	<u>19,099</u>	<u>31,747</u>	<u>12,648</u>
Expenditures				
Current				
Recreation services	-	-	9,824	9,824
Total expenditures	<u>-</u>	<u>-</u>	<u>9,824</u>	<u>9,824</u>
Net change in fund balances	<u>\$ 33,527</u>	<u>\$ 19,099</u>	21,923	<u>\$ 2,824</u>
Fund Balances				
Beginning of year			<u>110,159</u>	
End of year			<u>\$ 132,082</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Recreation Special Program Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Special assessments	\$ -	\$ -	\$ 73,604	\$ 73,604
Intergovernmental	135,610	138,564	135,409	(3,155)
Interest earnings (loss)	-	-	6,957	6,957
Miscellaneous	1,200	-	3,054	3,054
Total revenues	<u>136,810</u>	<u>138,564</u>	<u>219,024</u>	<u>80,460</u>
Expenditures				
Current				
Recreation services	155,750	79,943	141,210	61,267
Total expenditures	<u>155,750</u>	<u>79,943</u>	<u>141,210</u>	<u>61,267</u>
Net change in fund balances	<u>\$ (18,940)</u>	<u>\$ 58,621</u>	77,814	<u>\$ 19,193</u>
Fund Balances				
Beginning of year			<u>156,619</u>	
End of year			<u>\$ 234,433</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Swimming Pool Special Revenue Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 23,300	\$ 23,300
Charges for services	495,660	495,660	520,633	24,973
Interest earnings (loss)	-	-	2,237	2,237
Miscellaneous	-	-	1,492	1,492
Total revenues	<u>495,660</u>	<u>495,660</u>	<u>547,662</u>	<u>52,002</u>
Expenditures				
Current				
Recreation services	524,990	525,150	571,161	46,011
Total expenditures	<u>524,990</u>	<u>525,150</u>	<u>571,161</u>	<u>46,011</u>
Excess of revenues over (under) expenditures	(29,330)	(29,490)	(23,499)	5,991
Other Financing Sources				
Transfers in	<u>320,000</u>	<u>320,000</u>	<u>400,000</u>	<u>80,000</u>
Net change in fund balances	<u>\$ 290,670</u>	<u>\$ 290,510</u>	376,501	<u>\$ 85,991</u>
Fund Balances				
Beginning of year			<u>(147,802)</u>	
End of year			<u>\$ 228,699</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Specialty Facility Special Revenue Fund
Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 57,150	\$ 57,150	\$ 55,357	\$ (1,793)
Interest earnings (loss)	-	-	5,420	5,420
Miscellaneous	-	-	737	737
Total revenues	<u>57,150</u>	<u>57,150</u>	<u>61,514</u>	<u>4,364</u>
Expenditures				
Current				
Recreation services	<u>55,670</u>	<u>55,670</u>	<u>50,494</u>	<u>(5,176)</u>
Net change in fund balances	<u>\$ 1,480</u>	<u>\$ 1,480</u>	11,020	<u>\$ 9,540</u>
Fund Balances				
Beginning of year			<u>50,539</u>	
End of year			<u>\$ 61,559</u>	



City of Richfield
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2023

	2023			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 21,026,215	\$ 21,026,215	\$ 18,035,728	\$ (2,990,487)
Fiscal disparities	-	-	3,004,338	3,004,338
Total taxes	<u>21,026,215</u>	<u>21,026,215</u>	<u>21,040,066</u>	<u>13,851</u>
Special assessments	-	-	4,308	4,308
Licenses and permits				
Business	346,000	307,000	261,791	(45,209)
Non-business	973,495	787,810	719,986	(67,824)
Total licenses and permits	<u>1,319,495</u>	<u>1,094,810</u>	<u>981,777</u>	<u>(113,033)</u>
Intergovernmental revenue				
Federal grants	229,580	160,710	129,400	(31,310)
Local government aid	2,038,711	2,038,711	2,038,711	-
Fire aid	181,000	208,595	230,802	22,207
Police aid	448,000	463,000	496,856	33,856
MSA	398,000	335,000	335,000	-
Community health services	177,835	177,835	178,835	1,000
Other state grants and aids	50,277	118,011	220,217	102,206
County grants	21,040	21,040	21,040	-
Other local grants and aids	500	31,000	-	(31,000)
Total intergovernmental revenue	<u>3,544,943</u>	<u>3,553,902</u>	<u>3,650,861</u>	<u>96,959</u>
Charges for services				
General government	32,000	42,250	32,928	(9,322)
Deputy registrar	618,800	626,800	660,701	33,901
Public safety	26,550	26,296	12,745	(13,551)
Public works	318,500	318,500	343,747	25,247
Park and recreation	230,680	230,010	286,648	56,638
Nature center	90,790	101,305	112,763	11,458
Community development	585,298	510,390	470,430	(39,960)
Total charges for services	<u>1,902,618</u>	<u>1,855,551</u>	<u>1,919,962</u>	<u>64,411</u>
Fines and forfeitures	220,000	200,000	180,391	(19,609)
Miscellaneous revenues				
Investment income	25,000	25,000	659,981	634,981
Refunds and reimbursements	-	-	30	30
Other	45,580	104,700	49,888	(54,812)
Total miscellaneous revenues	<u>70,580</u>	<u>129,700</u>	<u>709,899</u>	<u>580,199</u>
Total revenues	<u>28,083,851</u>	<u>27,860,178</u>	<u>28,487,264</u>	<u>627,086</u>

City of Richfield
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2023

	2023			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Expenditures				
Current				
Legislative/executive				
Mayor and city council				
Personnel services	\$ 57,410	\$ 57,657	\$ 57,380	\$ (277)
Other services and charges	180,105	179,016	163,876	(15,140)
Total mayor and city council	<u>237,515</u>	<u>236,673</u>	<u>221,256</u>	<u>(15,417)</u>
Other agencies				
Personnel services	33,500	33,500	36,110	2,610
Other services and charges	75,500	75,500	85,683	10,183
Total other agencies	<u>109,000</u>	<u>109,000</u>	<u>121,793</u>	<u>12,793</u>
City manager				
Personnel services	397,991	349,261	354,676	5,415
Other services and charges	52,920	67,884	47,752	(20,132)
Total city manager	<u>450,911</u>	<u>417,145</u>	<u>402,428</u>	<u>(14,717)</u>
Legal				
Other services and charges	<u>351,390</u>	<u>351,440</u>	<u>289,360</u>	<u>(62,080)</u>
Total legislative/executive	<u>1,148,816</u>	<u>1,114,258</u>	<u>1,034,837</u>	<u>(79,421)</u>
Administrative services				
Administration				
Personnel services	61,664	62,238	99,408	37,170
Other services and charges	92,105	91,347	88,734	(2,613)
Total administration	<u>153,769</u>	<u>153,585</u>	<u>188,142</u>	<u>34,557</u>
Human resources				
Personnel services	57,231	110,596	62,198	(48,398)
Other services and charges	62,480	62,644	54,258	(8,386)
Total human resources	<u>119,711</u>	<u>173,240</u>	<u>116,456</u>	<u>(56,784)</u>
City clerk				
Personnel services	616,181	550,458	543,033	(7,425)
Other services and charges	111,191	114,141	111,631	(2,510)
Total city clerk	<u>727,372</u>	<u>664,599</u>	<u>654,664</u>	<u>(9,935)</u>
Total administrative services	<u>1,000,852</u>	<u>991,424</u>	<u>959,262</u>	<u>(32,162)</u>
Finance				
Finance				
Personnel services	193,728	155,849	132,169	(23,680)
Other services and charges	280,423	438,366	499,309	60,943
Total finance	<u>474,151</u>	<u>594,215</u>	<u>631,478</u>	<u>37,263</u>
Assessing				
Other services and charges	<u>411,920</u>	<u>411,920</u>	<u>414,636</u>	<u>2,716</u>
Total finance	<u>886,071</u>	<u>1,006,135</u>	<u>1,046,114</u>	<u>39,979</u>

