

CITY OF RICHFIELD
RICHFIELD, MINNESOTA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2021

PREPARED BY:

FINANCE DEPARTMENT

Member GFOA of U.S. and Canada

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
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INTRODUCTORY SECTION

CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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Finance Department

August 1, 2022

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

MAYOR

MARIA REGAN
GONZALEZ

CITY COUNCIL

SEAN HAYFORD OLEARY
MARY SUPPLE
SIMON TRAUTMANN
BEN WHALEN

CITY MANAGER

KATIE RODRIGUEZ

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Richfield for the fiscal year ended December 31, 2021.

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

The City of Richfield's financial statements have been audited by BerganKDV, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Richfield for the fiscal year ended December 31, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Richfield's financial statements for the fiscal year ended December 31, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

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

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

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

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

Factors Affecting Financial Condition

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

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

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

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

Long-term Financial Planning

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

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

Relevant Financial Policies

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

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

Major Initiatives

Major initiatives in 2021 included the following:

Right Of Way Improvements:

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

Commercial Redevelopment and Housing Initiatives

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

Awards and Acknowledgments

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

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

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

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

Respectfully submitted,


Katie Rodriguez
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Richfield
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

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

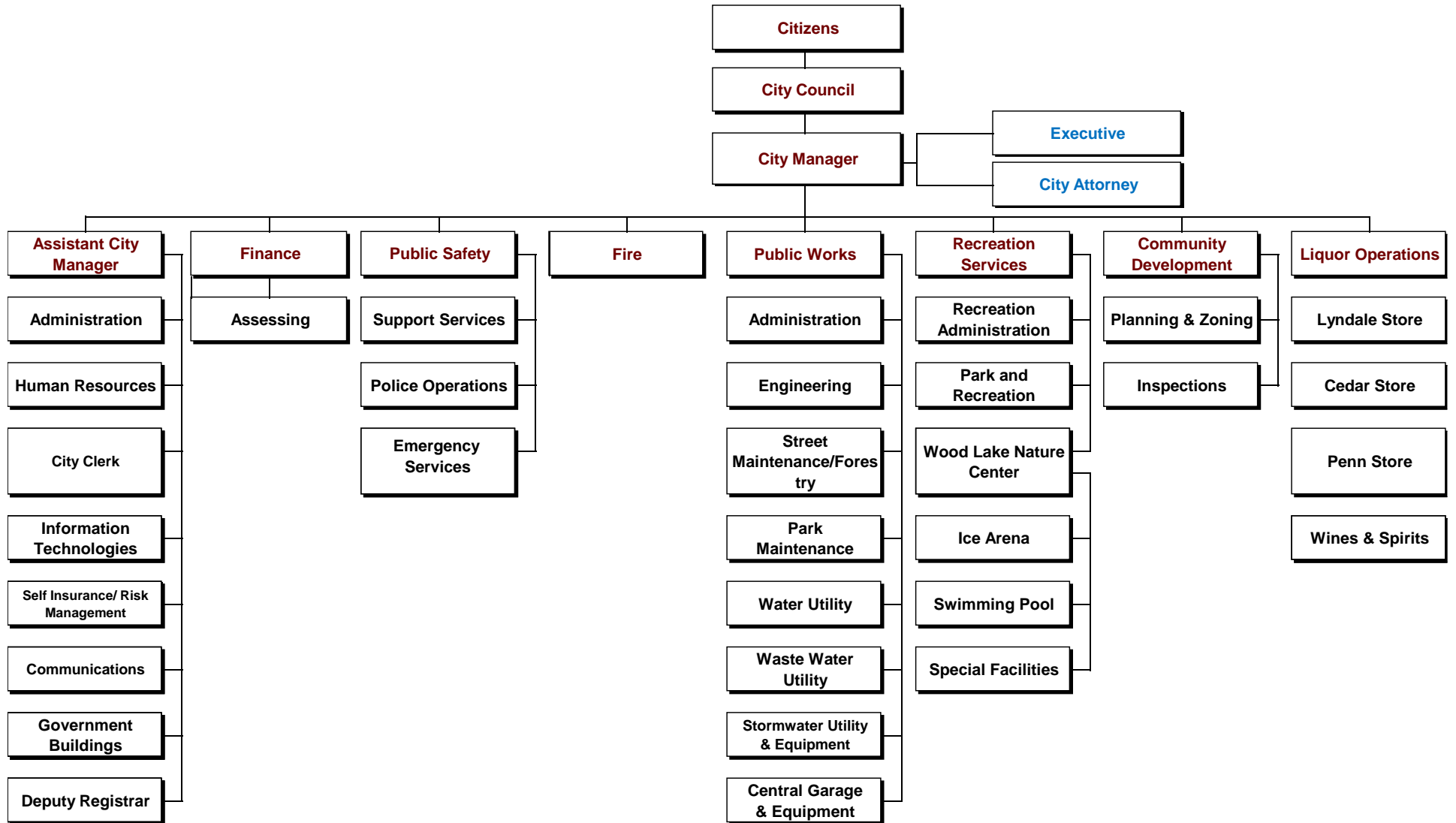
City Officials

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

Administrative Staff

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

**CITY OF RICHFIELD
ADMINISTRATIVE ORGANIZATION CHART**



FINANCIAL SECTION
CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The City of Richfield's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Richfield's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

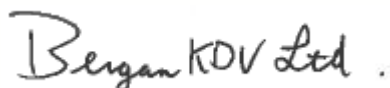
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2022, on our consideration of the City of Richfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Richfield's internal control over financial reporting and compliance.



Minneapolis, Minnesota
August 1, 2022

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Management's Discussion and Analysis

As management of the City of Richfield, we offer readers of the City of Richfield's financial statements this narrative overview and analysis of the financial activities of the City of Richfield for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 9 through 13 of this report.

Financial Highlights

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

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Richfield that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Richfield include general government, public safety, fire, community development, public works, and parks and recreation. The business-type activities of the City of Richfield include a municipal liquor operation, water and sewer utility, and a storm sewer utility.

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

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

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

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

The City of Richfield maintains twenty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, ice arena fund, improvement bonds fund, and capital improvements fund, all of which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Richfield adopts an annual appropriated budget for its general and special revenue funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Richfield, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$92,038,976 at the close of the most recent fiscal year.

By far the largest portion of the City of Richfield's net position (71 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Richfield uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Richfield's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF RICHFIELD'S NET POSITION

