



CITY OF RICHFIELD

# 2017

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**OF THE  
CITY OF RICHFIELD, MINNESOTA**



**For The  
Year Ended  
DECEMBER 31, 2017**

**DEPARTMENT OF FINANCE**

**Christopher T. Regis, Finance Manager  
Member of Government Finance Officers Association  
of the United States and Canada**

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## I. INTRODUCTORY SECTION

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May 3, 2018

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

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 comprehensive annual financial report of the City of Richfield for the fiscal year ended December 31, 2017.

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 BergankDVB, 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, 2017, 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, 2017, 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 36,338 (2016 Metropolitan Council Estimate) 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 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 68% of the market value is comprised of residential properties, 13% apartments, and only 19% 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-six 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.

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 is currently in the process of updating their Comprehensive Plan. It is expected that the update will be complete during 2018.

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 revenues. At the end of 2017, the unassigned fund balance of the general fund is at 41% of general fund revenues.

### **Major Initiatives**

Major initiatives in 2017 included the following:

#### Right Of Way Improvements:

- The reconstruction of 66<sup>th</sup> Street. This is a Hennepin County road project. It consists of the reconstruction of 66<sup>th</sup> Street from Xerxes Avenue east to 16<sup>th</sup> Avenue. 2017 was the first year of construction. It is estimated that the project will be completed in 2019. The total estimated cost is \$61,292,000.
- Year three of the six year mill & overlay program. It is planned that up to 85 miles of residential roads will be milled and overlaid, in addition to the repair of catch basins, manholes, and the replacement of curb and gutter. The overall program is estimated to cost \$19,500,000 and will be funded through the issuance of street reconstruction bonds and franchise fee revenues.

#### Commercial Redevelopment and Housing Initiatives

- 2017 saw the planning and development of several large projects, including the substantial construction of an 88-unit senior living facility at the former City Public Works site (211 W. 76<sup>th</sup> Street); and approval of plans for a 283-unit multi-family apartment project south of 66<sup>th</sup> Street between 17<sup>th</sup> and Cedar Avenues; and a new Morrie's Land Rover and Jaguar dealership at 1550 E 78th Street. Planning for substantial housing projects at both the Lyndale Gardens site (64th Street and Lyndale Avenue) and the Cedar Point II area (west of Target/Home Depot along Richfield Parkway) also continued. Smaller housing projects at 66<sup>th</sup> Street and 1<sup>st</sup> Avenue and the south half of the former City Public Works site (7700 Pillsbury Ave.) are also in the planning stages. Other notable projects in 2017 include approval and substantial construction of three additional retail buildings at the

intersection of 66th Street and Richfield Parkway, completion of a new Audi dealership (located on 77<sup>th</sup> Street between 14<sup>th</sup> and 15<sup>th</sup> Avenues); and the continuation of extensive rehabilitation and expansion work of the 155 unit, 10-story Village Shores apartments and Market Plaza retail.

- 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, and a program to provide home ownership opportunities for low- to moderate-income households working with non-profit builders and developers like Habitat for Humanity.
- In 2017, the City began a substantial effort to update the 2008 Comprehensive Plan. This multi-year project focuses on redevelopment areas throughout the community, but specifically emphasized plans for the future redevelopment of the area at 66th Street and Nicollet Avenue. The update includes revised goals and policies related to land use, housing, transportation, parks, utilities and more.

### **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 comprehensive annual financial report for the fiscal year ended December 31, 2016. This was the thirty-first 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 comprehensive annual financial 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 comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning January 1, 2017.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications medium.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we have submitted to GFOA the report to determine its eligibility for another award.

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the finance division. We express our appreciation to all members of the division 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,

  
Steven L. Devich  
City Manager

  
Chris Regis  
Finance Manager



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Richfield  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO

**CITY OF RICHFIELD, MINNESOTA  
CITY OFFICIALS**

**MAYOR - PAT ELLIOTT**

**COUNCILMEMBER - MICHAEL HOWARD**

**COUNCILMEMBER - EDWINA GARCIA**

**COUNCILMEMBER - SIMON TRAUTMANN**

**COUNCILMEMBER - MARIA REGAN GONZALEZ**

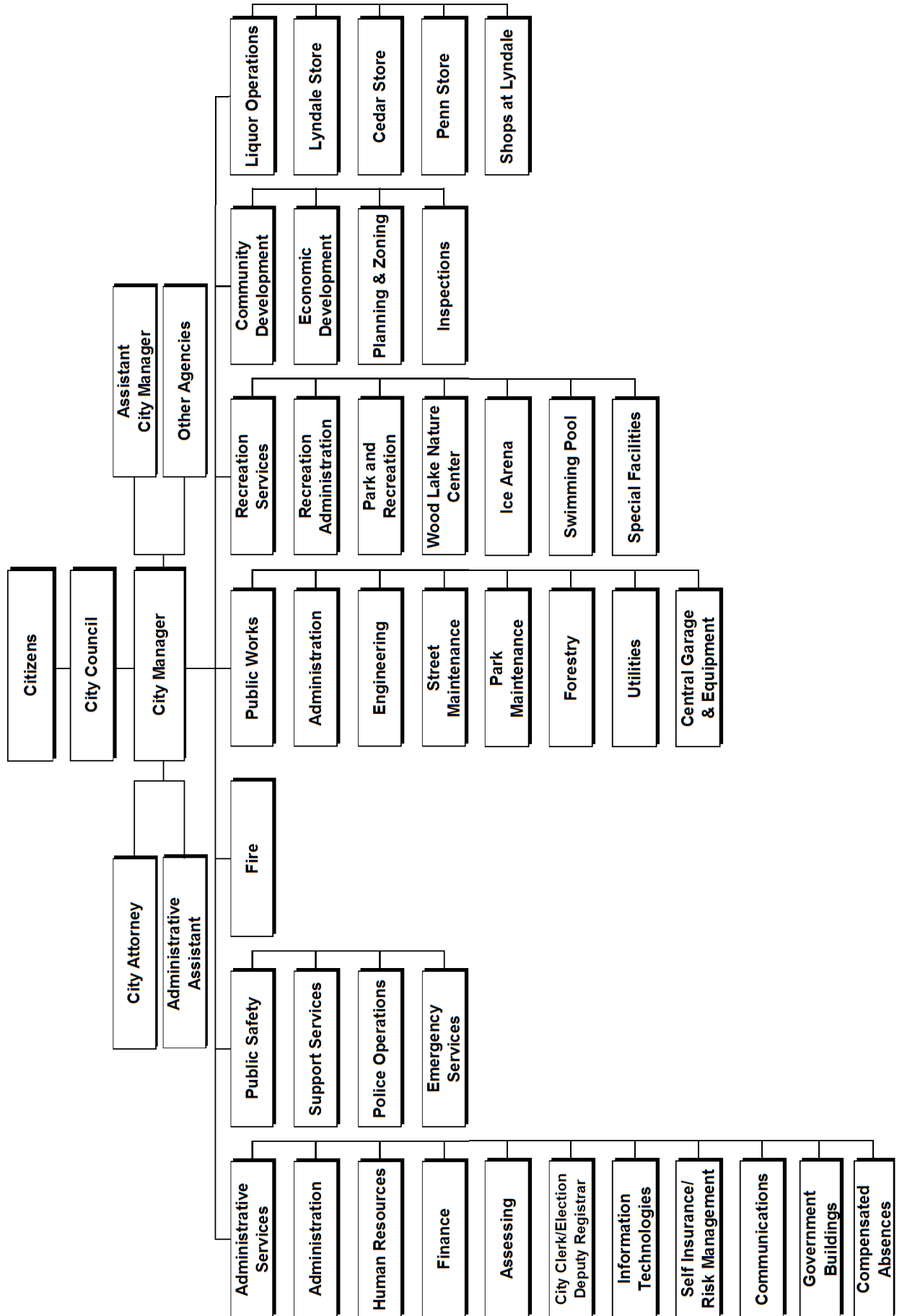
**ADMINISTRATIVE STAFF**

**STEVEN L. DEVICH - CITY MANAGER**

**CHRISTOPHER T. REGIS - FINANCE MANAGER**

**ELIZABETH VANHOOSE - CITY CLERK**

**CITY OF RICHFIELD  
ADMINISTRATIVE ORGANIZATION CHART**



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## **II. FINANCIAL SECTION**



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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota, as of and for the year ended December 31, 2017, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## **Opinions**

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *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 the Required Supplementary Information as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, 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.

### *Other 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 introductory section, combining and individual fund financial statements and schedules, supplementary financial information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and supplementary financial information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 fund financial statements and schedules and supplementary financial information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



**Other Matters (Continued)**

*Other Information (Continued)*

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2018, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Richfield's internal control over financial reporting and compliance.

*BerganKDV Ltd.*

Minneapolis, Minnesota  
May 3, 2018

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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, 2017. 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 8 through 11 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 \$69,458,661 (net position). Of this amount, \$5,914,584 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$3,871,999.
- As of the close of the current fiscal year, the City of Richfield's governmental funds reported combined ending fund balances of \$34,015,080. Of this total amount, \$89,603 is classified as nonspendable, \$10,990,575 as restricted, \$11,585,895 as committed by City Council action, \$7,921,533 as assigned and \$3,427,474 as unassigned.
- At the end of the current fiscal year, the general fund balance of \$8,754,327 included \$82,273 as nonspendable and \$8,672,054 as unassigned.
- The City of Richfield's total bonded debt increased by \$717,350 (1.18 percent) during the current fiscal year from \$60,898,566 to \$61,615,916.

### 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 or 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, a discretely presented component unit. Financial information for this *component unit* 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 nineteen 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, capital improvements fund, and parks capital projects fund, all of which are considered to be major funds. Data from the other fourteen 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 \$69,458,661 at the close of the most recent fiscal year.

By far the largest portion of the City of Richfield’s net position (87 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		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$48,242,371	\$52,422,448	\$7,780,417	\$6,257,228	\$56,022,788	\$58,679,676
Capital assets	72,636,067	75,145,901	31,374,176	28,979,653	104,010,243	104,125,554
Total assets	120,878,438	127,568,349	39,154,593	35,236,881	160,033,031	162,805,230
Deferred outflows of resources	14,979,211	23,665,147	571,329	1,195,030	15,550,540	24,860,177
Total assets and deferred outflows of resources	135,857,649	151,233,496	39,725,922	36,431,911	175,583,571	187,665,407
Long-term liabilities outstanding	69,790,979	89,649,457	14,320,020	15,606,720	84,110,999	105,256,177
Other liabilities	2,600,226	2,975,785	1,069,629	1,310,702	3,669,855	4,286,487
Total liabilities	72,391,205	92,625,242	15,389,649	16,917,422	87,780,854	109,542,664
Deferred inflows of resources	17,819,830	4,465,163	524,226	326,920	18,344,056	4,792,083
Net position:						
Net investment in capital assets	46,432,821	51,478,014	19,656,557	16,757,963	60,155,878	68,235,977
Restricted	3,388,199	3,093,111	-	-	3,388,199	3,093,111
Unrestricted	(4,174,406)	(428,034)	4,155,490	2,429,606	5,914,584	2,001,572
Total net position	45,646,614	54,143,091	23,812,047	19,187,569	69,458,661	73,330,660
Total liabilities, deferred inflows of resources and net position	\$135,857,649	\$151,233,496	\$39,725,922	\$36,431,911	\$175,583,571	\$187,665,407

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, 2017, the City had restricted net position of \$3,388,199. The remaining balance of *unrestricted net position* (\$5,914,584) may be used to meet the government’s ongoing obligations to citizens and creditors.