City of Richfield
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2023

	2023			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Expenditures (Continued)				
Current (continued)				
Public safety				
Administrative support services				
Personnel services	\$ 550,039	\$ 536,927	\$ 516,709	\$ (20,218)
Other services and charges	585,173	574,572	615,014	40,442
Total administrative support services	<u>1,135,212</u>	<u>1,111,499</u>	<u>1,131,723</u>	<u>20,224</u>
Police operations				
Personnel services	8,023,760	7,747,294	7,778,447	31,153
Other services and charges	2,133,920	2,197,430	2,200,275	2,845
Total police operations	<u>10,157,680</u>	<u>9,944,724</u>	<u>9,978,722</u>	<u>33,998</u>
Emergency services				
Personnel services	10,100	10,100	96	(10,004)
Other services and charges	29,630	29,580	22,618	(6,962)
Total emergency services	<u>39,730</u>	<u>39,680</u>	<u>22,714</u>	<u>(16,966)</u>
Total public safety	<u>11,332,622</u>	<u>11,095,903</u>	<u>11,133,159</u>	<u>37,256</u>
Fire				
Fire protection				
Personnel services	4,544,180	4,417,977	4,609,108	191,131
Other services and charges	791,770	979,378	1,009,589	30,211
Total fire	<u>5,335,950</u>	<u>5,397,355</u>	<u>5,618,697</u>	<u>221,342</u>
Community development				
Administration				
Other services and charges	<u>80,000</u>	<u>80,000</u>	<u>86,187</u>	<u>6,187</u>

City of Richfield
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2023

	2023			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Expenditures (Continued)				
Current (continued)				
Community development (continued)				
Planning and zoning				
Personnel services	\$ 237,360	\$ 234,170	\$ 241,425	\$ 7,255
Other services and charges	77,910	77,460	34,793	(42,667)
Total planning and zoning	<u>315,270</u>	<u>311,630</u>	<u>276,218</u>	<u>(35,412)</u>
Inspection				
Personnel services	1,061,990	1,046,640	1,024,059	(22,581)
Other services and charges	324,630	314,830	265,548	(49,282)
Total engineering	<u>1,386,620</u>	<u>1,361,470</u>	<u>1,289,607</u>	<u>(71,863)</u>
Total community development	<u>1,781,890</u>	<u>1,753,100</u>	<u>1,652,012</u>	<u>(101,088)</u>
Public works				
Administration				
Personnel services	161,810	160,880	196,523	35,643
Other services and charges	43,450	44,310	35,771	(8,539)
Total administration	<u>205,260</u>	<u>205,190</u>	<u>232,294</u>	<u>27,104</u>
Engineering				
Personnel services	364,510	349,640	436,396	86,756
Other services and charges	183,510	193,900	216,818	22,918
Total engineering	<u>548,020</u>	<u>543,540</u>	<u>653,214</u>	<u>109,674</u>
Streets				
Personnel services	1,386,540	1,366,770	1,393,195	26,425
Other services and charges	1,221,960	1,306,830	1,308,745	1,915
Total streets	<u>2,608,500</u>	<u>2,673,600</u>	<u>2,701,940</u>	<u>28,340</u>
Park maintenance				
Personnel services	907,350	866,030	758,475	(107,555)
Other services and charges	677,010	718,380	718,256	(124)
Total park maintenance	<u>1,584,360</u>	<u>1,584,410</u>	<u>1,476,731</u>	<u>(107,679)</u>
Total public works	<u>4,946,140</u>	<u>5,006,740</u>	<u>5,064,179</u>	<u>57,439</u>

**City of Richfield
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2023**

	2023			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Expenditures (Continued)				
Current (continued)				
Recreation services				
Recreation services administration				
Personnel services	370,770	368,560	367,401	(1,159)
Other services and charges	112,580	135,440	183,533	48,093
Total recreation services administration	<u>483,350</u>	<u>504,000</u>	<u>550,934</u>	<u>46,934</u>
Recreation programs				
Personnel services	778,210	789,440	705,778	(83,662)
Other services and charges	341,300	298,196	296,771	(1,425)
Total recreation programs	<u>1,119,510</u>	<u>1,087,636</u>	<u>1,002,549</u>	<u>(85,087)</u>
Wood Lake Nature Center				
Personnel services	506,310	525,685	516,637	(9,048)
Other services and charges	142,260	129,650	139,811	10,161
Total wood lake nature center	<u>648,570</u>	<u>655,335</u>	<u>656,448</u>	<u>1,113</u>
Total recreation services	<u>2,251,430</u>	<u>2,246,971</u>	<u>2,209,931</u>	<u>(37,040)</u>
Total expenditures	<u>28,683,771</u>	<u>28,611,886</u>	<u>28,718,191</u>	<u>106,305</u>
Excess of revenues over (under) expenditures	(599,920)	(751,708)	(230,927)	520,781
Other Financing Sources (Uses)				
Transfers in	859,920	1,011,708	987,525	(24,183)
Transfers out	(260,000)	(260,000)	(260,000)	-
Total other financing sources (uses)	<u>599,920</u>	<u>751,708</u>	<u>727,525</u>	<u>(24,183)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	496,598	<u>\$ 496,598</u>
Fund Balances				
Beginning of year			10,990,390	
End of year			<u>\$ 11,486,988</u>	

City of Richfield
Internal Service Funds
Combining Statement of Net Position
December 31, 2023

	Central Garage and Equipment	Information Technology	Self Insurance	Building Services
Assets				
Current Assets				
Cash and temporary investments	\$ 2,149,958	\$ 535,512	\$ 5,231,743	\$ 1,149,703
Receivables				
Accrued interest	3,371	1,150	15,789	2,259
Accounts	20,494	-	87,423	-
Advances to other funds	-	-	70,176	-
Prepaid expenses	60	62	-	48
Total current assets	<u>2,173,883</u>	<u>536,724</u>	<u>5,405,131</u>	<u>1,152,010</u>
Noncurrent Assets				
Advances to other funds	-	-	372,707	-
Capital assets				
Construction in progress	415,457	-	-	-
Buildings and structures	10,911,370	979,771	-	442,128
Less accumulated depreciation	(7,461,773)	(791,833)	-	(389,496)
Total Capital Assets (Net of Accumulated Depreciation)	<u>3,865,054</u>	<u>187,938</u>	<u>-</u>	<u>52,632</u>
Total Noncurrent Assets	<u>3,865,054</u>	<u>187,938</u>	<u>372,707</u>	<u>52,632</u>
Total assets	<u>6,038,937</u>	<u>724,662</u>	<u>5,777,838</u>	<u>1,204,642</u>
Deferred Outflows of Resources				
Deferred outflows of resources related to pensions	72,259	66,394	-	56,763
Deferred outflows of resources related to OPEB	1,431	6,572	-	3,769
Total Deferred Outflows of Resources	<u>73,690</u>	<u>72,966</u>	<u>-</u>	<u>60,532</u>
Total assets and deferred outflows of resources	<u>\$ 6,112,627</u>	<u>\$ 797,628</u>	<u>\$ 5,777,838</u>	<u>\$ 1,265,174</u>
Liabilities				
Current Liabilities				
Accounts and contracts payable	\$ 109,718	\$ 220,969	\$ 92,035	\$ 38,008
Accrued salaries payable	15,194	17,898	-	14,144
Due to other governments	28,358	-	-	-
Compensated absences payable - current	6,628	14,762	-	17,389
Total Current Liabilities	<u>159,898</u>	<u>253,629</u>	<u>92,035</u>	<u>69,541</u>
Noncurrent Liabilities				
Compensated absences payable	18,451	41,092	-	48,407
Claims and judgements	-	-	1,183,616	-
Net pension liability	273,864	251,634	-	215,135
Other postemployment benefits payable	4,063	18,662	-	10,703
Total Noncurrent Liabilities	<u>296,378</u>	<u>311,388</u>	<u>1,183,616</u>	<u>274,245</u>
Total Liabilities	<u>456,276</u>	<u>565,017</u>	<u>1,275,651</u>	<u>343,786</u>
Deferred Inflows of Resources				
Deferred inflows of resources related to pensions	98,740	90,725	-	77,566
Deferred inflows of resources related to OPEB	2,405	11,046	-	6,335
Total Deferred Inflows of Resources	<u>101,145</u>	<u>101,771</u>	<u>-</u>	<u>83,901</u>
Net Position				
Net investment in capital assets	3,865,054	187,938	-	52,632
Unrestricted	1,690,152	(57,098)	4,502,187	784,855
Total Net Position	<u>5,555,206</u>	<u>130,840</u>	<u>4,502,187</u>	<u>837,487</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 6,112,627</u>	<u>\$ 797,628</u>	<u>\$ 5,777,838</u>	<u>\$ 1,265,174</u>