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

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

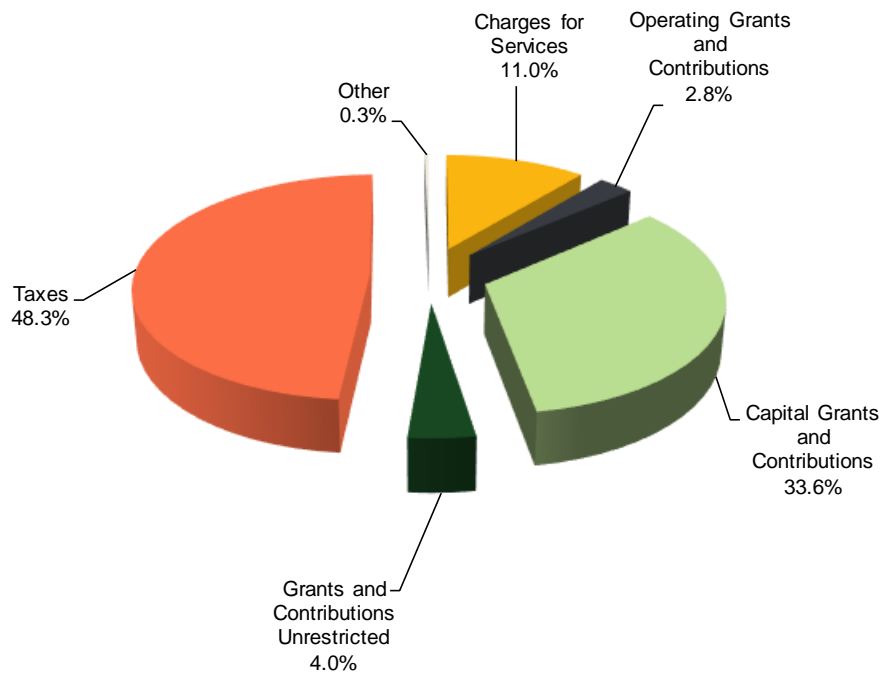
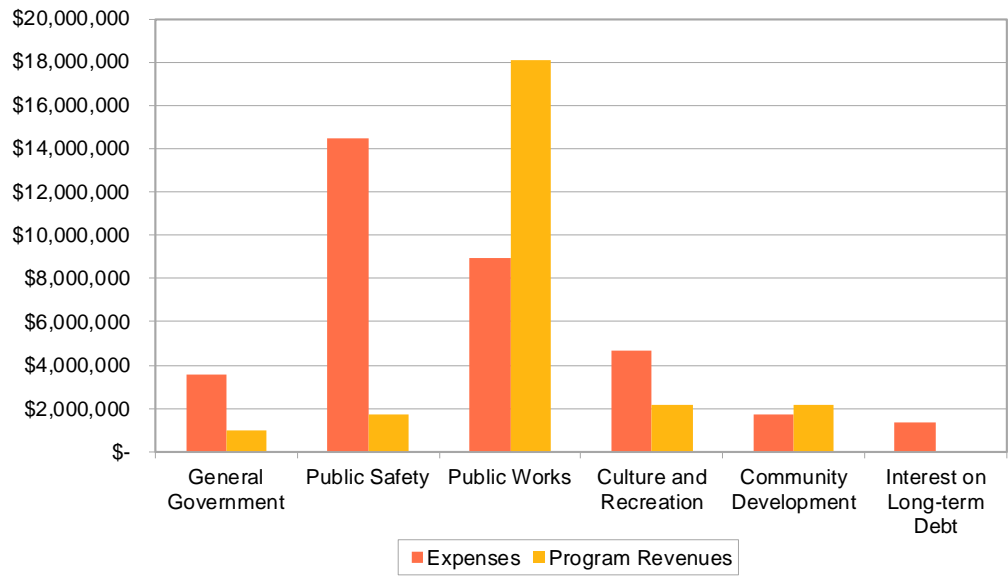
The government's net position reflects an increase of \$20,128,404. The increase can be attributed to increases in capital grants and contributions of \$9,618,172, charges for services of \$2,832,185 and the City realized increased property tax collections of \$1,148,887 in 2021.