The government’s net position still reflects a decrease, however, at \$3,871,999; the decrease is smaller as compared to the decrease of \$8,990,130 in 2016. The can be attributed to increased revenues in Charges for Services, Property Taxes, and Other Revenues categories, while expenses reflect an overall net decrease across all categories from the prior year.

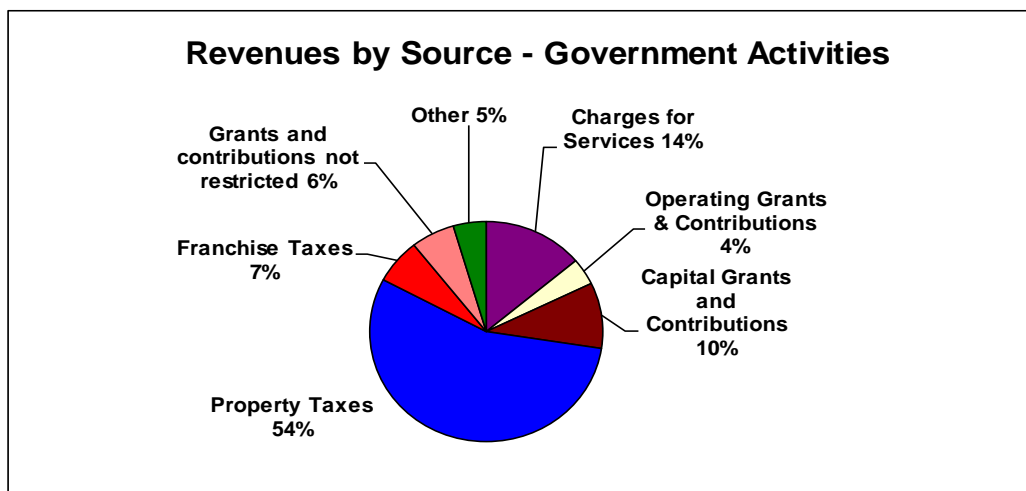
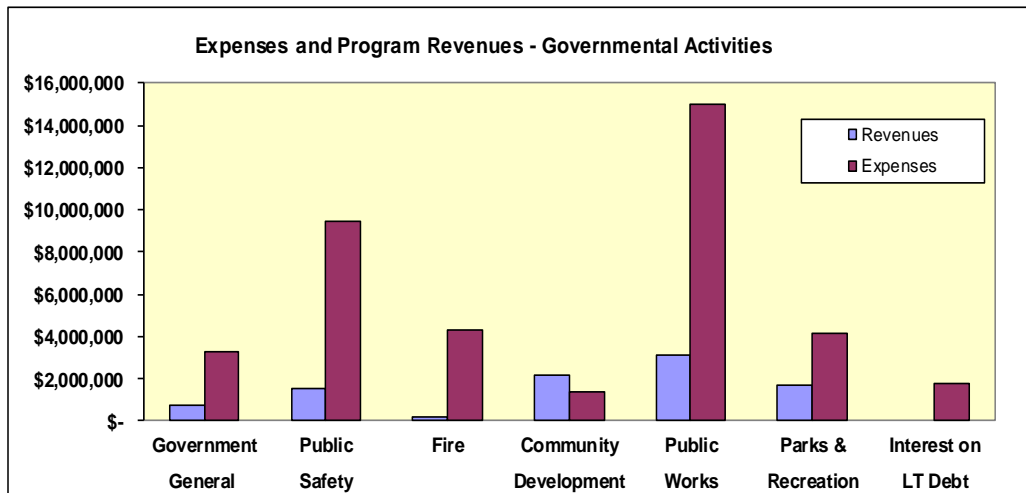


**Governmental activities.** Governmental activities decreased the City of Richfield's net position by \$8,496,477 in 2017. The key elements of this decrease are as follows:

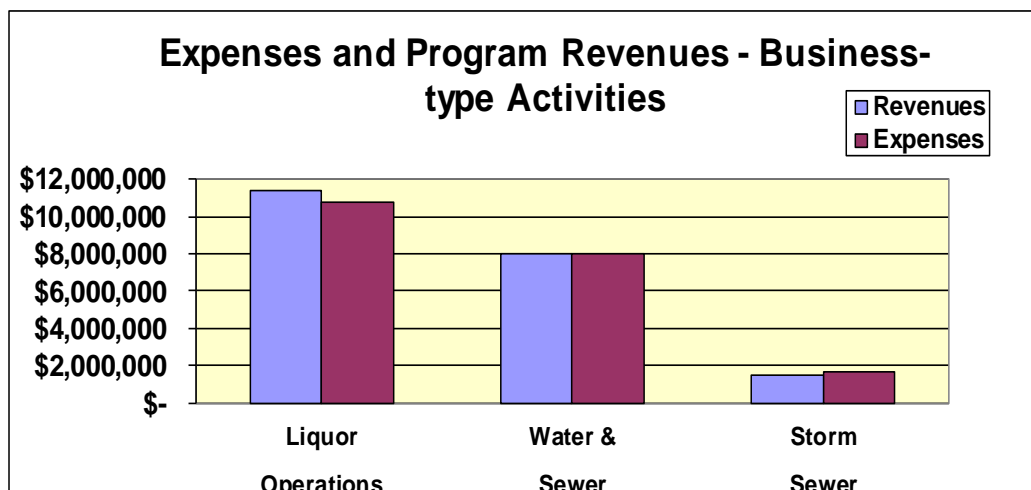
City of Richfield's Changes in Net position

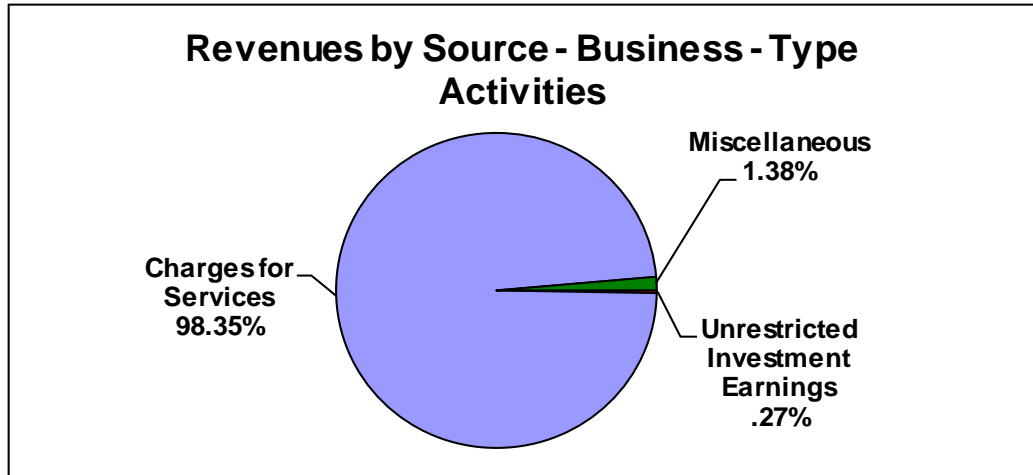
	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	\$4,792,570	\$4,933,409	\$20,869,932	\$19,457,700	\$25,662,502	\$24,391,109
Operating grants and contributions	1,350,700	1,434,327	-	-	1,350,700	1,434,327
Capital grants and contributions	3,322,494	4,733,815	-	-	3,322,494	4,733,815
General revenues:						
Property taxes	19,075,553	18,398,414	-	-	19,075,553	18,398,414
Franchise taxes	2,264,759	2,260,122	-	-	2,264,759	2,260,122
Grants and contributions not restricted to specific programs	2,094,443	2,084,057	-	-	2,094,443	2,084,057
Other	1,573,837	940,134	349,124	348,827	1,922,961	1,288,961
Total revenues	34,474,356	34,784,278	21,219,056	19,806,527	55,693,412	54,590,805
Expenses:						
General government	3,261,312	3,503,975	-	-	3,261,312	3,503,975
Public safety	9,430,593	11,080,522	-	-	9,430,593	11,080,522
Fire	4,275,793	5,766,379	-	-	4,275,793	5,766,379
Community Development	1,364,675	1,489,202	-	-	1,364,675	1,489,202
Public Works	15,028,590	16,161,254	-	-	15,028,590	16,161,254
Parks and recreation	4,142,433	4,244,085	-	-	4,142,433	4,244,085
Interest on long-term debt	1,751,627	1,786,750	-	-	1,751,627	1,786,750
Liquor Operations	-	-	10,729,098	10,018,719	10,729,098	10,018,719
Water & Sewer Utility	-	-	7,957,436	8,067,365	7,957,436	8,067,365
Storm Sewer Utility	-	-	1,623,854	1,462,684	1,623,854	1,462,685
Total expenses	39,255,023	44,032,167	20,310,388	19,548,768	59,565,411	63,580,936
Change in net position before transfers	(4,780,667)	(9,247,889)	908,668	257,759	(3,871,999)	(8,990,130)
Transfers	(3,715,810)	(1,596,613)	3,715,810	1,596,613	-	-
Change in net position	(8,496,477)	(10,844,502)	4,624,478	1,854,372	(3,871,999)	(8,990,130)
Net position – January 1	54,143,091	64,987,593	19,187,569	17,333,197	73,330,660	83,320,790
Net position – December 31	\$45,646,614	\$54,143,091	\$23,812,047	\$19,187,569	\$69,458,661	\$73,330,660

- Total expenses decreased by \$4,777,144, due to a reduction in pension costs as compared to the prior year and a reduction in internal service fund allocations.
- Transfers out increased by \$2,119,197 primarily due to contributions of utility infrastructure assets to business-type activities from the 66<sup>th</sup> Street Reconstruction project.
- At the same time, total revenues decreased by \$309,922. The decrease is traceable to a decrease in all three categories of program revenues 2017, primarily to a decrease in operating and capital grant revenues.



**Business-type activities.** Business-type activities increased the City's net position by \$4,624,478 in 2017. The increase can be attributed to improved operating performance of all business-type activities in 2017 and the assets transferred to business-type activities due to the contribution of approximately \$3.9 million of utility infrastructure to the Water and Sewer and Storm Sewer Utility funds from the 66<sup>th</sup> Street Reconstruction project.