Compensated Absences	Total
\$ 2,493,697	\$ 11,560,613
7,067	29,636
-	107,917
-	70,176
-	170
<u>2,500,764</u>	<u>11,768,512</u>
-	372,707
-	415,457
-	12,333,269
-	(8,643,102)
-	4,105,624
-	4,478,331
<u>2,500,764</u>	<u>16,246,843</u>
-	195,416
-	11,772
-	207,188
<u>\$ 2,500,764</u>	<u>\$ 16,454,031</u>
\$ -	\$ 460,730
-	47,236
-	28,358
630,802	669,581
<u>630,802</u>	<u>1,205,905</u>
1,755,974	1,863,924
-	1,183,616
-	740,633
-	33,428
<u>1,755,974</u>	<u>3,821,601</u>
<u>2,386,776</u>	<u>5,027,506</u>
-	267,031
-	19,786
-	286,817
-	4,105,624
113,988	7,034,084
<u>113,988</u>	<u>11,139,708</u>
<u>\$ 2,500,764</u>	<u>\$ 16,454,031</u>

City of Richfield
Internal Service Funds
Combining Statement of Revenues, Expenses, and
Changes in Net Position
Year Ended December 31, 2023

	Central Garage and Equipment	Information Technology	Self Insurance
Operating Revenues			
Charges for services	\$ 1,506,828	\$ 1,217,614	\$ 880,912
Operating Expenses			
Personnel services	\$ 481,353	\$ 543,300	\$ 497,627
Other services and charges	1,213,966	1,022,766	398,430
Depreciation	938,260	26,177	-
Total operating expenses	<u>2,633,579</u>	<u>1,592,243</u>	<u>896,057</u>
Operating Income (Loss)	<u>(1,126,751)</u>	<u>(374,629)</u>	<u>(15,145)</u>
Nonoperating Revenues			
Interest earnings (loss)	42,783	14,455	207,872
Miscellaneous revenues	60,363	-	85,759
Gain on sale of capital assets	108,500	-	-
Total nonoperating revenues	<u>211,646</u>	<u>14,455</u>	<u>293,631</u>
Income (loss) before transfers and contributions	(915,105)	(360,174)	278,486
Other Financing Sources (Uses)			
Transfers In	880,000	203,500	56,500
Transfers out	-	-	(56,500)
Total other financing sources (uses)	<u>880,000</u>	<u>203,500</u>	<u>-</u>
Change in net position	(35,105)	(156,674)	278,486
Net position, January 1	<u>5,590,311</u>	<u>287,514</u>	<u>4,223,701</u>
Net position, December 31	<u>\$ 5,555,206</u>	<u>\$ 130,840</u>	<u>\$ 4,502,187</u>

Building Services	Compensated Absences	Total
\$ 1,017,967	\$ -	\$ 4,623,321
\$ 432,614	\$ -	\$ 1,954,894
603,450	-	3,238,612
25,567	-	990,004
<u>1,061,631</u>	<u>-</u>	<u>6,183,510</u>
<u>(43,664)</u>	<u>-</u>	<u>(1,560,189)</u>
28,360	88,910	382,380
-	-	146,122
-	-	108,500
<u>28,360</u>	<u>88,910</u>	<u>637,002</u>
(15,304)	88,910	(923,187)
-	-	1,140,000
-	-	(56,500)
<u>-</u>	<u>-</u>	<u>1,083,500</u>
(15,304)	88,910	160,313
<u>852,791</u>	<u>25,078</u>	<u>10,979,395</u>
<u>\$ 837,487</u>	<u>\$ 113,988</u>	<u>\$ 11,139,708</u>

City of Richfield
Internal Service Funds
Combining Statement of Cash Flows
Year Ended December 31, 2023

	Central Garage and Equipment	Information Technology	Self Insurance
Cash Flows - Operating Activities			
Receipts from customers and users	\$ 1,486,434	\$ 1,217,614	\$ 862,580
Other operating receipts	60,363	-	85,759
Payments to suppliers	(863,644)	(868,504)	(768,044)
Payments to employees	(483,612)	(526,359)	(500,522)
Net cash flows - operating activities	<u>199,541</u>	<u>(177,249)</u>	<u>(320,227)</u>
Cash Flows - Noncapital Financing Activities			
Financing activities			
Receipt of advances to other funds	-	-	68,788
Transfer from other funds	880,000	203,500	56,500
Transfer to other funds	-	-	(56,500)
Net cash flows - noncapital financing activities	<u>880,000</u>	<u>203,500</u>	<u>68,788</u>
Cash Flows - Capital and Related Financing Activities			
Proceeds from sale of capital assets	352,753	97,485	-
Acquisition of capital assets	(1,088,901)	(160,433)	-
Net cash flows - capital and related financing activities	<u>(736,148)</u>	<u>(62,948)</u>	<u>-</u>
Cash Flows - Investing Activities			
Interest received	<u>40,695</u>	<u>13,889</u>	<u>200,241</u>
Net change in cash and cash equivalents	384,088	(22,808)	(51,198)
Cash and Cash Equivalents, January 1	<u>1,765,870</u>	<u>558,320</u>	<u>5,282,941</u>
Cash and Cash Equivalents, December 31	<u>\$ 2,149,958</u>	<u>\$ 535,512</u>	<u>\$ 5,231,743</u>
Reconciliation of Operating Loss to Net Cash Flows - Operating Activities			
Operating loss	\$ (1,126,751)	\$ (374,629)	\$ (15,145)
Adjustments to reconcile operating loss to net cash flows - operating activities			
Depreciation expense	938,260	26,177	-
Other income related to operations	60,363	-	85,759
Accounts receivable	(20,394)	-	(18,332)
Prepaid items	301,782	1,844	-
OPEB liability expense	869	1,289	-
Net pension liability expense	11,371	6,528	-
Accounts payable	58,866	152,418	75,919
Due to other governmental units	(10,326)	-	(14,809)
Salaries payable	(1,129)	466	(2,895)
Compensated absences payable	(13,370)	8,658	-
Estimated payable for outstanding claims	-	-	(430,724)
Total adjustments	<u>1,326,292</u>	<u>197,380</u>	<u>(305,082)</u>
Net cash flows - operating activities	<u>\$ 199,541</u>	<u>\$ (177,249)</u>	<u>\$ (320,227)</u>

Building Services	Compensated Absences	Total
\$ 1,017,967	\$ -	\$ 4,584,595
-	-	146,122
(587,217)	-	(3,087,409)
<u>(426,386)</u>	<u>149,599</u>	<u>(1,787,280)</u>
<u>4,364</u>	<u>149,599</u>	<u>(143,972)</u>
-	-	68,788
-	-	1,140,000
<u>-</u>	<u>-</u>	<u>(56,500)</u>
-	-	1,152,288
-	-	450,238
<u>-</u>	<u>-</u>	<u>(1,249,334)</u>
-	-	(799,096)
<u>27,275</u>	<u>85,318</u>	<u>367,418</u>
31,639	234,917	576,638
<u>1,118,064</u>	<u>2,258,780</u>	<u>10,983,975</u>
<u>\$ 1,149,703</u>	<u>\$ 2,493,697</u>	<u>\$ 11,560,613</u>
\$ (43,664)	\$ -	\$ (1,560,189)
25,567	-	990,004
-	-	146,122
-	-	(38,726)
1,434	-	305,060
1,306	-	3,464
3,806	-	21,705
14,799	-	302,002
-	-	(25,135)
554	-	(3,004)
562	149,599	145,449
-	-	(430,724)
<u>48,028</u>	<u>149,599</u>	<u>1,416,217</u>
<u>\$ 4,364</u>	<u>\$ 149,599</u>	<u>\$ (143,972)</u>



SUPPLEMENTARY FINANCIAL INFORMATION

**CITY OF RICHFIELD
RICHFIELD, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

**Housing and Redevelopment Authority
of Richfield, Minnesota
Combined Balance Sheet
Governmental Funds
December 31, 2023**