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

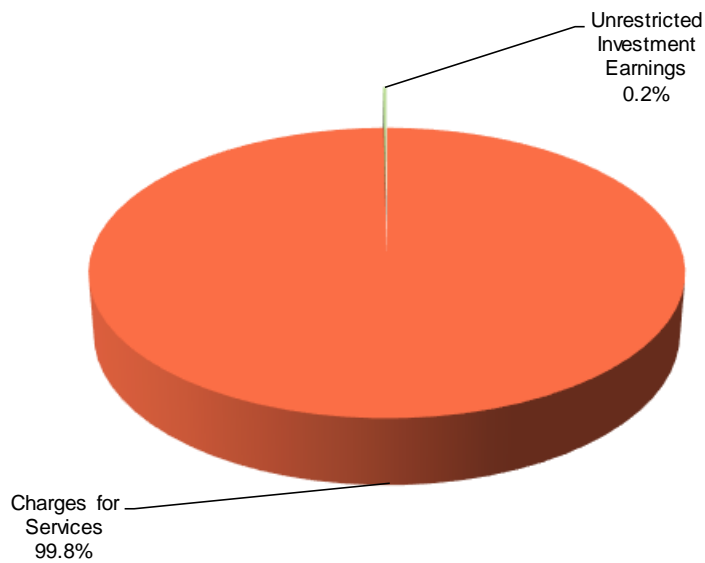
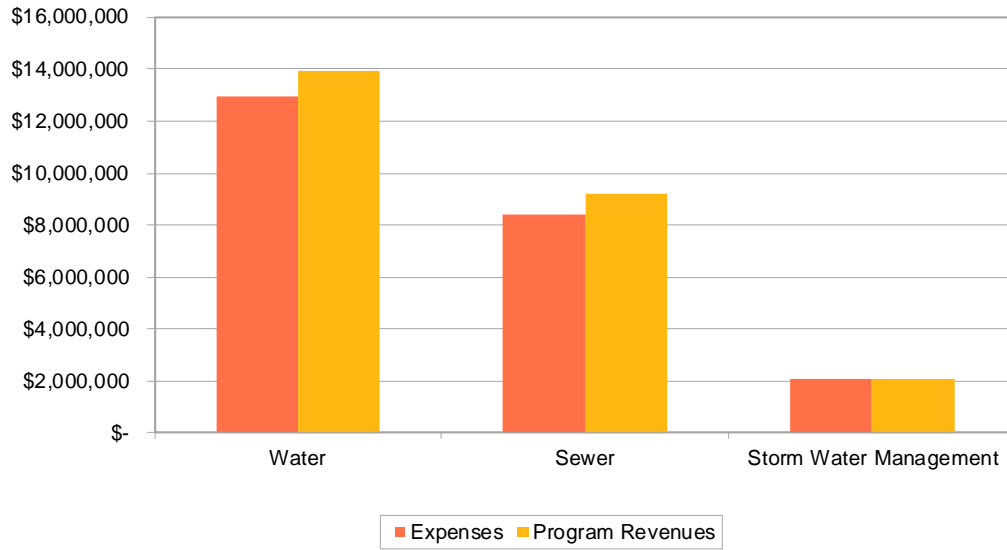
City of Richfield's Changes in Net Position

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

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



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



Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the City of Richfield's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Richfield's financing requirements. Fund balances are identified based on a hierarchy of the constraints placed on the use of financial resources within governmental funds. Accordingly, fund balances are classified as: nonspendable, restricted, committed, assigned, and unassigned.

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

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

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

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

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

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

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

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

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

Budgetary Highlights

General Fund

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

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

Capital Asset and Debt Administration

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

Major capital asset events during 2021 included the following:

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

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

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

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

Long-term Debt

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

CITY OF RICHFIELD'S OUTSTANDING DEBT General Obligation and Revenue Bonds

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

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

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

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

Economic Factors and Next Year's Budgets and Rates

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

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

Requests for Information

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

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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

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

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

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

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

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

Lodging taxes

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted interest (loss) on investments

Gain on sale of capital assets

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net position, January 1

Net Position, December 31

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

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

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

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FUND FINANCIAL STATEMENTS

CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

CITY OF RICHFIELD, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

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

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

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

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

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

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

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

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

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

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

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

Total Net Change in Fund Balances - Governmental Funds	\$ (1,408,105)
<p>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.</p>	
Capital outlays	7,216,606
Depreciation expense	(4,085,630)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.</p>	
Principal repayments	4,945,000
Current year amortization of bond premium	116,999
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	62,964
<p>Internal service funds are used by the City to charge the cost of certain activities, such as insurance and telecommunication to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities</p>	
Investment earnings	21,380
Consolidation of internal service fund activities related to governmental activities	(1,049,400)
Transfer in	1,065,000
Gain on sale of capital assets	91,592
<p>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.</p>	
Special assessments	(39,518)
Property taxes	28,551
State shared taxes	9,876,158
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	
Other postemployment benefits	(47,166)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	2,195,139
Pension revenue from State contributions	103,064
	103,064
Change in Net Position - Governmental Activities	\$ 19,092,634