### 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 \$34,015,080 a decrease of \$3,842,868 from 2016. The decrease is the result of the refunding of the Series 2016B General Obligation Refunding Bonds in February 2017 and the 66<sup>th</sup> Street reconstruction and mill & overlay projects. Consequently, the year-end balance consists of the following: less than 1% (\$89,603) are amounts that are not in spendable form such as prepaid items. 32% (\$10,990,575) constitutes restricted fund balances which limits the spending of these balances to externally imposed constraints, i.e. debt service covenants. 34% (\$11,585,895) represents committed fund balances which are determined by resolution of the City Council. 23% (\$7,921,533) is classified as assigned. These amounts represent intended uses established by the City Council or by an official designated by the City Council. Finally, 10% (\$3,427,474) 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 \$8,672,054 while total fund balance was \$8,754,327. 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 41% of total general fund revenues and 40% 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% of total general fund revenues. At December 31, 2017 the City of Richfield has achieved this minimum fund balance goal.

The City's fund balance for its general fund increased by \$52,723 in 2017. The increase is due to actual expenditures being \$608,643 under budget. At the same time fund revenues and transfers in were under budget by approximately \$556,000 due to decreased revenues in property taxes and charges for services.

The Ice Arena fund reflects a decrease in fund balance of \$73,496 in 2017. The decrease is due to increased capital outlay expenditures.

The G.O. Improvement Bonds fund has a fund balance of \$10,278,411 of which \$8,371,670 is restricted for the payment of debt service. The fund balance decreased in 2017 by \$5,189,912 as a result of the refunding of the Series 2007A and 2007B bond issues with the Series 2016B General Obligation Refunding Bonds and the refunding of the Series 2009A bonds with the Series 2017B General Obligation Capital Improvement Plan Refunding Bonds.

The Capital Improvement fund accounts for public improvements and road right-of-way projects undertaken by the City. This fund's fund balance increased by \$2,961,248. The increase can be attributed to the issuance of the \$9,130,000 General Obligation Street Reconstruction Bonds, Series 2017A. These bonds were issued to fund the first phase of the 66<sup>th</sup> Street reconstruction project.

The Park Capital Projects fund accounts for capital improvements related to park improvements and park infrastructure. At the end of 2017 the fund balance was \$4,402,832, an increase of \$280,558. The increase can be attributed to capital funding that is reserved for a future project.

The nonmajor governmental funds consist of the City's Special Revenue funds and Redevelopment Bond fund. The combined total of these funds decreased by \$1,873,989 in 2017. The decrease is due to the spending down of accumulated utility franchise fees for the City's citywide Mill and Overlay program.

**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 \$107,256, for the water and sewer utility \$3,490,465, and for the storm sewer utility \$2,195,588. The total increase in net position for all of these funds was \$469,241, \$2,769,875 and \$1,429,391 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. However, due to the past history of State of Minnesota budget issues, and those issues being passed down to local governments, the Richfield City Council made the decision to not rely on the funding of state aids, specifically Local Government Aid (LGA). Consequently, in 2017, the City only recognized budgeted LGA revenues of \$550,000, despite the State certifying to the City approximately \$2.1 million. This was the same amount as was recognized in 2016. However, for the 2018 budget, the City increased the budgeted level of LGA to \$1,150,000. This was done to mitigate pressures on the gross tax levy as a result of the establishment of the Economic Development Authority and tax levy and the increased tax levy as a result of the Series 2017A bond issue. It is evident that the City will have to evaluate annually the amount of LGA to budget each year depending on the level of debt service tax levies and General Fund service needs. However, it will always remain the goal of the City to continue to reduce the City's dependence on LGA and at the same time to minimize the tax levy on property owners.

At the end of 2017 the City's General Fund realized a surplus of \$52,723 to its fund balance. This was accomplished through increased license and permit revenue, while at the same time, expenditures for the fund were under budget by \$608,643.

### **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, 2017 amounts to \$104,010,243 (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 2017 included the following:

- Completion of the Monroe Park Storm Water project. The total cost of the project was \$2,229,750.

- Purchase of a new Front End Loader for the Public Works Department at a total cost of \$261,557.
- Purchase of a new Fire Rescue truck for the Fire Department at a total cost of \$222,635.

**City of Richfield's Capital Assets**  
(net of depreciation)

	Governmental activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$9,353,605	\$9,353,605	\$638,673	\$638,673	\$9,992,278	\$9,992,278
Buildings and structures	35,825,885	37,001,140	2,887,654	3,098,408	38,713,539	40,099,548
Machinery and equipment	5,388,372	5,306,106	3,459,316	3,581,820	8,847,688	8,887,926
Other improvements	2,322,289	2,350,294	20,410,494	19,394,056	22,732,783	21,744,350
Streets (Infrastructures)	19,178,669	21,030,043	-	-	19,178,669	21,030,043
Construction in progress	567,247	104,713	3,978,039	2,266,696	4,545,286	2,371,409
<b>Total capital assets</b>	<b>\$72,636,067</b>	<b>\$75,145,901</b>	<b>\$31,374,176</b>	<b>\$28,979,653</b>	<b>\$104,010,243</b>	<b>\$104,125,554</b>

Additional information on the City's capital assets can be found in Note 1M 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 \$61,615,916. 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.

During 2017, the City issued two new bond issues. The first issue, the \$9,130,000 General Obligation Street Reconstruction Bonds, Series 2017A, was issued to fund the first phase of the City's share of the 66<sup>th</sup> St. reconstruction project.

The second issue, the \$3,045,000 General Obligation Capital Improvement Refunding Bonds, Series 2017B. This issue was a net cash refunding of the \$4,550,000 General Obligation Capital Improvement Bonds, Series 2009A. The 2017B proceeds are scheduled to refund the 2009A bonds on February 1, 2019. The City will realize a savings in interest costs with the refunding in the amount of \$369,266 over the remaining life of the bonds. The net present value cash flow savings from this transaction was \$327,248.

**City of Richfield's Outstanding Debt**  
General Obligation and Revenue Bonds

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation redevelopment bonds	\$5,645,000	\$6,340,000	\$ -	\$ -	\$5,645,000	\$6,340,000
General obligation improvement bonds	44,228,837	42,212,887	-	-	44,228,837	42,212,887
Revenue bonds	-	-	11,742,079	12,345,679	11,742,079	12,345,679
<b>Total</b>	<b>\$49,873,837</b>	<b>\$48,552,887</b>	<b>\$11,742,079</b>	<b>\$12,345,679</b>	<b>\$61,615,916</b>	<b>\$60,898,566</b>

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 \$91,760,000, 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:

- The economic and financial issues faced by the State of Minnesota over the last several years appear to be a thing of the past. As of February 2018, the State is forecasting a budget surplus in of \$329 million dollars by the end of the fiscal year 2018-2019 biennium. This is a very strong positive for all cities in Minnesota. As for the City of Richfield, despite the positive financial forecast from the State, it intends to continue its policy of eliminating or at a minimum, reducing its dependence on Local Government Aid and to remain fiscally responsible.
- In addition, the state of the economy, both local and national, has and will have an impact on the City. However, as the economy has stabilized and started to improve, the City has seen some positive signs. Market values within the City have increased for 2018 and those increases are expected to continue into 2019. Moreover, the market for redevelopment within the City is strong as developers are starting to seek out the City for redevelopment opportunities within the City.
- Rates for the Utility operations increased for 2017. Effective for 2018, the tier levels within the Water Conservation Rate Structure have been changed. The range of gallons used for Tier 1 was reduced to 0 – 15,000 gallons, Tier 2 was changed to 15,001 – 25,000 gallons, and Tier 3 was changed to 25,001 gallons and over. Accordingly, the Tier 1 rate was reduced by 4 cents per thousand gallons, the Tier 2 rate was increased by 8.65% or 34 cents per thousand gallons, and the Tier 3 rate was increased by 20% or 85 cents per thousand gallons. Furthermore, wastewater rates will increase by 10.1% or 47 cents per thousand gallons. Finally, rates for the Storm Sewer Utility will increase by 9% or 1.47 per quarter over 2017 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 Manager, City of Richfield, 6700 Portland Avenue South, Richfield, MN 55423.

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## **BASIC FINANCIAL STATEMENTS**



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**CITY OF RICHFIELD, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**December 31, 2017**

Statement 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing & Redev. Authority
<b>ASSETS:</b>				
Cash & investments	\$ 36,641,852	\$ 5,486,904	\$ 42,128,756	\$ 9,039,666
Accrued interest	174,041	-	174,041	-
Due from other governments	337,912	8,817	346,729	888,271
Accounts receivable - net	935,101	2,981,787	3,916,888	273,332
Inventories	-	1,246,053	1,246,053	-
Internal balances	1,959,096	(1,959,096)	-	-
Due from component unit	1,245,628	-	1,245,628	-
Prepaid items	91,021	15,952	106,973	-
Property taxes receivable:				
Delinquent	228,044	-	228,044	6,242
Special assessments receivable	506,685	-	506,685	-
Assets held for resale	-	-	-	4,356,040
Restricted assets:				
Cash & investments	6,122,991	-	6,122,991	2,374
Long term second mortgage receivable	-	-	-	2,504,176
Allowance for uncollectible accounts	-	-	-	(2,504,176)
Capital assets (not depreciable)	9,920,852	4,616,712	14,537,564	-
Capital assets (net of accumulated depr.)	62,715,215	26,757,464	89,472,679	-
<b>Total assets</b>	<b>120,878,438</b>	<b>39,154,593</b>	<b>160,033,031</b>	<b>14,565,925</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred outflows or resources related to pensions	14,979,211	571,329	15,550,540	-
<b>Total assets and deferred outflows or resources</b>	<b>135,857,649</b>	<b>39,725,922</b>	<b>175,583,571</b>	<b>14,565,925</b>
<b>LIABILITIES:</b>				
Accounts and contracts payable	1,269,141	734,013	2,003,154	643,342
Due to other governmental units	330,130	157,163	487,293	82,224
Due to primary government	-	-	-	1,245,628
Salaries payable	308,023	53,494	361,517	-
Accrued interest payable	692,932	124,959	817,891	-
Noncurrent liabilities:				
Due within one year	2,867,604	823,857	3,691,461	-
Due in more than one year	66,923,375	13,496,163	80,419,538	-
<b>Total Liabilities</b>	<b>72,391,205</b>	<b>15,389,649</b>	<b>87,780,854</b>	<b>1,971,194</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred inflows of resources related to pensions	17,819,830	524,226	18,344,056	-
<b>Total Deferred Inflows of Resources</b>	<b>17,819,830</b>	<b>524,226</b>	<b>18,344,056</b>	<b>-</b>
<b>NET POSITION:</b>				
Net investment in capital assets	46,432,821	19,656,557	60,155,878	-
Restricted for:				
Debt service	1,904,043	-	1,904,043	-
Capital projects	1,166,467	-	1,166,467	7,119,547
Grants and donations	317,689	-	317,689	40,759
Unrestricted	(4,174,406)	4,155,490	5,914,584	5,434,425
<b>Total net position</b>	<b>45,646,614</b>	<b>23,812,047</b>	<b>69,458,661</b>	<b>12,594,731</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>135,857,649</b>	<b>39,725,922</b>	<b>175,583,571</b>	<b>14,565,925</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF RICHFIELD, MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
For The Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
<b>Governmental Activities:</b>				
General Government	\$ 3,261,312	\$ 762,824	\$ -	\$ -
Public Safety	9,430,593	721,376	823,813	-
Fire	4,275,793	14,414	178,447	-
Community Development	1,364,675	1,289,746	-	873,056
Public Works	15,028,590	309,361	338,043	2,449,438
Parks and Recreation	4,142,433	1,694,849	10,397	-
Interest on long-term debt	1,751,627	-	-	-
<b>Total governmental activities</b>	<b>39,255,023</b>	<b>4,792,570</b>	<b>1,350,700</b>	<b>3,322,494</b>
<b>Business-type activities:</b>				
Liquor Operations	10,729,098	11,351,640	-	-
Water & Sewer Utility	7,957,436	8,023,101	-	-
Storm Sewer Utility	1,623,854	1,495,191	-	-
<b>Total business-type activities</b>	<b>20,310,388</b>	<b>20,869,932</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 59,565,411</b>	<b>\$ 25,662,502</b>	<b>\$ 1,350,700</b>	<b>\$ 3,322,494</b>
<b>Component units:</b>				
Housing & Redevelopment Authority	\$ 9,058,716	\$ 56,938	\$ 2,699,326	\$ 298,608
<b>Total Component Unit</b>	<b>\$ 9,058,716</b>	<b>\$ 56,938</b>	<b>\$ 2,699,326</b>	<b>\$ 298,608</b>