	General	Special Revenue	Capital Projects	Total
Assets				
Cash and investments	\$ 2,419,757	\$ 2,647,729	\$ 13,815,041	\$ 18,882,527
Taxes receivable - delinquent	14,649	-	-	14,649
Accounts receivable	1,825	2,288	4,398	8,511
Interest receivable	6,973	10,592	33,942	51,507
Due from other funds	335,884	-	2,263,913	2,599,797
Due from other governments	1,665	106,469	52,412	160,546
Long term second mortgage receivable	148,988	2,289,189	-	2,438,177
Allowance for uncollectible accounts	(148,988)	(2,289,189)	-	(2,438,177)
Land held for resale	112,696	-	4,467,090	4,579,786
Prepaid expenses	-	7,486	-	7,486
	\$ 2,893,449	\$ 2,774,564	\$ 20,636,796	\$ 26,304,809
Liabilities				
Accounts payable	\$ 190,031	\$ 33,778	\$ 518,383	\$ 742,192
Deposits payable	-	-	32,938	32,938
Due to other funds	-	68,372	2,531,425	2,599,797
Due to other governments	13	-	25,585	25,598
Total liabilities	190,044	102,150	3,108,331	3,400,525
Deferred Inflows of Resources				
Unavailable revenue - property taxes	14,649	-	-	14,649
Fund Balances				
Nonspendable	-	7,486	-	7,486
Restricted	112,696	-	9,983,197	10,095,893
Committed	-	921,002	-	921,002
Assigned	-	798,367	7,697,312	8,495,679
Unassigned	2,576,060	945,559	(152,044)	3,369,575
Total fund balances	2,688,756	2,672,414	17,528,465	22,889,635
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,893,449	\$ 2,774,564	\$ 20,636,796	\$ 26,304,809
Total fund balances reported above				\$ 22,889,635
Amounts reported for the Housing and Redevelopment Authority in the Statement of Net Position are different because:				
Allocation to reflect consolidation on internal service fund activities related to component unit				\$ (639,110)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds				
Delinquent taxes receivable				14,649
Total net position - Housing and Redevelopment Authority				\$ 22,265,174

**Housing and Redevelopment Authority
of Richfield, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2023**

	General	Special Revenue	Capital Projects	Total
Revenues				
Tax increments	\$ -	\$ -	\$ 6,686,246	\$ 6,686,246
Property taxes	666,533	-	-	666,533
Intergovernmental	100,000	2,167,758	12,000	2,279,758
Investment income	90,253	124,210	505,940	720,403
Miscellaneous	165,897	44,072	15,331	225,300
Total revenues	<u>1,022,683</u>	<u>2,336,040</u>	<u>7,219,517</u>	<u>10,578,240</u>
Expenditures				
Current				
Housing and redevelopment				
Personnel services	291,350	228,320	246,967	766,637
Other services and charges	238,578	2,072,688	714,082	3,025,348
Capital outlay				
Housing and redevelopment	9,250	100,000	556,163	665,413
Debt Service				
Principal	-	-	851,865	851,865
Interest and other	-	-	2,987,168	2,987,168
Total expenditures	<u>539,178</u>	<u>2,401,008</u>	<u>5,356,245</u>	<u>8,296,431</u>
Excess of revenues over (under) expenditures	483,505	(64,968)	1,863,272	2,281,809
Other Financing Sources (Uses)				
Transfers in	-	9,082	905,627	914,709
Transfers out	(8,009)	(40,213)	(866,487)	(914,709)
Total other financing sources (uses)	<u>(8,009)</u>	<u>(31,131)</u>	<u>39,140</u>	<u>-</u>
Net change in fund balances	475,496	(96,099)	1,902,412	2,281,809
Fund Balances				
Beginning of year	<u>2,213,260</u>	<u>2,768,513</u>	<u>15,626,053</u>	<u>20,607,826</u>
End of year	<u>\$ 2,688,756</u>	<u>\$ 2,672,414</u>	<u>\$ 17,528,465</u>	<u>\$ 22,889,635</u>

Amounts reported for the Housing and Redevelopment Authority in the Statement of Activities are different because:

Net change in fund balances - Housing and Redevelopment Authority \$ 2,281,809

Adjustment to reflect the consolidation of internal service fund activities related to component unit (33,324)

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.

Property taxes 8,952

Change in net position - Housing and Redevelopment Authority \$ 2,257,437

Housing and Redevelopment Authority - Housing Choice Vouchers
of Richfield Minnesota
Financial Data Schedules
Balance Sheet
December 31, 2023

Assets		
111	Cash - unrestricted	\$ 176,968
122	Accounts receivable - HUD	6,860
124	Accounts receivable - other governments	19,609
128	Fraud recovery	15,288
128.1	Allowance for doubtful accounts - fraud	(13,000)
129	Accrued interest receivable	646
	Prepaid items	7,486
290	Total Assets	\$ 213,857
Liabilities		
312	Accounts payable <= 90 days	\$ 179
347	Inter Program - Due To	68,372
	Total Liabilities	68,551
Net Position		
512.4	Unrestricted	145,306
513	Total Net Position	145,306
600	Total Liabilities and Fund Balances	\$ 213,857

**Housing and Redevelopment Authority - Housing Choice Vouchers
of Richfield, Minnesota
Financial Data Schedules
Income Statement
for the Year Ended December 31, 2023**

<u>Revenues</u>		
70600	HUD PHA operating grants	\$ 1,985,845
71100	Investment income - unrestricted	8,167
71500	Other revenue	<u>718,300</u>
70000	Total revenues	<u>2,712,312</u>
<u>Expenditures</u>		
	Administrative expenses	
91100	Administrative salaries	228,320
91500	Office expenses	25,107
91600	Other	<u>21,804</u>
91000	Total administrative expenses	<u>275,231</u>
	General expenses	
96200	Other general expenses	<u>49,974</u>
96900	Total expenditures	325,205
Excess (Deficiency) of Revenues		
	Over (Under) Expenditures	2,387,107
<u>Other Expenses</u>		
97300	Housing assistance payments	1,717,492
97350	HAP Portability-in	<u>635,125</u>
90000	Total Other Expenses	<u>2,352,617</u>
Net Increase (Decrease) in Net Position		34,490
Net Position, January 1		<u>110,816</u>
Net Position, December 31		<u>\$ 145,306</u>
Memo account information		
11190	Unit months available	2,772
11210	Number of unit months leased	2,336

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.

City of Richfield
Economic Development Authority Component Unit
Balance Sheet
December 31, 2023

Assets

Cash and investments	\$ 1,195,047
Property taxes receivable	5,410
Interest receivable	2,874
Deferred loan receivable	1,014,847
Allowance for uncollectible accounts	<u>(1,014,847)</u>

Total assets	<u><u>\$ 1,203,331</u></u>
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Liabilities

Accounts payable	<u>\$ 14,282</u>
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Deferred Inflows of Resources

Unavailable revenue - property taxes	<u>5,410</u>
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Fund Balances

Unassigned	<u>1,183,639</u>
Total fund balances	<u><u>1,183,639</u></u>

Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 1,203,331</u></u>
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Fund balance reported above	\$ 1,183,639
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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>\$ 5,410</u>
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Net Position of component unit activities	<u><u>\$ 1,189,049</u></u>
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City of Richfield
Economic Development Authority Component Unit
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2023

Revenues		
Taxes		\$ 579,486
Miscellaneous		
Investment income		36,230
Other		2,400
Total revenues		<u>618,116</u>
Expenditures		
Current		
Economic development		
Personnel services		107,924
Other services and charges		320,791
Total expenditures		<u>428,715</u>
Excess of revenues over (under) expenditures		189,401
Fund Balances		
Beginning of year		<u>994,238</u>
End of year		<u>\$ 1,183,639</u>
Adjustment to reflect the change in other long-term assets not available to pay current period expenditures		<u>\$ (390)</u>
Change in net position of component unit activities		<u>\$ 189,011</u>



STATISTICAL SECTION (UNAUDITED)

**CITY OF RICHFIELD
RICHFIELD, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

City of Richfield, Minnesota
Statistical Section (Unaudited)
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Governmental Activities				
Net investment in capital assets	\$ 53,868,489	\$ 53,489,119	\$ 51,478,014	\$ 46,432,821
Restricted	3,625,019	6,159,180	3,093,111	3,388,199
Unrestricted	17,269,452	5,339,294	(428,034)	(4,174,406)
Total governmental activities net position	\$ 74,762,960	\$ 64,987,593	\$ 54,143,091	\$ 45,646,614
Business-Type Activities				
Net investment in capital assets	\$ 14,105,007	\$ 14,610,034	\$ 16,757,963	\$ 19,656,557
Restricted	-	-	-	-
Unrestricted	9,019,091	2,723,163	2,429,606	4,155,490
Total business-type activities net position	\$ 23,124,098	\$ 17,333,197	\$ 19,187,569	\$ 23,812,047
Total Primary Government				
Net investment in capital assets	\$ 67,973,496	\$ 68,099,153	\$ 68,235,977	\$ 60,155,878
Restricted	3,625,019	6,159,180	3,093,111	3,388,199
Unrestricted	26,288,543	8,062,457	2,001,572	5,914,584
Total primary government net position	\$ 97,887,058	\$ 82,320,790	\$ 73,330,660	\$ 69,458,661