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, however, are unlike all other funds, reporting only assets and liabilities. So agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City of Richfield. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds, the liquor, water & sewer, and storm sewer funds, and the City's internal service funds are from the sale of product and charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Budgets

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

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

E. Legal Compliance - Budgets

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

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

F. Excess of Expenditures Over Appropriations

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

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

G. Deficit Fund Equity

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

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

H. Cash, Cash Equivalents, and Investments

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

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

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

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

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

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

I. Property Tax Revenue Recognition

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

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

J. Special Assessment Revenue Recognition

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

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

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

K. Inventories

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

L. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Accordingly, prepaid items are accounted for using the consumption method, where expense is recognized in the periods that the service or benefit is provided.

M. Land Held for Resale

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

N. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets that are reported within the government-wide financial statements include assets that were acquired on or after 1960. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

O. Compensated Absences

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

P. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

Q. Pensions

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

R. Fund Equity

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

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

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

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

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

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

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

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

S. Deferred Outflows/Inflows of Resources

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

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

T. Net Position

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

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

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

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

U. Targeted Fund Balance

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

V. Interfund Transactions

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

W. Reclassified

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

X. Use of Estimates

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

2. Deposits and Investments

A. Deposits

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

B. Investments

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

- a) Direct obligations or obligations guaranteed by the United States or its agencies.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in a) above.
- c) General obligations of the State of Minnesota or any of its municipalities.
- d) Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper, issued by United States corporations of their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities in the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- g) Guaranteed investment contracts (GIC) issued or guaranteed by a United States commercial bank or domestic branch of a foreign bank or a United States insurance company or its Canadian or United States subsidiary.
- h) Mortgage-backed securities that are direct obligations or guaranteed or insured issues of the United States, its agencies, and its instrumentality's, or organizations created by an act of Congress.

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

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

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

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

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

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

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawal prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

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

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

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

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

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

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

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

3. Capital Assets

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

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

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

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

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

Governmental Activities		
General Government		\$ 491,904
Public Safety		129,092
Public Works, including depreciation of general infrastructure assets		2,602,001
Culture and Recreation		862,633
Internal service funds		<u>983,549</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 5,069,179</u>
Business-type Activities		
Municipal Liquor		\$ 245,423
Water and Sewer Utility		1,485,402
Storm Sewer		<u>737,022</u>
Total Depreciation Expense - Business-type Activities		<u>\$ 2,467,847</u>

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

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

4. Risk Management

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

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

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

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

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

5. Long-Term Liabilities

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

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

Governmental Activities

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

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

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

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

Change in Long-Term Liabilities

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

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

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

Revenue Pledged

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

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

6. Interfund Balances and Transactions

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

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

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

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

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

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

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

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

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

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

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

7. Fund Balances

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

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

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

8. Contingencies and Litigation

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

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

9. Defined Benefit Pension Plans

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

Public Employees Retirement Association

A. Plan Description

The City of Richfield participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

1. General Employees Retirement Fund

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

2. Public Employees Police and Fire Fund

The Police and Fire Plan originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

1. General Employees Plan Benefits

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

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

2. Police and Fire Plan Benefits

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

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

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. General Employees Fund Contributions

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

2. Police and Fire Fund Contributions

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

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2021, the City of Richfield reported a liability of \$6,674,710 for its proportionate share of the General Employees Fund's net pension liability. The City of Richfield's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The state of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City of Richfield totaled \$203,866. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Richfield's proportionate share of the net pension liability was based on the City of Richfield contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City of Richfield's proportion share was 0.1563 percent at the end of the measurement period and 0.1530 percent for the beginning of the period.