**General Revenues:**

**Taxes:**

  Property taxes, levied for general purposes

  Franchise taxes

  Tax Increments

**Grants & contributions not restricted to specific programs**

**Unrestricted investment earnings**

**Miscellaneous**

**Transfers**

**Total general revenues and transfers**

**Change in net position**

**Net position - beginning**

**Net position - ending**

The accompanying notes are an integral part of these financial statements.

Statement 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (2,498,488)	\$ -	\$ (2,498,488)	\$ -
(7,885,404)	-	(7,885,404)	-
(4,082,932)	-	(4,082,932)	-
798,127	-	798,127	-
(11,931,748)	-	(11,931,748)	-
(2,437,187)	-	(2,437,187)	-
(1,751,627)	-	(1,751,627)	-
<u>(29,789,259)</u>	<u>-</u>	<u>(29,789,259)</u>	<u>-</u>
-	622,542	622,542	-
-	65,665	65,665	-
-	(128,663)	(128,663)	-
-	559,544	559,544	-
<u>\$ (29,789,259)</u>	<u>\$ 559,544</u>	<u>\$ (29,229,715)</u>	<u>\$ -</u>
-	-	-	\$ (6,003,844)
-	-	-	\$ (6,003,844)
\$ 19,075,553	\$ -	\$ 19,075,553	\$ 518,607
2,264,759	-	2,264,759	-
-	-	-	3,982,251
2,094,443	-	2,094,443	-
319,518	56,022	375,540	72,380
1,254,319	293,102	1,547,421	998,619
(3,715,810)	3,715,810	-	-
<u>21,292,782</u>	<u>4,064,934</u>	<u>25,357,716</u>	<u>5,571,857</u>
(8,496,477)	4,624,478	(3,871,999)	(431,987)
54,143,091	19,187,569	73,330,660	13,026,718
<u>\$ 45,646,614</u>	<u>\$ 23,812,047</u>	<u>\$ 69,458,661</u>	<u>\$ 12,594,731</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF RICHFIELD, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2017**

**Statement 3**

	General	Ice Arena	Improvement Bonds	Capital Improvements	Park Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and investments	\$ 5,792,387	\$ -	\$ 3,973,891	\$ 10,571,977	\$ 4,135,838	\$ 3,217,273	\$ 27,691,366
Cash and investments held by trustee	-	-	6,122,991	-	-	-	6,122,991
Accrued Interest	-	-	174,041	-	-	-	174,041
Due from other governments	109,911	-	5,141	195,502	-	27,358	337,912
Receivables, net	140,926	68,779	2,797	6,435	-	701,243	920,180
Due from other funds	3,394,069	-	-	104,950	104,325	42,764	3,646,108
Due from component unit	-	-	-	40,149	-	-	40,149
Prepaid items	82,273	-	-	-	-	7,330	89,603
Delinquent property taxes receivable	197,082	-	26,746	4,216	-	-	228,044
Special assessments receivable	-	-	328,559	178,126	-	-	506,685
Advances to other funds	-	-	-	216,297	402,943	470,399	1,089,639
Advances to component unit	-	-	-	712,654	-	-	712,654
<b>Total assets</b>	<b>\$ 9,716,648</b>	<b>\$ 68,779</b>	<b>\$ 10,634,166</b>	<b>\$ 12,030,306</b>	<b>\$ 4,643,106</b>	<b>\$ 4,466,367</b>	<b>\$ 41,559,372</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 232,168	\$ 48,461	\$ 450	\$ 653,184	\$ 18,834	\$ 55,994	\$ 1,009,091
Accrued salaries and benefits	276,784	10,056	-	-	-	1,889	288,729
Due to other funds	-	2,594,974	-	-	10,000	998,431	3,603,405
Payable to other governments	256,287	4,358	-	-	-	873	261,518
Advances from other funds	-	1,435,380	-	-	211,440	-	1,646,820
<b>Total liabilities</b>	<b>765,239</b>	<b>4,093,229</b>	<b>450</b>	<b>653,184</b>	<b>240,274</b>	<b>1,057,187</b>	<b>6,809,563</b>
<b>Deferred Inflows of Resources:</b>							
Unavailabe revenue - delinquent property taxes	\$ 197,082	\$ -	\$ 26,746	\$ 4,216	\$ -	\$ -	\$ 228,044
Unavailabe revenue - special assessments	-	-	328,559	178,126	-	-	506,685
<b>Total Deferred Inflows of Resources</b>	<b>197,082</b>	<b>-</b>	<b>355,305</b>	<b>182,342</b>	<b>-</b>	<b>-</b>	<b>734,729</b>
<b>Fund balances:</b>							
Nonspendable	82,273	-	-	-	-	7,330	89,603
Restricted	-	-	8,371,670	2,301,216	-	317,689	10,990,575
Committed	-	-	1,404,069	1,474,703	4,623,440	4,083,683	11,585,895
Assigned	-	-	502,672	7,418,861	-	-	7,921,533
Unassigned	8,672,054	(4,024,450)	-	-	(220,608)	(999,522)	3,427,474
<b>Total fund balances</b>	<b>8,754,327</b>	<b>(4,024,450)</b>	<b>10,278,411</b>	<b>11,194,780</b>	<b>4,402,832</b>	<b>3,409,180</b>	<b>34,015,080</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9,716,648</b>	<b>\$ 68,779</b>	<b>\$ 10,634,166</b>	<b>\$ 12,030,306</b>	<b>\$ 4,643,106</b>	<b>\$ 4,466,367</b>	<b>\$ 41,559,372</b>
<b>Fund balance reported above</b>							<b>\$ 34,015,080</b>
<b>Amounts reported for governmental activities in the statement of net position are different because:</b>							
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds							68,556,911
Other long-term assets are not available to pay for current- period expenditures and therefore, are deferred in the funds.							228,044
Delinquent property taxes							506,685
Special assessments not yet due							-
The assets and liabilities of certain Internal Service Funds are included in governmental activities in the statement of net position							9,953,893
Net position of internal service funds							1,637,849
Allocation to reflect consolidation of internal service fund activities related to enterprise funds							492,825
Allocation to reflect consolidation of internal service fund activities related to component unit							-
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:							(1,714,686)
Unfunded OPEB liability							(14,604,905)
Net pension liability							-
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.							14,764,590
Deferred outflows of resources related to pensions							(17,622,903)
Deferred inflows of resources related to pensions							-
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:							(48,855,000)
Bonds payable							(1,018,837)
Premiums general obligation debt							(692,932)
Accrued interest payable							-
<b>Net position of governmental activities</b>							<b>\$ 45,646,614</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF RICHFIELD, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended December 31, 2017**

**Statement 4**

	General	Ice Arena	Improvement Bonds	Capital Improvements	Park Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Property taxes	\$ 15,764,663	\$ -	2,227,099	\$ 1,121,199	\$ -	\$ -	\$ 19,112,961
Franchise taxes	-	-	-	-	-	2,264,759	2,264,759
Special assessments	-	-	59,649	146,491	-	-	206,140
Fees and fines	312,041	-	-	-	-	33,102	345,143
License and permits	1,061,107	-	-	-	-	-	1,061,107
Intergovernmental	1,730,873	-	-	3,808,725	-	987,287	6,526,885
Charges for Services	2,145,995	890,155	-	-	-	350,170	3,386,320
Investment earnings	38,354	-	70,783	70,126	27,707	40,848	247,818
Miscellaneous	75,137	61,310	500,000	63,738	31,749	522,385	1,254,319
<b>Total revenues</b>	<b>21,128,170</b>	<b>951,465</b>	<b>2,857,531</b>	<b>5,210,279</b>	<b>59,456</b>	<b>4,198,551</b>	<b>34,405,452</b>
<b>EXPENDITURES:</b>							
<b>Current:</b>							
Legislative/Executive	866,235	-	-	-	-	-	866,235
Administrative Services	1,274,142	-	-	-	-	493,058	1,767,200
Public Safety	8,214,212	-	-	-	-	116,470	8,330,682
Fire	4,140,668	-	-	-	-	-	4,140,668
Community Development	1,349,571	-	-	-	-	-	1,349,571
Public Works	3,964,477	-	-	8,678,767	-	-	12,643,244
Recreation Services	1,847,722	905,515	-	-	38,006	588,084	3,379,327
<b>Debt service:</b>							
Principal	-	-	7,445,000	-	-	695,000	8,140,000
Interest and other charges	-	20,742	1,501,200	-	-	178,056	1,699,998
Capital outlay	-	180,704	-	45,946	178,892	143,542	549,084
Construction/acquisition costs	-	-	-	4,087,867	-	-	4,087,867
<b>Total expenditures</b>	<b>21,657,027</b>	<b>1,106,961</b>	<b>8,946,200</b>	<b>12,812,580</b>	<b>216,898</b>	<b>2,214,210</b>	<b>46,953,876</b>
Revenues over (under) expenditures	(528,857)	(155,496)	(6,088,669)	(7,602,301)	(157,442)	1,984,341	(12,548,424)
<b>Other financing sources (uses):</b>							
Transfers in	756,580	82,000	450,044	3,501,599	438,000	105,000	5,333,223
Transfers out	(175,000)	-	(92,304)	(1,941,399)	-	(3,963,330)	(6,172,033)
Bonds issued	-	-	3,171,651	9,003,349	-	-	12,175,000
Premiums (Discounts) on bonds issued	-	-	319,366	-	-	-	319,366
Payment to refunding bond escrow agent	-	-	(2,950,000)	-	-	-	(2,950,000)
<b>Total other financing sources and (uses)</b>	<b>581,580</b>	<b>82,000</b>	<b>898,757</b>	<b>10,563,549</b>	<b>438,000</b>	<b>(3,858,330)</b>	<b>8,705,556</b>
<b>Net increase (decrease) in fund balance</b>	<b>52,723</b>	<b>(73,496)</b>	<b>(5,189,912)</b>	<b>2,961,248</b>	<b>280,558</b>	<b>(1,873,989)</b>	<b>(3,842,868)</b>
<b>Fund Balances - January 1</b>	<b>8,701,604</b>	<b>(3,950,954)</b>	<b>15,468,323</b>	<b>8,233,532</b>	<b>4,122,274</b>	<b>5,283,169</b>	<b>37,857,948</b>
<b>Fund balances - December 31</b>	<b>\$ 8,754,327</b>	<b>\$ (4,024,450)</b>	<b>\$ 10,278,411</b>	<b>\$ 11,194,780</b>	<b>\$ 4,402,832</b>	<b>\$ 3,409,180</b>	<b>\$ 34,015,080</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF RICHFIELD, MINNESOTA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For The Year Ended December 31, 2017**