Table 1

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 44,695,707	\$ 46,258,802	\$ 46,316,911	\$ 51,429,664	\$ 64,217,643	\$ 75,377,835
6,336,024	5,933,995	7,253,345	16,485,325	3,964,804	8,636,333
<u>(8,092,783)</u>	<u>(16,378,793)</u>	<u>(8,288,323)</u>	<u>(3,540,422)</u>	<u>411,109</u>	<u>(5,405,313)</u>
<u>\$ 42,938,948</u>	<u>\$ 35,814,004</u>	<u>\$ 45,281,933</u>	<u>\$ 64,374,567</u>	<u>\$ 68,593,556</u>	<u>\$ 78,608,855</u>
\$ 23,309,355	\$ 20,657,979	\$ 20,657,979	\$ 21,303,212	\$ 21,550,313	\$ 19,177,441
-	-	-	-	-	-
<u>4,418,358</u>	<u>5,970,660</u>	<u>5,970,660</u>	<u>6,361,197</u>	<u>8,177,018</u>	<u>12,086,805</u>
<u>\$ 27,727,713</u>	<u>\$ 26,628,639</u>	<u>\$ 26,628,639</u>	<u>\$ 27,664,409</u>	<u>\$ 29,727,331</u>	<u>\$ 31,264,246</u>
\$ 59,206,662	\$ 58,559,804	\$ 58,758,640	\$ 64,876,476	\$ 78,279,906	\$ 87,445,726
6,336,024	5,933,995	7,253,345	16,485,325	3,964,804	8,636,333
<u>5,123,975</u>	<u>(3,108,970)</u>	<u>5,898,587</u>	<u>10,677,175</u>	<u>16,076,177</u>	<u>13,791,042</u>
<u>\$ 70,666,661</u>	<u>\$ 61,384,829</u>	<u>\$ 71,910,572</u>	<u>\$ 92,038,976</u>	<u>\$ 98,320,887</u>	<u>\$ 109,873,101</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			
	2014	2015	2016	2017
Expenses				
Governmental activities				
General government	\$ 3,102,253	\$ 3,112,271	\$ 3,503,975	\$ 3,261,312
Public safety	11,767,776	12,512,132	16,846,901	13,706,386
Community development	1,360,558	1,390,908	1,489,202	1,364,675
Public works	9,647,341	15,932,128	16,161,254	15,028,590
Culture and recreation	3,882,319	3,973,233	4,244,085	4,142,433
Interest on long-term debt	1,220,893	1,118,400	1,786,750	1,751,627
Total governmental activities expenses	<u>30,981,140</u>	<u>38,039,072</u>	<u>44,032,167</u>	<u>39,255,023</u>
Business-type activities				
Liquor	10,639,175	10,246,033	10,018,719	10,729,098
Water and sewer utility	7,271,227	7,503,496	8,067,365	7,957,436
Storm sewer utility	1,220,584	1,263,819	1,462,684	1,623,854
Recreation fund	-	-	-	-
Total business-type activities expenses	<u>19,130,986</u>	<u>19,013,348</u>	<u>19,548,768</u>	<u>20,310,388</u>
Total primary government expenses	<u>\$ 50,112,126</u>	<u>\$ 57,052,420</u>	<u>\$ 63,580,935</u>	<u>\$ 59,565,411</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 672,182	\$ 795,899	\$ 830,145	\$ 762,824
Public safety	863,073	842,342	658,591	735,790
Community development	1,305,144	1,146,164	1,383,804	1,289,746
Public works	308,784	307,611	309,235	309,361
Culture and recreation	1,608,943	1,721,646	1,751,634	1,694,849
Operating grants and contributions	1,449,484	1,305,392	1,434,327	1,463,533
Capital grants and contributions	3,065,904	6,134,825	4,733,815	3,590,702
Total governmental activities program revenues	<u>9,273,514</u>	<u>12,253,879</u>	<u>11,101,551</u>	<u>9,846,805</u>
Business-type activities				
Charges for services				
Liquor	11,500,417	10,859,642	10,457,318	11,351,640
Water and sewer utility	7,222,179	7,314,887	7,647,683	8,023,101
Storm sewer utility	1,204,476	1,181,739	1,352,699	1,495,191
Capital grants and contributions	-	200,000	-	-
Total business-type activities program revenues	<u>19,927,072</u>	<u>19,556,268</u>	<u>19,457,700</u>	<u>20,869,932</u>
Total primary government program revenues	<u>\$ 29,200,586</u>	<u>\$ 31,810,147</u>	<u>\$ 30,559,251</u>	<u>\$ 30,716,737</u>

Table 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 3,205,714	\$ 3,365,461	\$ 3,443,118	\$ 3,591,071	\$ 4,535,832	\$ 4,416,925
12,958,838	14,234,972	14,767,550	14,455,290	17,406,811	19,165,643
1,552,826	1,676,267	1,601,218	1,730,362	1,758,662	8,969,774
13,039,259	21,901,131	11,146,122	8,969,332	9,179,955	5,653,215
4,308,628	4,196,419	3,426,087	4,666,522	5,308,282	1,788,215
1,563,101	1,449,654	1,487,038	1,317,337	1,380,404	1,290,114
<u>36,628,366</u>	<u>46,823,904</u>	<u>35,871,133</u>	<u>34,729,914</u>	<u>39,569,946</u>	<u>41,283,886</u>
10,824,828	11,904,943	12,384,877	12,979,538	13,299,880	12,700,999
8,262,064	8,330,939	8,272,505	8,380,422	9,343,582	9,330,452
1,720,653	1,924,222	2,057,741	2,043,408	2,129,905	2,640,186
-	-	-	-	-	-
<u>20,807,545</u>	<u>22,160,104</u>	<u>22,715,123</u>	<u>23,403,368</u>	<u>24,773,367</u>	<u>24,671,637</u>
<u>\$ 57,435,911</u>	<u>\$ 68,984,008</u>	<u>\$ 58,586,256</u>	<u>\$ 58,133,282</u>	<u>\$ 64,343,313</u>	<u>\$ 65,955,523</u>
\$ 793,277	\$ 893,750	\$ 590,246	\$ 951,034	\$ 1,027,491	\$ 1,003,475
754,699	780,881	535,792	500,678	675,771	508,704
1,696,677	2,204,262	2,137,248	2,137,779	1,619,026	343,747
317,813	305,451	237,698	338,892	324,499	2,420,618
1,868,941	1,831,136	605,969	1,927,900	2,123,558	1,181,748
1,463,533	1,562,337	4,238,000	1,456,035	1,614,601	3,627,875
3,590,702	4,159,314	8,163,705	17,781,877	7,027,935	8,372,899
<u>10,485,642</u>	<u>11,737,131</u>	<u>16,508,658</u>	<u>25,094,195</u>	<u>14,412,881</u>	<u>17,459,066</u>
11,561,557	12,678,003	13,262,924	13,927,926	14,209,724	13,967,904
8,648,729	8,826,120	8,716,310	9,227,632	9,892,777	10,429,228
1,768,394	1,828,180	2,047,290	2,043,821	2,154,934	2,382,576
-	-	-	-	-	-
<u>21,978,680</u>	<u>23,332,303</u>	<u>24,026,524</u>	<u>25,199,379</u>	<u>26,257,435</u>	<u>26,779,708</u>
<u>\$ 32,464,322</u>	<u>\$ 35,069,434</u>	<u>\$ 40,535,182</u>	<u>\$ 50,293,574</u>	<u>\$ 40,670,316</u>	<u>\$ 44,238,774</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			
	2014	2015	2016	2017
Net Revenues (Expenses)				
Governmental activities	\$ (21,707,626)	\$ (25,755,193)	\$ (32,930,616)	\$ (29,789,259)
Business-type activities	796,086	542,920	(91,068)	559,544
Total primary government net revenues (expenses)	<u>\$ (20,911,540)</u>	<u>\$ (25,212,273)</u>	<u>\$ (33,021,684)</u>	<u>\$ (29,229,715)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 18,613,321	\$ 18,388,710	\$ 18,398,414	\$ 19,075,553
Franchise taxes	1,973,751	2,230,602	2,260,122	2,264,759
Grants and contributions not restricted to specific programs	1,937,907	2,054,379	2,084,057	2,094,443
Other general revenues	809,564	1,069,172	940,123	1,573,837
Transfers	866,460	1,009,749	(1,596,613)	(3,715,810)
Total governmental activities	<u>24,201,003</u>	<u>24,752,612</u>	<u>22,086,103</u>	<u>21,292,782</u>
Business-type activities				
Other general revenues	309,319	335,616	348,827	349,124
Transfers	(866,460)	(1,009,749)	1,596,613	3,715,810
Special item	-	-	-	-
Total business-type activities	<u>(557,141)</u>	<u>(674,133)</u>	<u>1,945,440</u>	<u>4,064,934</u>
Total primary government	<u>\$ 23,643,862</u>	<u>\$ 24,078,479</u>	<u>\$ 24,031,543</u>	<u>\$ 25,357,716</u>
Change in Net Position				
Governmental activities	\$ 2,493,377	\$ (1,002,581)	\$ (10,844,502)	\$ (8,496,477)
Business-type activities	238,945	(131,213)	1,854,372	4,624,478
Total primary government	<u>\$ 2,732,322</u>	<u>\$ (1,133,794)</u>	<u>\$ (8,990,130)</u>	<u>\$ (3,871,999)</u>