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

For the year ended December 31, 2021, the City of Richfield recognized pension expense of \$153,162 for its proportionate share of the General Employees Plan's pension expense. Included in the amount, the City of Richfield recognized an additional \$16,449 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2021, the City of Richfield reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

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

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

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

2. Police and Fire Fund Pension Costs

At December 31, 2021, the City of Richfield reported a liability of \$4,577,363 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Richfield's proportionate share of the net pension liability was based on the City of Richfield contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the City of Richfield's proportionate share was 0.6000 percent at the end of the measurement period and 0.6287 percent for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City of Richfield recognized pension revenue of \$302,816 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$37,920 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City of Richfield also recognized \$54,000 for the year ended December 31, 2021 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2021, the City of Richfield reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

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

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

E. Long-Term Expected Return on Investment

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

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

F. Actuarial Assumptions

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

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

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

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

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

G. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following presents the City of Richfield’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City of Richfield’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

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

I. Pension Plan Fiduciary Net Position

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

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

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

The defined contribution plan consists of individual accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses; therefore, there is no future liability to the City. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

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

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

11. Other Post Employments Benefits

A. Plan Description

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

B. Benefits Provided

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

C. Members

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	17
Active Plan Members	221
Total Plan Members	<u>238</u>

D. Contributions

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

E. Actuarial Assumptions

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

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

Mortality Rate

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

Coordinated

- Healthy Pre-Retirement

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

- Healthy Post-Retirement

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

- Disabled

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

Police & Fire

- Healthy Pre-Retirement

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

- Healthy Post-Retirement

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

- Disabled

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

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

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

F. Total OPEB Liability

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

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

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

G. OPEB Liability Sensitivity

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

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using health care trend rates that are 1% lower and 1% higher than the current health care trend rates.

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

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

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

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

\$96,235 reported as deferred outflows of resources related to OPEB resulting from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2022.

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

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

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

12. Right-of-Way

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

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

13. Conduit Debt

From time to time, the City has issued various industrial development revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Finally, the City does not track the remaining outstanding principal balances on conduit debt, as the City does not have any obligation toward the debt.

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

14. Tax Increment Financing

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

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

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

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

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

15. Federal and State Funds

The City received financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2021.

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

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

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

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

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

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

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

17. Joint Venture

Local Government Information Systems Association (LOGIS):

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

18. Service Concession Arrangement

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

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

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

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

19. COVID-19

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

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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

Note 1 Pensions Plans

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/21	0.1563 %	\$ 6,674,710	\$ 203,866	\$ 6,878,576	\$ 11,253,880	59.3 %	87.0 %
06/30/20	0.1530	9,173,049	282,832	9,455,881	10,910,907	84.1	79.0
06/30/19	0.1491	8,243,405	256,322	8,499,727	10,555,547	78.1	80.2
06/30/18	0.1520	8,432,337	276,621	8,708,958	10,214,587	82.6	79.5
06/30/17	0.1507	9,620,589	121,007	9,741,596	9,711,387	99.1	75.9
06/30/16	0.1587	12,885,653	168,215	13,053,868	9,846,133	130.9	68.9
06/30/15	0.1596	8,271,300	-	8,271,300	9,226,400	89.6	78.2

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

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/21	\$ 861,454	\$ 861,454	\$ -	\$ 11,486,053	7.5 %
12/31/20	837,463	837,463	-	11,166,173	7.5
12/31/19	812,029	812,029	-	10,827,053	7.5
12/31/18	783,227	783,227	-	10,443,027	7.5
12/31/17	742,606	742,606	-	9,901,413	7.5
12/31/16	726,143	726,143	-	9,681,907	7.5
12/31/15	706,736	706,736	-	9,423,147	7.5