Statement 5

Net Change in fund balances - total governmental funds	\$	(3,842,868)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$3,470,313) and assets contributed to Enterprise Funds (\$3,897,000) exceeded capital outlay (\$4,636,951) in the current period.		
		(2,730,362)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The amounts of these differences are as follows:		
Delinquent property taxes		(37,408)
Deferred special assessments		(20,984)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The amounts of these differences are:		
Principal payments on long-term debt		8,140,000
Issuance of long-term debt		(12,175,000)
Premiums on long-term debt		(235,950)
Payment to refunded bond escrow agent		2,950,000
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. Expenses reported in the statement of activities include the effects of the changes in these expense accruals as follows:		
Change in accrued interest payable		(135,045)
Net other post-employment benefit obligations payable reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds until actually due.		
		(111,845)
Government funds recognized pension contributions as expenditures at the time of payment whereas the statement of activities factors in items related to pensions on a full accrual perspective.		
Pension expense		(1,157,645)
State Contribution		55,596
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunication, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		
Investment earnings		71,700
Consolidation of internal service fund activities related to government activities		(286,666)
Transfers in		1,020,000
		1,020,000
Change in net position of governmental activities:	\$	(8,496,477)

The accompanying notes are an integral part of these financial statements.

**CITY OF RICHFIELD, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2017**

Statement 6

	Business Type Activities - Enterprise Funds				Governmental
	Municipal Liquor Fund	Water and Sewer Utility Fund	Storm Sewer Fund	Total	Activities - Internal Service Fund
<b>ASSETS:</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 724,330	\$ 2,768,076	\$ 1,994,498	\$ 5,486,904	\$ 8,950,486
Receivables, net	508	2,578,567	402,712	2,981,787	14,921
Due from other funds	-	-	-	-	62,247
Due from other governments	-	8,817	-	8,817	-
Inventories	1,246,053	-	-	1,246,053	-
Prepaid items	15,952	-	-	15,952	1,418
<b>Total current assets</b>	<b>1,986,843</b>	<b>5,355,460</b>	<b>2,397,210</b>	<b>9,739,513</b>	<b>9,029,072</b>
<b>Noncurrent assets:</b>					
Advances to other funds	-	-	-	-	773,478
<b>Capital assets:</b>					
Land	499,188	53,550	85,935	638,673	-
Construction in progress	49,554	2,568,485	1,360,000	3,978,039	-
Distribution and collection systems	-	20,580,453	19,279,984	39,860,437	-
Buildings and equipment	4,958,689	15,633,959	665,447	21,258,095	10,358,013
Less accumulated depreciation	(2,339,415)	(21,630,047)	(10,391,606)	(34,361,068)	(6,278,857)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>3,168,016</b>	<b>17,206,400</b>	<b>10,999,760</b>	<b>31,374,176</b>	<b>4,079,156</b>
<b>Total noncurrent assets</b>	<b>3,168,016</b>	<b>17,206,400</b>	<b>10,999,760</b>	<b>31,374,176</b>	<b>4,852,634</b>
<b>Total assets</b>	<b>5,154,859</b>	<b>22,561,860</b>	<b>13,396,970</b>	<b>41,113,689</b>	<b>13,881,706</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred outflows or resources related to pensions	274,863	280,832	15,634	571,329	214,621
<b>Total assets and deferred outflows of resources</b>	<b>5,429,722</b>	<b>22,842,692</b>	<b>13,412,604</b>	<b>41,685,018</b>	<b>14,096,327</b>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Accounts payable	524,205	169,485	38,973	732,663	260,050
Contracts payable	-	-	1,350	1,350	-
Accrued salaries and benefits	26,127	26,012	1,355	53,494	19,294
Due to other governments	121,486	35,677	-	157,163	68,612
Compensated absences	41,513	44,788	2,556	88,857	502,604
Accrued interest payable	-	56,551	68,408	124,959	-
Due to other funds	-	104,950	-	104,950	-
Bonds, notes, and loans payable	-	370,000	365,000	735,000	-
<b>Total current liabilities</b>	<b>713,331</b>	<b>807,463</b>	<b>477,642</b>	<b>1,998,436</b>	<b>850,560</b>
<b>Noncurrent liabilities:</b>					
Advances from other funds	-	216,297	-	216,297	-
Compensated absences	101,260	109,250	6,236	216,746	1,555,682
Net OPEB obligation	40,283	54,989	-	95,272	60,152
Net pension liability	1,047,374	1,070,119	59,573	2,177,066	817,821
Claims and judgments	-	-	-	-	661,292
Bonds, notes, and loans payable (net of unamortized premiums and discounts)	-	4,476,018	6,531,061	11,007,079	-
<b>Total noncurrent liabilities</b>	<b>1,188,917</b>	<b>5,926,673</b>	<b>6,596,870</b>	<b>13,712,460</b>	<b>3,094,947</b>
<b>Total liabilities</b>	<b>1,902,248</b>	<b>6,734,136</b>	<b>7,074,512</b>	<b>15,710,896</b>	<b>3,945,507</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred inflows or resources related to pensions	252,202	257,679	14,345	524,226	196,927
<b>NET POSITION:</b>					
Net investment in capital assets	3,168,016	12,360,382	4,128,159	19,656,557	4,079,156
Unrestricted	107,256	3,490,495	2,195,588	5,793,339	5,874,737
<b>Total net position</b>	<b>3,275,272</b>	<b>15,850,877</b>	<b>6,323,747</b>	<b>25,449,896</b>	<b>9,953,893</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 5,429,722</b>	<b>\$ 22,842,692</b>	<b>\$ 13,412,604</b>		<b>\$ 14,096,327</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(1,637,849)	
<b>Net position of business - type activities</b>				<b>\$ 23,812,047</b>	

The accompanying notes are an integral part of these financial statements.



**CITY OF RICHFIELD, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For The Year Ended December 31, 2017**

**Statement 7**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Municipal Liquor Fund	Water and Sewer Utility Fund	Storm Sewer Fund	Total Current Year	
<b>OPERATING REVENUES</b>					
Charges for Service	\$ 11,351,640	\$ 8,023,101	\$ 1,495,191	\$ 20,869,932	\$ 3,724,541
Less: cost of sales	(8,505,073)	-	-	(8,505,073)	-
Total operating revenues	<u>2,846,567</u>	<u>8,023,101</u>	<u>1,495,191</u>	<u>12,364,859</u>	<u>3,724,541</u>
<b>OPERATING EXPENSES</b>					
Personnel services	1,494,223	2,001,245	432,261	3,927,729	1,564,373
Other service and charges	551,248	4,594,900	442,080	5,588,228	2,010,053
Depreciation	166,075	1,212,058	588,359	1,966,492	831,895
Total operating expenses	<u>2,211,546</u>	<u>7,808,203</u>	<u>1,462,700</u>	<u>11,482,449</u>	<u>4,406,321</u>
Operating income (loss)	<u>635,021</u>	<u>214,898</u>	<u>32,491</u>	<u>882,410</u>	<u>(681,780)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenue	639	44,006	11,377	56,022	71,700
Intergovernmental revenue	380	7,889	22	8,291	298
Miscellaneous revenue	14,391	93,015	177,405	284,811	264,870
Gain(loss) on disposal of capital assets	-	-	-	-	77,710
Interest expense	-	(126,933)	(151,904)	(278,837)	-
Total nonoperating revenue (expenses)	<u>15,410</u>	<u>17,977</u>	<u>36,900</u>	<u>70,287</u>	<u>414,578</u>
Income before transfers & capital contributions	<u>650,431</u>	<u>232,875</u>	<u>69,391</u>	<u>952,697</u>	<u>(267,202)</u>
Capital Contributions	-	2,537,000	1,360,000	3,897,000	-
Transfers in	110,000	-	-	110,000	1,090,000
Transfers out	(291,190)	-	-	(291,190)	(70,000)
Changes in net position	<u>469,241</u>	<u>2,769,875</u>	<u>1,429,391</u>	<u>4,668,507</u>	<u>752,798</u>
Total net position - beginning	2,806,031	13,081,002	4,894,356		9,201,095
Total net position - ending	<u>\$ 3,275,272</u>	<u>\$ 15,850,877</u>	<u>\$ 6,323,747</u>		<u>\$ 9,953,893</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(44,029)	
Transfers in of capital assets from governmental activities				3,897,000	
Governmental activities contribution revenue reported above				(3,897,000)	
Change in net position of business - type activities				<u>\$ 4,624,478</u>	

The accompanying notes are an integral part of these financial statements.