Table 2 (Continued)

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ (26,142,724)	\$ (35,086,773)	\$ (19,272,475)	\$ (9,635,719)	\$ (25,157,065)	\$ (23,824,820)
<u>1,171,135</u>	<u>1,172,199</u>	<u>1,311,401</u>	<u>1,796,011</u>	<u>1,484,068</u>	<u>2,108,071</u>
<u>\$ (24,971,589)</u>	<u>\$ (33,914,574)</u>	<u>\$ (17,961,074)</u>	<u>\$ (7,839,708)</u>	<u>\$ (23,672,997)</u>	<u>\$ (21,716,749)</u>
\$ 20,019,144	\$ 20,887,161	\$ 22,183,130	\$ 23,336,637	\$ 24,553,760	\$ 21,992,920
224,216	2,241,396	2,235,139	2,242,186	2,242,820	4,046,389
2,229,280	2,235,643	2,366,046	2,104,750	2,334,669	2,038,711
1,772,578	2,057,553	1,187,879	217,010	692,988	4,610,559
(2,727,229)	308,930	768,210	827,770	(448,183)	1,197,926
<u>21,517,989</u>	<u>27,730,683</u>	<u>28,740,404</u>	<u>28,728,353</u>	<u>29,376,054</u>	<u>33,886,505</u>
434,240	502,377	514,623	67,529	130,671	626,770
2,727,229	(308,930)	(768,210)	(827,770)	448,183	(1,197,926)
(93,263)	(335,943)	-	-	-	-
<u>3,068,206</u>	<u>(142,496)</u>	<u>(253,587)</u>	<u>(760,241)</u>	<u>578,854</u>	<u>(571,156)</u>
<u>\$ 24,586,195</u>	<u>\$ 27,588,187</u>	<u>\$ 28,486,817</u>	<u>\$ 27,968,112</u>	<u>\$ 29,954,908</u>	<u>\$ 33,315,349</u>
\$ (2,606,735)	\$ (7,356,090)	\$ 9,467,929	\$ 19,092,634	\$ 4,218,989	\$ 10,061,685
<u>4,239,341</u>	<u>1,029,703</u>	<u>1,057,814</u>	<u>1,035,770</u>	<u>2,062,922</u>	<u>1,536,915</u>
<u>\$ 1,632,606</u>	<u>\$ (6,326,387)</u>	<u>\$ 10,525,743</u>	<u>\$ 20,128,404</u>	<u>\$ 6,281,911</u>	<u>\$ 11,598,600</u>

City of Richfield, Minnesota
Statistical Section (Unaudited)
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 57,292	\$ 3,667	\$ 15,799	\$ 141,195
Restricted	22,000	-	-	-
Unassigned	9,111,824	9,922,952	9,600,129	10,038,550
Total general fund	<u>\$ 9,191,116</u>	<u>\$ 9,926,619</u>	<u>\$ 9,615,928</u>	<u>\$ 10,179,745</u>
All Other Governmental Funds				
Nonspendable	\$ 21,450	\$ 7,203	\$ 2,887	\$ 17,761
Restricted	4,137,256	10,128,899	18,332,804	20,275,918
Committed	1,023,281	955,348	720,397	738,817
Assigned	13,249,048	14,066,297	13,408,861	17,069,166
Unassigned	(2,727,214)	(1,949,474)	(1,847,409)	(3,741,559)
Total all other governmental funds	<u>\$ 15,703,821</u>	<u>\$ 23,208,273</u>	<u>\$ 30,617,540</u>	<u>\$ 34,360,103</u>

Table 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 12,679	\$ 177,753	\$ 28,365	\$ 47,489	\$ 66,984	\$ 61,640
-	-	16,118	-	-	-
<u>10,520,461</u>	<u>11,313,120</u>	<u>12,870,165</u>	<u>10,517,440</u>	<u>10,923,406</u>	<u>11,425,348</u>
<u>\$ 10,533,140</u>	<u>\$ 11,490,873</u>	<u>\$ 12,914,648</u>	<u>\$ 10,564,929</u>	<u>\$ 10,990,390</u>	<u>\$ 11,486,988</u>
\$ 105,287	\$ 15,236	\$ 1,485	\$ 1,111	\$ 2,754	\$ 90
16,286,001	10,642,272	8,785,571	3,090,932	2,121,557	8,986,815
1,790,562	2,836,946	4,078,939	13,661,056	14,448,057	8,212,034
22,069,612	21,371,523	24,710,670	5,518,491	5,839,195	-
<u>(6,573,705)</u>	<u>(4,101,728)</u>	<u>(1,749,993)</u>	<u>(3,798,986)</u>	<u>(3,141,170)</u>	<u>(2,899,672)</u>
<u>\$ 33,677,757</u>	<u>\$ 30,764,249</u>	<u>\$ 35,826,672</u>	<u>\$ 18,472,604</u>	<u>\$ 19,270,393</u>	<u>\$ 14,299,267</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			
	2014	2015	2016	2017
Revenues				
Taxes	\$ 18,370,724	\$ 18,407,060	\$ 18,357,209	\$ 19,112,961
Franchise taxes	1,973,751	2,230,602	2,260,122	2,264,759
Special assessments	975,724	222,667	194,607	206,140
Fines and forfeitures	493,947	442,278	279,437	345,143
License and permits	1,030,746	985,367	1,124,025	1,061,107
Intergovernmental	5,486,032	9,272,706	7,971,353	6,526,885
Charges for services	3,233,433	3,386,017	3,529,947	3,386,320
Interest earnings (loss)	62,931	56,206	157,444	247,818
Miscellaneous	726,303	980,395	719,430	1,254,319
Total revenues	<u>32,353,591</u>	<u>35,983,298</u>	<u>34,593,574</u>	<u>34,405,452</u>
Expenditures				
Current				
General government	2,478,487	2,523,323	2,602,322	2,633,435
Public safety	11,322,841	11,781,433	12,367,364	12,471,350
Community development	1,297,986	1,337,103	1,330,766	1,349,571
Public works	7,424,484	13,814,201	13,457,283	12,643,244
Recreation services	3,207,929	3,282,355	3,382,122	3,379,327
Capital outlay	2,344,400	2,363,164	2,951,196	4,636,951
Debt service				
Principal	2,760,000	2,565,000	2,125,000	8,140,000
Interest and other charges	1,257,263	1,271,643	1,563,351	1,699,998
Bond issuance costs	-	-	-	-
Total expenditures	<u>32,093,390</u>	<u>38,938,222</u>	<u>39,779,404</u>	<u>46,953,876</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>260,201</u>	<u>(2,954,924)</u>	<u>(5,185,830)</u>	<u>(12,548,424)</u>
Other Financing Sources (Uses)				
Bond proceeds	-	9,100,000	11,215,000	12,175,000
Premium on bonds issued	-	278,526	516,582	319,366
Sale of capital assets	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(2,950,000)
Transfers in	3,333,711	11,965,883	4,368,205	5,333,223
Transfers out	(3,227,251)	(11,848,134)	(4,860,995)	(6,172,033)
Total other financing sources (uses)	<u>106,460</u>	<u>9,496,275</u>	<u>11,238,792</u>	<u>8,705,556</u>
Net Change in Fund Balances	<u>\$ 366,661</u>	<u>\$ 6,541,351</u>	<u>\$ 6,052,962</u>	<u>\$ (3,842,868)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>13.5%</u>	<u>10.5%</u>	<u>10.0%</u>	<u>23.3%</u>