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

Notes to the Required Supplementary Information - General Employees Fund

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

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

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

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

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

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

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

Changes in Plan Provisions

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

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

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

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

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

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

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

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/21	0.6000 %	\$ 4,577,363	\$ 208,222	\$ 4,785,585	\$ 7,091,288	64.5 %	93.7 %
06/30/20	0.6287	8,230,357	195,222	8,425,579	7,092,654	116.0	87.2
06/30/19	0.6387	6,713,383	-	6,713,383	6,587,723	101.9	89.3
06/30/18	0.6046	6,389,999	-	6,389,999	6,371,512	100.3	88.8
06/30/17	0.5910	7,979,203	-	7,979,203	6,070,907	131.4	85.4
06/30/16	0.6560	26,326,421	-	26,326,421	6,317,469	416.7	63.9
06/30/15	0.6030	6,851,491	-	6,851,491	5,371,889	127.5	86.6

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

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

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/21	\$ 1,343,767	\$ 1,343,767	\$ -	\$ 7,591,904	17.7 %
12/31/20	1,262,187	1,262,187	-	7,131,000	17.7
12/31/19	1,217,879	1,217,879	-	7,185,127	17.0
12/31/18	1,048,095	1,048,095	-	6,469,722	16.2
12/31/17	1,004,300	1,004,300	-	6,199,383	16.2
12/31/16	1,000,004	1,000,004	-	6,172,864	16.2
12/31/15	948,453	948,453	-	5,854,648	16.2

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

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

Changes in Plan Provisions

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

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

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

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

2017 - There were no changes in the plan provisions since the previous valuation.

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

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

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

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

Changes in Assumptions:

In 2021, the following assumptions changes:

The discount rate was changed from 2.74% to 2.12%

In 2020, the following assumptions changes:

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

The discount rate was changed from 3.80% to 2.90%

In 2019, the following assumptions changes:

The discount rate was changed from 3.30% to 3.80%

In 2018, the following assumptions changes:

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

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

The withdrawal and retirement tables for all employees were updated.

The discount rate was changed from 4.00% to 3.30%

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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SUPPLEMENTARY FINANCIAL INFORMATION

CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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

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

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

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

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

Assets		
111	Cash - unrestricted	\$ 94,458
113	Cash - other restricted	10,217
128	Fraud recovery	15,288
128.1	Allowance for doubtful accounts - fraud	(13,000)
129	Accrued interest receivable	<u>594</u>
290	Total Assets	<u><u>\$ 107,557</u></u>
Liabilities		
312	Accounts payable <= 90 days	<u>\$ 353</u>
Net Position		
511.4	Restricted	10,217
512.4	Unrestricted	<u>96,987</u>
513	Total Net Position	<u>107,204</u>
600	Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 107,557</u></u>

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

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

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

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

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

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

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

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

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STATISTICAL SECTION (UNAUDITED)

CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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

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

TABLE 1

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

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

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

TABLE 2

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

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

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

TABLE 2

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

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

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

TABLE 3

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

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

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

TABLE 4

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

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

Table 5

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

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

Source: Hennepin County Finance Department

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

Table 6

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

Source: Hennepin County Assessing Office

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

Table 7

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

Source: Hennepin County Assessing Office

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

Table 8

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

Source: Hennepin County Assessing Office

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

Table 9

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

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

Information on personal income is not available.

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

Table 10

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

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

- (1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
- (2) Population data can be found in the Schedule of Demographic and Economic Statistics.

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

Table 11

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

Source: Hennepin County Assessing Office

NOTE.

(1) Excludes Revenue bonds and special assessment bonds.

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

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

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

Table 12

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

Legal Debt Margin Calculation for Fiscal Year 2021

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

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

Table 13

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

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

(1) Total operating expenses excluding depreciation.

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

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

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

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

(6) Storm sewer and Water revenue bonds.

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

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

Table 14

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

Data Sources

Metropolitan Council (www.metrocouncil.org)

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

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

Richfield School District #280

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

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

Table 15

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

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

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

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

Table 16

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

Source: City budgets and personnel records.

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

Table 17

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

Sources: Various city departments

Note: Indicators are not available for the general government function

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

Table 18

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

Sources: Various city departments

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