**CITY OF RICHFIELD, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For The Year Ended December 31, 2017**

**Statement 8**

	Business Type Activities - Enterprise Funds				Governmental
	Municipal Liquor Fund	Water and Sewer Utility Fund	Storm Sewer Fund	Totals	Activities - Internal Service Funds
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 2,846,059	\$ 7,895,368	\$ 1,469,022	\$ 12,210,449	\$ -
Receipts from interfund services provided	-	-	-	-	3,709,620
Payment to employees	(1,486,951)	(1,981,710)	(431,692)	(3,900,353)	(1,519,652)
Payment to suppliers	(549,077)	(4,301,536)	(303,669)	(5,154,282)	(2,295,361)
Payments for interfund services used	(145,042)	(260,525)	(122,128)	(527,695)	-
Miscellaneous revenue	14,771	93,404	177,427	285,602	265,168
<b>Net cash flows from operating activities</b>	<b>679,760</b>	<b>1,445,001</b>	<b>788,960</b>	<b>2,913,721</b>	<b>159,775</b>
<b>Cash flows from noncapital financing activities:</b>					
Transfer from Special Revenue Fund	110,000	-	-	110,000	-
Transfer to General Fund	(291,190)	-	-	(291,190)	-
Transfer from Capital Project Funds	-	-	-	-	1,020,000
Transfer from Internal Service Funds	-	-	-	-	70,000
Transfer to Internal Service Funds	-	-	-	-	(70,000)
Interfund borrowing	-	(102,873)	-	(102,873)	61,015
Intergovernmental grants	-	7,500	-	7,500	-
<b>Net cash flows from noncapital financing activities:</b>	<b>(181,190)</b>	<b>(95,373)</b>	<b>-</b>	<b>(276,563)</b>	<b>1,081,015</b>
<b>Cash flows from capital and related financing activities:</b>					
Proceeds from disposal of capital assets	-	-	-	-	31,713
Acquisition of capital assets	(211,406)	(227,565)	(25,044)	(464,015)	(1,006,426)
Principal paid on capital debt	-	(330,000)	(240,000)	(570,000)	-
Interest payments	-	(149,633)	(184,085)	(333,718)	-
<b>Net cash flows from capital and related financing activities</b>	<b>(211,406)</b>	<b>(707,198)</b>	<b>(449,129)</b>	<b>(1,367,733)</b>	<b>(974,713)</b>
<b>Cash flows from investing activities:</b>					
Investment income	639	44,006	11,377	56,022	71,700
Net increase (decrease) in cash and cash equivalents	287,803	686,436	351,208	1,325,447	337,777
Cash and cash equivalents - January 1	436,527	2,081,640	1,643,290	4,161,457	8,612,709
<b>Cash and cash equivalents - December 31</b>	<b>\$ 724,330</b>	<b>\$ 2,768,076</b>	<b>\$ 1,994,498</b>	<b>\$ 5,486,904</b>	<b>8,950,486</b>
<b>Reconciliation of operating income to net cash flows from operating activities:</b>					
Operating income (loss)	\$ 635,021	\$ 214,897	\$ 32,491	\$ 882,409	\$ (681,780)
<b>Adjustments to reconcile operating income (loss) to net cash flows from operating activities:</b>					
Miscellaneous revenue (expense)	14,771	93,404	177,427	285,602	265,168
Depreciation	166,075	1,212,058	588,359	1,966,492	831,895
<b>Changes in assets and liabilities:</b>					
Decrease (increase) in receivables	(508)	(127,255)	(26,167)	(153,930)	(14,921)
Decrease (increase) in prepaid items	48	-	-	48	(168)
Decrease (increase) in inventory	14,984	-	-	14,984	-
Decrease (increase) in deferred outflows related to pensions	309,383	297,726	16,592	623,701	236,688
Increase (decrease) in payables	(205,732)	(56,010)	12,471	(249,271)	90,941
Increase (decrease) in salaries and benefits payable	1,688	3,685	66	5,439	(15,043)
Increase (decrease) in compensated absences	5,584	15,851	503	21,938	59,764
Increase (decrease) in due to other governments	8,233	15,810	-	24,043	36,402
Increase (decrease) in net OPEB obligations	2,434	3,532	-	5,966	2,543
Increase (decrease) in deferred inflows related to pensions	92,372	99,405	5,529	197,306	73,464
Increase (decrease) in net pension liability	(364,593)	(328,102)	(18,311)	(711,006)	(272,876)
Increase (decrease) in claims and judgments	-	-	-	-	(452,302)
<b>Total adjustments</b>	<b>44,739</b>	<b>1,230,104</b>	<b>756,469</b>	<b>2,031,312</b>	<b>841,555</b>
<b>Net cash flows from operating activities</b>	<b>\$ 679,760</b>	<b>\$ 1,445,001</b>	<b>\$ 788,960</b>	<b>\$ 2,913,721</b>	<b>\$ 159,775</b>
<b>Non cash capital and related financing activities:</b>					
Capital assets contributed by other funds	\$ -	\$ 2,537,000	\$ 1,360,000	\$ 3,897,000	\$ -
<b>Net non cash flows from non cash capital and related financing activities</b>	<b>\$ -</b>	<b>\$ 2,537,000</b>	<b>\$ 1,360,000</b>	<b>3,897,000</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF RICHFIELD, MINNESOTA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**December 31, 2017**

**Statement 9**

	<u>Agency Fund</u>
<b>Assets</b>	
Cash and investments	<u>\$ 597,796</u>
<b>Total Assets</b>	<u><u>\$ 597,796</u></u>
<b>Liabilities</b>	
Due to other governments	\$ 4,767
Deposits	<u>593,029</u>
<b>Total Liabilities</b>	<u><u>\$ 597,796</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF RICHFIELD, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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.

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.

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

- *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 Park Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major park recreational and cultural development capital improvement purposes.

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.

Agency 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. In addition, escrow deposits collected, are accounted within agency funds. These funds are custodial in nature and do not involve measurement of results of operation.

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 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, 2017 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 2017 the General Fund budget was amended to decrease

budgeted expenditures and transfers out by \$293,200. 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. Cash, Cash Equivalents, and Investments

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Earnings from such 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.

At December 31, 2017 the City currently has restricted cash balances on the financial statements of \$6,122,991. This balance represents cash that is restricted for the future refunding of the G.O. Capital Improvement Plan Bonds, Series 2008A. The future refunding for this issue will occur on February 1, 2019.

G. 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.

H. 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.

I. 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.

J. 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.

K. 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.

L. 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.

M. 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2017, no interest was capitalized in connection with construction in progress.

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

N. 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.

O. 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.

P. 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.

Q. 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.

R 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 one item 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 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 two sources: delinquent property taxes and special assessments. 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 pensions for various estimate differences that will be amortized and recognized over future years.

S 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 \$5,933,500 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.”

T. 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 revenues. The dollar amount of the target may fluctuate with each year’s actual results.

U. 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.

V. Reclassified

Certain 2016 amounts have been reclassified to conform to the 2017 presentation.

W. 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. Deposits include checking, savings and certificates of deposits.

B. Investments

The City and HRA is 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 and HRA 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, 2017 is \$5,541,951.

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. Approximately 78% of the City's investments are with U.S. Government Securities.

The following is a summary of the City's and HRA's investments, stated at fair value. The majority of the HRA investments are in the investment pool of the City. Therefore, the HRA investments are not segregated for disclosure.

As of December 31, 2017, the City and HRA had the following investments and maturities:

Investment Type	Investment Maturities (In Years)			Less Than 1 Year	Years 1-5	Years 6-10
	S&P Ratings	% of Total	Fair Value			
<u>Pooled Investments:</u>						
<u>U.S Agencies:</u>						
Federal Home Loan Bank	AA+	23.86%	\$12,338,663	\$8,560,124	\$3,778,539	\$-
Federal Home Loan Mortgage Corporation	AA+	10.59%	5,476,755	4,485,905	990,850	-
Federal National Mortgage Association	AA+	11.55%	5,973,045	3,991,385	1,981,660	-
Federal Farm Credit	AA+	19.58%	10,125,132	8,229,753	1,895,379	-
Federal Agricultural Mortgage Corporation	NR	2.89%	1,496,580	1,496,580	-	-
U.S. Treasury Bonds	NR	9.45%	4,885,491	2,999,480	1,886,011	-
<u>Municipal Bonds</u>						
Phila. PA Auth. For Indl. Dev. Pension Bds	AA	1.92%	990,480	990,480	-	-
FL Hurricane Fd Fin Corp Rev Bonds	AA	1.93%	1,000,350	1,000,350	-	-
<u>Money Markets:</u>						
Money Market Mutual Fund Investments	NR	7.52%	3,890,143	3,890,143	-	-
External Investment Pool	NR	10.72%	5,541,951	5,541,951	-	-
Total Pooled Investments		100.00%	\$51,718,590	\$41,186,151	\$10,532,439	\$-
<u>Non-Pooled Investment:</u>						
U.S. Treasury, State and Local						
Government Series Time Deposit	NR	4.89%	\$299,441	\$140,331	\$159,110	-
U.S. Treasury Note	NR	95.10%	5,823,549	-	5,823,549	-
Money Market	NR	0.01%	1	1	-	-
Total Non-Pooled Investments		100.00%	\$6,122,991	\$140,332	\$5,982,659	\$-
Total			\$57,841,581	\$41,326,483	\$16,515,098	

The City has the following recurring fair value measurements as of December 31, 2017:

- \$13,756,761 of investments are valued using a quoted market prices (Level 1 inputs)
- \$37,401,005 of investments are valued using a matrix pricing model (Level 2 inputs)

### 3. Capital Assets

Capital asset activity for the year ended December 31, 2017:

	Beginning Balance	Additions	Deletions	Ending Balance
Primary Government				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,353,605	\$ -	\$ -	\$ 9,353,605
Construction in progress	104,713	462,534	-	567,247
Total capital assets, not being depreciated	9,458,318	462,534	-	9,920,852
Capital assets, being depreciated:				
Buildings and structures	49,230,913	8,159	-	49,239,072
Machinery and equipment	13,285,041	1,125,469	(518,951)	13,891,559
Other improvements	5,842,271	223,362	-	6,065,633
Streets (Infrastructures)	74,076,129	-	-	74,076,129
Total capital assets, being depreciated	142,434,354	1,356,990	(518,951)	143,272,393
Less accumulated depreciation for:				
Buildings and structures	12,229,773	1,183,414	-	13,413,187
Machinery and equipment	7,978,935	1,016,052	(491,800)	8,503,187
Other improvements	3,491,977	251,367	-	3,743,344
Streets (Infrastructures)	53,046,086	1,851,374	-	54,897,460
Total accumulated depreciation	76,746,771	4,302,207	(491,800)	80,557,178
Total capital assets being depreciated-net	65,687,583	(2,945,217)	(27,151)	62,715,215
Governmental activities capital assets-net	\$75,145,901	(2,482,683)	(27,151)	\$72,636,067
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 638,673	-	-	\$ 638,673
Construction in process	2,266,696	3,982,440	(2,271,097)	3,978,039
Total capital assets, not being depreciated	2,905,369	3,982,440	(2,271,097)	4,616,712
Capital assets, being depreciated:				
Buildings and structures	9,307,717	27,063	(8,944)	9,325,836
Machinery and equipment	11,388,946	332,192	-	11,721,138
Other improvements	37,793,904	2,290,417	(12,762)	40,071,558
Total capital assets, being depreciated	58,490,566	2,649,672	(21,706)	61,118,532
Less accumulated depreciation for:				
Buildings and structures	6,209,309	237,817	(8,944)	6,438,182
Machinery and equipment	7,807,126	454,696	-	8,261,822
Other improvements	18,399,847	1,273,979	(12,762)	19,661,064
Total accumulated depreciation	32,416,282	1,966,492	(21,706)	34,361,068
Total capital assets being depreciated – net	26,074,284	683,179	-	26,757,464
Business-type activities capital assets - net	\$28,979,653	4,665,620	(2,271,097)	\$31,374,176

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	\$ 516,479
Public safety	53,147
Fire	54,104
Public works, including depreciation of general infrastructure assets	2,174,790
Parks and recreation	671,792
Internal service funds	831,895
Total depreciation expense – governmental activities	<u>\$4,302,207</u>
Business-type activities:	
Liquor operations	\$ 166,075
Water & Sewer utility	1,212,058
Storm Sewer utility	588,359
Total depreciation expense – business-type activities	<u>\$1,966,492</u>

Construction Commitments

At December 31, 2017, the City had construction project contracts in progress. The commitments related to the remaining contract balances are summarized as follows:

<u>Project #</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Remaining Commitment</u>
41013	Mill & Overlay	\$ 512,030	\$ 512,030
41110	Band Shell	\$ 376,821	\$ 324,995

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 2017. 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 \$661,292 reported in the fund at December 31, 2017 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, 2017 and 2016 are as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims &amp; Changes in Estimates</u>	<u>Claim Payments-Net</u>	<u>Balance at Fiscal Year End</u>
2016	\$918,647	721,458	(526,511)	\$1,113,594
2017	\$1,113,594	(349,801)	(102,501)	\$661,292

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.