Table 4

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 20,041,028	\$ 20,876,291	\$ 22,201,245	\$ 23,308,086	\$ 24,548,928	\$ 25,962,569
2,242,216	2,241,396	2,235,139	2,242,186	2,242,820	2,250,588
202,308	232,098	229,692	159,089	146,248	244,981
363,806	401,118	202,012	230,966	266,793	208,885
1,385,288	1,734,871	1,743,695	1,695,431	1,379,973	981,777
6,995,230	7,532,797	14,493,527	10,896,993	17,291,129	15,436,492
3,682,313	3,879,491	2,251,246	3,383,966	3,572,411	3,677,002
685,353	689,997	265,483	27,564	474,176	1,783,377
951,055	1,197,637	833,164	969,270	1,388,855	1,023,718
<u>36,548,597</u>	<u>38,785,696</u>	<u>44,455,203</u>	<u>42,913,551</u>	<u>51,311,333</u>	<u>51,569,389</u>
2,652,810	2,757,627	2,900,167	2,995,213	3,736,372	4,077,430
12,993,392	14,018,093	14,599,965	15,587,368	15,946,189	16,922,072
1,471,067	1,586,564	1,640,111	1,796,086	1,616,827	1,652,012
10,834,054	19,635,955	8,907,229	12,153,261	4,999,152	5,254,536
3,615,978	3,567,386	2,724,828	3,773,805	4,151,016	4,491,736
4,441,313	9,773,296	4,642,849	1,336,393	18,655,668	18,366,678
2,365,000	8,870,000	3,290,000	3,560,000	3,760,000	3,870,000
1,597,997	1,658,046	1,615,536	1,497,299	1,360,676	1,477,493
-	-	-	-	110,227	-
<u>39,971,611</u>	<u>61,866,967</u>	<u>40,320,685</u>	<u>42,699,425</u>	<u>54,336,127</u>	<u>56,111,957</u>
<u>(3,423,014)</u>	<u>(23,081,271)</u>	<u>4,134,518</u>	<u>214,126</u>	<u>(3,024,794)</u>	<u>(4,542,568)</u>
9,770,000	5,290,000	4,365,000	-	5,565,000	-
151,774	314,825	170,520	-	195,727	-
-	-	-	-	500	-
-	-	-	(1,385,000)	-	-
11,296,324	12,196,655	11,766,403	5,532,754	6,059,926	5,733,451
<u>(11,851,404)</u>	<u>(12,887,725)</u>	<u>(12,013,193)</u>	<u>(5,769,984)</u>	<u>(7,573,109)</u>	<u>(5,619,025)</u>
<u>9,366,694</u>	<u>4,913,755</u>	<u>4,288,730</u>	<u>(1,622,230)</u>	<u>4,248,044</u>	<u>114,426</u>
<u>\$ 5,943,680</u>	<u>\$ (18,167,516)</u>	<u>\$ 8,423,248</u>	<u>\$ (1,408,104)</u>	<u>\$ 1,223,250</u>	<u>\$ (4,428,142)</u>
<u>11.1%</u>	<u>20.2%</u>	<u>13.7%</u>	<u>14.3%</u>	<u>14.2%</u>	<u>14.1%</u>

City of Richfield
Taxable and Estimated Market Values of Taxable Property
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Real Property			Personal Property	Total Taxable Market Value
	Residential	Apartments	Commercial Industrial		
2014	\$ 1,699,718,115	\$ 267,558,417	\$ 556,419,000	\$ 13,949,900	\$ 2,537,645,432
2015	1,765,025,018	292,412,930	590,097,800	19,771,100	2,667,306,848
2016	1,920,643,255	334,634,375	619,857,100	17,757,000	2,892,891,730
2017	2,078,843,492	379,947,517	596,335,200	20,497,500	3,075,623,709
2018	2,373,695,072	391,924,323	631,189,700	21,223,000	3,418,032,095
2019	2,533,077,293	489,451,590	641,809,900	21,104,000	3,685,442,783
2020	2,594,212,488	563,006,090	676,704,300	25,160,800	3,859,083,678
2021	2,828,914,390	609,514,200	672,025,000	12,868,200	4,123,321,790
2022	3,336,255,143	704,770,100	700,744,000	15,541,300	4,757,310,543
2023	3,409,420,309	796,733,100	738,664,000	13,617,600	4,958,435,009

Source: Hennepin County report Market Value and Tax Capacity Growth By City.

Table 5

Total Direct Tax Rate	Estimated Actual Market Value	Total Taxable Market Value as a Percent of Estimated Actual Market Value
66.17	\$ 2,736,099,400	92.75
61.66	2,854,981,900	93.43
62.66	3,072,682,200	94.15
58.41	3,263,103,600	94.25
59.34	3,587,736,600	95.27
54.74	3,846,256,100	95.82
54.73	4,018,060,200	96.04
55.50	4,264,414,600	96.69
55.07	4,868,218,300	97.72
52.12	5,061,837,200	97.96

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 and Overlapping Rates
	General	Debt	HRA	Total City	School District	Hennepin County	Metropolitan Agencies	
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
2022	45.843	7.838	1.385	55.066	28.708	38.535	7.849	130.158
2023	43.057	7.784	1.279	52.120	26.890	34.542	8.164	121.716

Source: Hennepin County Assessing Office

**City of Richfield, Minnesota
Statistical Section (Unaudited)
Principal Property Taxpayers
Current and Nine Years Ago**

Table 7

Taxpayer	2023			Taxpayer	2014		
	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	4.03 %	Best Buy Company, Inc.	\$ 2,731,160	1	9.27 %
Meridian Crossings LLC	1,256,430	2	2.14	Meridian Crossings LLC	1,126,550	2	3.82
JRK Investors, Inc.	1,213,088	3	2.06				-
JIW Inc.	722,410	4	1.23				-
Ryan Companies	488,530	5	0.83				-
Morries Richfield JLR RE LL	412,270	6	0.70				-
Menard, Inc.	381,170	7	0.65				-
CSM Corporation	371,270	8	0.63	CSM Corporation	327,390	3	1.11
ROP Investment Co., LLC	360,338	9	0.61				-
Gina Fisher	358,810	10	0.61	The Gramercy Club City Bella	653,935	4	2.22
			-	Brixmor SPE 5 LLC	432,610	5	1.47
			-	Crossroads at Penn LLC	364,113	6	1.24
			-	CSM Shops INC	343,370	7	1.16
			-	Woodlake-VEF IV LLC	334,250	8	1.13
			-	Silver Crest Properties LLC	299,458	9	1.02
			-	Target Corporation	299,310	10	1.02
Total	\$ 7,933,566		13.50 %		\$ 6,912,146		23.45 %

Source: Hennepin County Assessing Office

**City of Richfield, Minnesota
Statistical Section (Unaudited)
Property Tax Levies and Collections
Last Ten Fiscal Years**

Table 8

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 18,012,303	\$ 17,933,454	99.56 %	\$ -	\$ 17,933,454	99.56 %
2015	18,745,569	18,685,167	99.68	-	18,685,167	99.68
2016	19,125,557	19,001,616	99.35	-	19,001,616	99.35
2017	19,664,285	19,568,641	99.51	-	19,568,641	99.51
2018	21,083,735	20,972,448	99.47	(17,181)	20,955,267	99.39
2019	22,089,350	21,973,828	99.48	69,989	22,043,817	99.79
2020	23,267,441	23,178,920	99.62	(13,875)	23,165,045	99.56
2021	23,735,662	23,567,746	99.29	(82,567)	23,485,179	98.94
2022	25,777,379	25,636,397	99.45	38,674	25,675,072	99.60
2023	27,460,533	27,209,919	99.09	-	27,209,919	99.09

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	Lease Payable	53000 Storm Sewer Bonds	Ice Arena Bonds	Water and Sewer Bonds	51000 Water Bonds	52000 Sewer Bonds			
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	123,705	6,116,394	-	-	5,651,987	1,094,776	\$ 63,021,214	-	1,700
2022	1,925,000	49,983,779	98,827	8,786,936	-	-	6,085,480	1,560,103	\$ 68,440,125	-	1,873
2023	1,110,000	45,635,000	73,848	8,065,288	-	-	5,337,541	1,452,171	\$ 61,673,848	-	1,688

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	Lease Payable	Total	Less: Amounts Available in Debt Service Fund	Net Total	Percentage of Estimated Market Value of Taxable Property (1)	Per Capita (2)
2014	\$ 24,460,000	\$ 7,685,000	\$ -	\$ 32,145,000	\$ 2,388,013	\$ 29,756,987	1.27%	\$ 889
2015	31,989,510	7,020,000	-	39,009,510	1,653,862	37,355,648	1.46%	1,067
2016	42,212,887	6,340,000	-	48,552,887	2,192,838	46,360,049	1.68%	1,336
2017	44,228,837	5,645,000	-	49,873,837	1,904,043	47,969,794	1.62%	1,372
2018	52,399,608	4,940,000	-	57,339,608	2,356,747	54,982,861	1.68%	1,569
2019	49,747,831	4,220,000	-	53,967,831	3,039,324	50,928,507	1.46%	1,481
2020	51,621,351	3,475,000	-	55,096,351	3,440,778	51,655,573	1.43%	1,489
2021	47,319,352	2,715,000	123,705	50,158,057	5,067,755	45,090,302	1.22%	1,356
2022	49,983,779	1,925,000	98,827	52,007,606	5,775,047	46,232,559	1.09%	1,423
2023	45,635,000	1,110,000	73,848	46,818,848	6,263,293	40,555,555	0.94%	1,110

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.