In 2016, the City issued the \$6,130,000 General Obligation Refunding Bonds, Series 2016C, which is an advance crossover refunding of the \$9,480,000 General Obligation Capital Improvement Bonds, Series 2008A. The 2016C proceeds will be held in escrow and will refund the 2008A issue on February 1, 2019. The City will realize a savings in interest costs with the refunding in the amount of \$776,547 over the remaining life of the bonds. The net present value cash flow savings from this transaction was \$677,813.

During 2017, the City issued two new bond issues. The first issue, the \$9,130,000 General Obligation Street Reconstruction Bonds, Series 2017A, was issued to fund the first phase of the 66<sup>th</sup> Street reconstruction project.

The second issue, the \$3,045,000 General Obligation Capital Improvement Plan Refunding Bonds, Series 2017B, is a net cash refunding of the \$4,550,000 General Obligation Capital Improvement Plan Bonds, Series 2009A. The Series 2017B proceeds will be held in escrow and will refund the Series 2009A issue on February 1, 2019. The City will realize a savings in interest costs with the refunding in the amount of \$369,266 over the remaining life of the bonds. The net present value cash flow savings from this transaction was \$327,248.

### Governmental Activities

As of December 31, 2017, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

	Net Interest Rate	Issue Date	Final Maturity Date	Original Issued	Payable 12/31/17
<u>REDEVELOPMENT BONDS</u>					
G.O. Tax Increment Refunding Bonds, 2010B	3.05%	12/30/2010	2/1/2024	\$6,355,000	\$3,720,000
G.O. Tax Increment Refunding Bonds, 2012B	2.25%	9/6/2012	2/1/2025	2,970,000	1,925,000
Total Redevelopment Bonds				<u>9,325,000</u>	<u>5,645,000</u>
<u>IMPROVEMENT BONDS</u>					
G.O. Capital Improvement Bonds Series, 2007A	4.27%	7/10/2007	2/1/2028	4,705,000	-
G.O. Improvement Bonds, Series 2007B	4.27%	7/10/2007	2/1/2028	4,250,000	-
G.O. Capital Improvement Bonds Series, 2008A	4.60%	12/23/2008	2/1/2029	9,480,000	6,965,000
G.O. Capital Improvement Bonds Series, 2009A	4.49%	1/14/2009	2/1/2029	4,550,000	425,000
G.O. Bonds, 2010A	1.89%	5/19/2010	2/1/2021	1,500,000	80,000
G.O. Street Reconstruction Bonds, Series 2012A	2.35%	9/6/2012	2/1/2033	2,120,000	1,775,000
G.O. Improvement Bonds, Series 2013A	2.18%	3/21/2013	2/1/2034	3,120,000	2,127,274
G.O. Street Reconstruction Bonds, Series 2015A	2.71%	6/4/2015	2/1/2036	9,100,000	8,741,748
G.O. Refunding Bonds, Series 2016B	1.58%	11/17/2016	2/1/2028	5,085,000	5,345,530
G.O. Refunding Bonds, Series 2016C	2.04%	12/15/2016	2/1/2029	6,130,000	6,295,130
G.O. Street Reconstruction Bonds, Series 2017A	2.49%	4/20/2017	2/1/2038	9,130,000	9,312,497
G.O. Capital Improvement Ref. Bonds, Series 2017B	2.17%	12/14/2017	2/1/2029	3,045,000	3,161,658
Total Improvement Bonds				<u>62,215,000</u>	<u>44,228,837</u>
TOTAL GOVERNMENTAL INDEBTEDNESS				<u>\$71,540,000</u>	<u>\$49,873,837</u>
<u>ENTERPRISE BONDS</u>					
Water Revenue Bonds, Series 2011A	3.67%	5/18/2011	2/1/2032	\$1,480,000	\$1,187,726
G.O. Storm Sewer Bonds, Series 2013B	2.26%	3/21/2013	2/1/2033	2,770,000	2,312,331
G.O. Refunding Bonds, Series 2015B	1.74%	11/10/2015	2/1/2027	5,360,000	5,185,540
G.O. Storm Water Bonds, Series 2016A	2.18%	5/19/2016	2/1/2037	2,970,000	3,056,482
TOTAL BUSINESS-TYPE ACTIVITY INDEBTEDNESS				<u>\$12,580,000</u>	<u>\$11,742,079</u>
TOTAL CITY INDEBTEDNESS				<u>\$84,120,000</u>	<u>\$61,615,916</u>

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

Year	Redevelopment Bonds		Improvement Bonds		Water & Sewer		Storm Sewer	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$705,000	\$163,416	\$1,660,000	\$1,282,730	\$370,000	\$130,799	\$365,000	\$159,870
2019	720,000	147,146	8,150,000	1,046,482	375,000	119,835	375,000	150,020
2020	745,000	128,321	2,180,000	850,154	390,000	108,425	380,000	139,945
2021	760,000	107,430	2,240,000	796,479	405,000	96,498	395,000	129,595
2022	790,000	84,528	2,275,000	737,691	410,000	84,202	405,000	118,895
2023-2027	1,925,000	84,766	12,425,000	2,728,390	2,280,000	235,675	2,185,000	433,626
2028-2032	-	-	8,685,000	1,265,327	465,000	49,196	1,565,000	225,829
2033-2037	-	-	5,020,000	376,256	-	-	1,045,000	60,108
2038	-	-	575,000	8,625	-	-	-	-
<b>TOTALS</b>	<b>\$5,645,000</b>	<b>\$715,607</b>	<b>\$43,210,000</b>	<b>\$9,092,134</b>	<b>\$4,695,000</b>	<b>\$824,630</b>	<b>\$6,715,000</b>	<b>\$1,417,888</b>

### Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and notes payable:					
Redevelopment Bonds	\$6,340,000	\$-	\$(695,000)	\$5,645,000	\$ 705,000
Improvement Bonds	41,430,000	12,175,000	(10,395,000)	43,210,000	1,660,000
Premium (Discount) on bonds payable	782,887	319,366	(83,416)	1,018,837	-
Total bonds and notes payable	<u>48,552,887</u>	<u>12,494,366</u>	<u>(11,173,416)</u>	<u>49,873,837</u>	<u>2,365,000</u>
Other Liabilities:					
Claims and judgments	1,113,594	-	(452,302)	661,292	-
Net OPEB obligation	1,660,450	199,931	(85,543)	1,774,838	-
Net Pension liability	36,324,004	-	(20,901,278)	15,422,726	-
Compensated absences	1,998,522	65,949	(6,185)	2,058,286	502,604
Governmental activities long-term liabilities	<u>\$89,649,457</u>	<u>\$12,760,246</u>	<u>\$(32,618,724)</u>	<u>\$69,790,979</u>	<u>\$2,867,604</u>
<b>Business – Type Activities</b>					
Bonds and notes payable:					
Storm Sewer Revenue Bonds	\$5,375,000	\$-	\$(125,000)	\$5,250,000	\$240,000
Water Revenue Bonds	1,245,000	-	(60,000)	1,185,000	65,000
G.O. Refunding Bonds	5,360,000	-	(385,000)	4,975,000	430,000
Premium (Discount) on bonds payable	365,679	-	(33,600)	332,079	-
Total bonds and notes payable	<u>12,345,679</u>	<u>-</u>	<u>(603,600)</u>	<u>11,742,079</u>	<u>735,000</u>
Other Liabilities:					
Net OPEB obligation	89,306	10,428	(4,462)	95,272	-
Net Pension liability	2,888,070	-	(711,004)	2,177,066	-
Compensated absences	283,665	50,638	(28,700)	305,603	88,857
Business-type activities long-term liabilities	<u>\$15,606,720</u>	<u>\$61,066</u>	<u>\$(1,347,766)</u>	<u>\$14,320,020</u>	<u>\$823,857</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, 2017 is backed by the full faith and credit of the City, including special assessment and revenue bond issues. Special assessment receivable at December 31, 2017 totaled \$506,685.



## Revenue Pledged

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

Bond Issue	Use of Proceeds	Type	Revenue Pledged		Remaining Principal and Interest	Current Year	
			Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
Water Revenue Bonds, Series 2011A	Utility Infrastructure	Utility Charges	100%	2012-2032	\$1,555,631	\$103,215	\$3,691,457
G.O. Storm Sewer Bonds, Series 2013B	Utility Infrastructure	Utility Charges	100%	2013-2033	2,738,430	177,405	1,495,191
G.O. Refunding Bonds, Series 2015B	Utility Infrastructure	Utility Charges	100%	2016-2027	5,618,650	523,475	5,186,648
G.O. Storm Water Bonds, Series 2016A	Utility Infrastructure	Utility Charges	100%	2017-2037	3,739,808	89,358	1,495,191

## 6. Interfund balances and transactions

Interfund transfers as of December 31, 2017 are as follows:

Transfers out	Transfers in								Total
	General Fund	Ice Arena	Improvement Bonds	Capital Improvements	Park Capital Projects	Nonmajor Governmental	Enterprise	Internal Service	
General Fund	-	70,000	-	-	-	105,000	-	-	\$175,000
Improvement Bonds	-	-	92,304	-	-	-	-	-	\$92,304
Capital Improvement	365,390	12,000	4,410	101,599	438,000	-	-	1,020,000	\$1,941,399
Nonmajor governmental	100,000	-	353,330	3,400,000	-	-	110,000	-	\$3,963,330
Liquor Enterprise	291,190	-	-	-	-	-	-	-	\$291,190
Internal Service	-	-	-	-	-	-	-	70,000	\$70,000
	\$756,580	\$82,000	\$450,044	\$3,501,599	\$438,000	\$105,000	\$110,000	\$1,090,000	\$6,533,223

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, 2017 the balance of the respective advances (due in more than a year) was \$773,478. The portion of the advances that is due in one year is \$62,247.

In 2011, the City's Capital Improvements Fund made an advance to the Water & Sewer Utility Fund to help provide funding for certain capital projects to be undertaken within the water operation. The advance will be repaid over the next ten years with a 2% interest rate, using funds generated from the water utility operation. The City Manager is authorized to adjust the interest rate as market conditions may dictate. At December 31, 2017, the balance of the advance was \$321,247. The portion of this advance that is due in one year, \$104,950 is included in interfund receivables and payables.