City of Richfield, Minnesota
Statistical Section (Unaudited)
Computation of Direct and Overlapping Debt
December 31, 2023

Table 11

Governmental Unit	Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Overlapping Debt
Hennepin County	\$ 1,423,815,000	1.78 %	\$ 25,343,907
Independent School District #280, Richfield, MN	130,840,000	68.24	89,285,216
Hennepin Suburb Park District	59,870,000	2.45	1,466,815
Hennepin Regional RR Authority	81,665,000	1.78	1,453,637
Metropolitan Council	1,694,829,000	0.88	14,914,495
Total overlapping debt	3,391,019,000		132,464,070
City of Richfield	61,600,000	100.00	61,600,000
Total direct and overlapping debt	<u>\$ 3,452,619,000</u>		<u>\$ 194,064,070</u>

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.

Source: Hennepin County Assessing Office

City of Richfield, Minnesota
Statistical Section (Unaudited)
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Debt limit	\$ 82,083	\$ 85,649	\$ 92,180	\$ 97,893
Total net debt applicable to limit	<u>22,875</u>	<u>30,910</u>	<u>29,522</u>	<u>42,506</u>
Legal debt margin	<u>\$ 59,208</u>	<u>\$ 54,739</u>	<u>\$ 62,658</u>	<u>\$ 55,387</u>
Total net debt applicable to the limit as a percent of debt limit	27.87%	36.09%	32.03%	43.42%

Table 12

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 107,632	\$ 115,388	\$ 120,542	\$ 127,932	\$ 146,047	\$ 151,855
50,769	47,972	47,440	44,306	47,135	46,745
<u>\$ 56,863</u>	<u>\$ 67,416</u>	<u>\$ 73,102</u>	<u>\$ 83,626</u>	<u>\$ 98,911</u>	<u>\$ 105,110</u>
47.17%	41.57%	39.36%	34.63%	32.27%	30.78%

Legal Debt Margin Calculation for Fiscal Year 2023

Estimated market value	\$ 5,061,837,200
Debt limit (3% of market value)	151,855,116
Debt applicable to limit	
General Obligation Bonds	<u>40,555,555</u>
Legal debt margin	<u>\$ 111,299,561</u>

**City of Richfield, Minnesota
Statistical Section (Unaudited)
Revenue Bond Coverage
Last Ten Fiscal Years**

Table 13

Fiscal Year	Gross Revenue	Direct Operating Expense (1)	Net Available Revenue	Debt Service Requirements (2)			Coverage
				Principal	Interest	Total	
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
2022	11,663,916 (7)	8,619,335	3,044,581	960,000	394,171	1,354,171	2.25
2023	12,448,664	9,309,303	3,139,361	865,000	842,500	1,707,500	1.84

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
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
2022	36,543	-	-	-	-	4,151	2.6
2023	36,543	-	-	-	-	4,139	2.8

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

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

**City of Richfield, Minnesota
Statistical Section (Unaudited)
Principal Employers
Current Year and Nine Years Ago**

Table 15

Employer	2023			Employer	2014		
	Employees	Rank	Percent of City Employment (1)		Employees	Rank	Percent of City Employment (1)
Best Buy Corporate office	5,300	1	27.22 %	Best Buy Corporate office	4,300	1	22.54 %
U.S. Bancorp	1,350	2	6.93	U.S. Bancorp	1,560	2	8.18
Independent School District #280	1,057	3	5.43	Fraser	745	3	3.91
Super Target	350	4	1.80	Crystal Care Home Health	700	4	3.67
City of Richfield	327	5	1.68	Independent School District #280	587	5	3.08
Fraser	299	6	1.54	City of Richfield	339	6	1.78
Headway Emotional Health Services	250	7	1.28	Super Target	250	7	1.31
Menard, Inc.	200	8	1.03	Dicks Sporting Goods	200	8	1.05
Weis Builders	100	9	0.51	Rainbow Foods	200	8	1.05
Pizza Luce	60	10	0.31	Metro Sales, Inc	190	10	1.00
Total	9,293		47.73 %		9,071		47.57 %

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

* No updated information received for 2023.

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

City of Richfield, Minnesota
Statistical Section (Unaudited)
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Table 16

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Management services	3	3	3	3	3	3	3	3	3	4
Finance	6	5	6	6	5	6	5	2	4	7
City Clerk	9	9	10	9	9	10	10	10	10	8
Assessing	1	1	1	1	1	-	-	-	-	-
Others	11	12	11	12	12	11	11	11	13	14
Public Safety										
Police	46	48	48	48	48	48	48	48	46	46
Dispatchers	8	-	-	-	-	-	-	-	-	-
Others	14	14	14	14	14	14	14	15	15	14
Fire										
Firefighters and officers	26	27	27	26	26	26	26	26	30	30
Community Development										
Planning/zoning	2	2	2	2	2	2	2	2	2	3
Inspections	8	8	8	9	9	9	9	8	9	10
Others	8	6	7	8	8	8	10	9	8	6
Public Works										
Engineering	3	3	3	4	4	5	5	5	5	5
Street and park maintenance	20	19	20	18	23	23	24	23	23	23
Forestry	4	4	4	4	-	-	-	-	-	-
Others	5	6	6	6	6	6	6	6	6	6
Parks and recreation	33	33	32	32	34	35	30	34	38	38
Liquor	26	25	23	24	24	25	28	33	29	34
Water and wastewater	18	17	16	18	19	19	19	17	19	19
Storm water	1	1	1	1	1	1	1	1	1	1
Recreation funds	-	-	-	-	-	-	-	-	-	-
Total	252	243	242	245	248	251	251	253	261	268

Source: City budgets and personnel records.

**City of Richfield, Minnesota
Statistical Section (Unaudited)
Operating Indicators by Function
Last Ten Fiscal years**

Table 17

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Physical arrests	404	435	471	489	591	491	701	701	829	676
Total offenses cited	7,274	5,764	4,486	4,818	5,315	4,728	3,429	2,078	2,961	2,400
Fire										
Emergency responses	4,135	4,195	4,073	4,287	4,252	4,411	4,451	4,710	4,876	4,989
Fires extinguished	75	90	83	72	92	88	104	87	87	100
Other public works										
Streets resurfacing (miles)	-	14.30	15.00	16.00	14.40	15	14.25	3	1.5	0.5
Potholes repaired (tons of asphalt used)	306.46	100.79	81.40	18.64	84.93	98.2	138.52	97.32	69.9	33.5
Parks and recreation										
Athletic field permits issued	52	55	56	53	57	58	30	49	39	36
Water										
New connections	4	2	6	9	10	11	54	31	18	10
Connections eliminated (redevelopment)	17	4	18	3	-	6	-	2	3	3
Water main breaks	9	19	16	15	14	11	12	9	20	11
Average daily consumption (millions of gallons)	2.90	2.84	2.70	2.70	2.71	2.55	2.76	2.72	2.69	2.76
Peak daily consumption (millions of gallons)	6.01	4.97	4.80	5.23	5.26	3.88	3.03	4.94	4.40	6.87
Waste water										
Average daily sewage treatment (million of gallons)	3.16	3.16	3.14	3.02	2.42	1.70	2.60	2.65	2.28	2.10

Note: Indicators are not available for the general government function

Sources: Various city departments

City of Richfield, Minnesota
Statistical Section (Unaudited)
Capital Asset Statistics by Function
Last Ten Fiscal Years

Table 18

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	123.67	123.67
Highway (miles)	7.17	7.17	7.17	7.17	7.17	7.17	7.17	7.17	7.17	7.17
Street lights	3,349	3,349	3,349	3,349	3,349	3,349	3,349	3,458	3,458	3,458
Traffic signals	49	49	49	49	47	43	43	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	120	120	120	120	120	118	118
Fire hydrants	1,048	1,052	1,050	1,053	1,053	1,073	1,073	1,074	1,074	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	118.0	118.0	118.0	118.0	97.2	97.2
Storm sewer (miles)	59.9	59.9	59.9	59.9	59.9	59.9	59.9	59.9	86.0	86.0

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

Sources: Various city departments