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, 2017 the portion of the advance that is due in one year is \$10,000, and the portion due in more than one year is \$211,440.

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. In addition, the City's Recreation Improvement Fund also made an advance to the Ice Arena Fund to finance the call and retirement of the 1999 Gross Revenue Ice Arena Bonds, Series 1999. The advance will be repaid over six years at a 1% rate of interest, using revenues generated by the Ice Arena operation. Finally, the City's Capital Improvements Fund made an advance to the Richfield Housing and Redevelopment Authority (HRA) to prepay special assessments to be levied against the HRA property as part of the North Richfield Parkway Project. The term of the loan will be twenty (20) years with no principal and interest payments due the first two years and then 1% interest beginning in year three (2017). 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. At December 31, 2017, the portion of the advances that is due within one year is \$42,764 for the locker room, \$94,325 for the bond retirement

and \$40,149 for the loan to prepay the special assessments. The portions of the loans due in more than one year are \$470,399, \$191,503, and \$700,100 for the locker room, bond retirement and prepay of special assessments.

In 2017, the City's Capital Improvement Reserve Fund made an advance of \$12,553 to the Richfield Housing and Redevelopment Fund to provide temporary funding for a redevelopment project. It is expected that permanent financing will be put in place in 2018 and the current 2017 advance will be paid in 2018.

At the end of 2017, the Ice Arena, and Swimming Pool Funds 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, 2017. These advances are reflected in the financial statements as due to and due from other funds.

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

<u>Due From Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
Self-Insurance Fund	Ice Arena	62,247
Capital Improvement Funds	Water & Sewer Utility	104,950
Recreation Improvement Fund	Park Capital Projects Fund	10,000
Communications Fund	Ice Arena	42,764
Recreation Improvement Fund	Ice Arena	94,325
Capital Improvement Funds	Component Unit	40,149
General Fund	Ice Arena	2,395,638
General Fund	Swimming Pool	998,431

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

<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>	<u>Amount</u>
Self-Insurance Fund	Ice Arena	773,478
Capital Improvements Funds	Water & Sewer Utility	216,297
Recreation Improvement Fund	Park Capital Projects Fund	211,440
Communications Fund	Ice Arena	470,399
Recreation Improvement Fund	Ice Arena	191,503
Capital Improvement Funds	Component Unit	712,654

7. Individual Fund Disclosures

Expenditures exceeded appropriations (budget) in the following individual funds for the year ended December 31, 2017:

	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
Primary Government:			
Nonmajor Special Revenue Funds:			
Drug Forfeiture	44,000	46,640	2,640
Public Safety Compliance	29,500	53,757	24,257
Recreation Contributions	22,000	23,218	1,218
Nature Center Contributions	80,480	166,827	86,347
Public Health Grants	37,400	42,325	4,925
Wood Lake Half Marathon	41,000	42,869	1,869

8. Fund Balances

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

At December 31, 2017, a summary of the City's governmental fund balance classifications are as follows:

	General Fund	Ice Arena	Improvement Bonds	Capital Improvements	Park & Rec. Capital Projects	Other Governmental Funds	Total
<b>Nonspendable</b>							
Prepaid items	\$82,273	\$-	\$-	\$-	\$-	\$7,330	\$ 89,603
Total nonspendable	82,273	-	-	-	-	7,330	89,603
<b>Restricted</b>							
Future debt service	-	-	8,371,670	-	-	-	8,371,670
Future MSA projects	-	-	-	312,808	-	-	312,808
Portland Avenue Reconstruction	-	-	-	31,459	-	-	31,459
66 <sup>th</sup> Street Reconstruction	-	-	-	1,317,091	-	-	1,317,091
Mill & Overlay	-	-	-	576,690	-	-	576,690
Cedar Point abatement	-	-	-	63,168	-	-	63,168
Law enforcement drug forfeitures	-	-	-	-	-	140,734	140,734
Public Safety Federal grants	-	-	-	-	-	2,670	2,670
Public Safety State grants	-	-	-	-	-	8,976	8,976
Public Safety County grants	-	-	-	-	-	2,569	2,569
Recreation services donations	-	-	-	-	-	15,883	15,883
Wood Lake Nature Center donations	-	-	-	-	-	47,654	47,654
Public health assessment	-	-	-	-	-	99,203	99,203
Total restricted	-	-	8,371,670	2,301,216	-	317,689	10,990,575
<b>Committed</b>							
Street Improvements	-	-	1,404,069	-	-	-	1,404,069
Local improvement funding	-	-	-	1,233,229	-	-	1,233,229
Recycling Grant	-	-	-	241,474	-	-	241,474
Park Improvement projects	-	-	-	-	-	134,745	134,745
Tourism administration	-	-	-	-	-	51,219	51,219
Public Cable TV & information activities	-	-	-	-	-	1,977,398	1,977,398
National, State, and Local elections	-	-	-	-	-	1,026,349	1,026,349
Alcohol and Tobacco Compliance	-	-	-	-	-	100,226	100,226
Wood Lake Half Marathon	-	-	-	-	-	32,615	32,615
Street Maintenance & forestry programs	-	-	-	-	-	746,224	746,224
Special Facilities	-	-	-	-	-	14,907	14,907
Park & Recreation Capital Projects	-	-	-	-	4,623,440	-	4,623,440
Total committed	-	-	1,404,069	1,474,703	4,623,440	4,083,683	11,585,895
<b>Assigned</b>							
Debt related expenditures	-	-	502,672	-	-	-	502,672
Future capital projects	-	-	-	7,418,861	-	-	7,418,861
Total assigned	-	-	502,672	7,418,861	-	-	7,921,533
<b>Unassigned</b>							
General Fund	8,672,054	-	-	-	-	-	8,672,054
Ice Arena	-	(4,024,450)	-	-	-	-	(4,024,450)
Swimming Pool	-	-	-	-	-	(999,522)	(999,522)
Park & Recreation Capital Projects	-	-	-	-	(220,608)	-	(220,608)
Total unassigned	8,672,054	(4,024,450)	-	-	(220,608)	(999,522)	3,427,474
<b>Total</b>	<b>\$8,754,327</b>	<b>\$(4,024,450)</b>	<b>\$10,278,411</b>	<b>\$11,194,780</b>	<b>\$4,402,832</b>	<b>\$3,409,180</b>	<b>\$34,015,080</b>

## 9. Contingencies and Litigation

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

The City has been named as a defendant in the cleanup of the Burnsville Landfill. The case is pending further information and the outcome of the liability to the City is unknown at the present time.

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 66<sup>th</sup> Street/17<sup>th</sup> 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.

The cumulative amount of funds provided to the City for right-of-way acquisitions as of December 31, 2017 by MAC is \$1,080,779. In 2017 the City received no funds from MAC for right of way acquisitions as part of the intersection project. This potential liability is not recorded on the financial statements. The likelihood of the specific provisions being met is considered remote.

10. Defined Benefit Pension Plans

The City participates in various pension plans. For the year ended December 31, 2017 total pension expense was \$3,053,580 and the total net pension liability was \$17,599,792. The components of pension expense and net pension liability are noted in the following plan summaries.

At December 31, 2017 the City reported its total proportionate share of deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 500,731	\$2,961,723
Changes in actuarial assumptions	13,272,878	12,292,953
Difference between projected and actual investment earnings	502,010	-
Changes in proportion	401,468	3,089,380
Contributions paid to PERA subsequent to the measurement date	873,453	-
Total	\$15,550,540	\$18,344,056

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 (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

The PEPFF, 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 PEPFF 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.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. 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. GERF Benefits

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. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 1.7% for Coordinated Plan members for each year 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.

## 2. PEPFF Benefits

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

## 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. GERF Contributions

Coordinated Plan members were required to contribute 6.50%, of their annual covered salary in calendar year 2017. The City of Richfield was required to contribute 7.50% for Coordinated Plan members in calendar year 2017. The City of Richfield's contributions to the GERF for the year ended December 31, 2017, were \$742,606. The City of Richfield's contributions were equal to the required contributions as set by state statute.

### 2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2017. The City of Richfield was required to contribute 16.20% of pay for PEPFF members in calendar year 2017. The City of Richfield's contributions to the PEPFF for the year ended December 31, 2017, were \$1,004,300. The City of Richfield's contributions were equal to the required contributions as set by state statute.

## D. Pension Costs

### 1. GERF Pension Costs

At December 31, 2017, the City of Richfield reported a liability of \$9,620,589 for its proportionate share of the GERF's net pension liability. The City of Richfield's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2017. 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 \$121,007. The net pension liability was measured as of June 30, 2017, 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 proportion 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City of Richfield's proportion share was .1507% which was a decrease of .0080% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City of Richfield recognized pension expense of \$1,146,114 for its proportionate share of the GERF's pension expense. Included in this amount, the City of Richfield recognized \$3,495 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

At December 31, 2017, the City of Richfield reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 317,065	\$652,556
Changes in actuarial assumptions	1,682,014	964,464
Difference between projected and actual investment earnings	154,357	-
Changes in proportion	-	699,566
Contributions paid to PERA subsequent to the measurement date	371,303	-
Total	<u>\$2,524,739</u>	<u>\$2,316,586</u>

\$371,303 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, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2018	\$ 119,130
2019	447,213
2020	(321,119)
2021	(408,374)
2022	-
Thereafter	-
Total	<u>\$ (163,150)</u>

## 2. PEPFF Pension Costs

At December 31, 2017, the City of Richfield reported a liability of \$7,979,203 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2017, 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 proportion 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City of Richfield proportion was .5910% which was a decrease of .065 percent from its proportion measured as of June 30, 2016. The City of Richfield also recognized \$53,190 for the year ended December 31, 2017 as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

For the year ended December 31, 2017, the City of Richfield recognized pension expense of \$1,906,806 for its proportionate share of the PEPFF's pension expense.

At December 31, 2017, the City of Richfield reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 183,666	\$ 2,309,167
Changes in actuarial assumptions	11,590,864	11,328,489
Difference between projected and actual investment earnings	347,653	-
Changes in proportion	401,468	2,389,814
Contributions paid to PERA subsequent to the measurement date	502,150	-
Total	<u>\$13,025,801</u>	<u>\$16,027,470</u>

\$502,150 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, 2018. Other amounts reported as

deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Pension Expense Amount</u>
2018	\$ 55,861
2019	55,867
2020	(242,581)
2021	(709,242)
2022	(2,663,724)
Thereafter	-
Total	<u>\$ (3,503,819)</u>

#### E. Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP 2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be one percent per year for the General Employees Plan through 2044 and Police and Fire Plan through 2064 and then 2.5 percent thereafter for both plans.

Actuarial assumptions used in the June 30, 2017 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 2015. The most recent five-year experience study for Police and Fire Plan was completed in 2016.

The following changes in actuarial assumptions occurred in 2017:

#### GERF

- 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.

#### PEPFF

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

The 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	39%	5.10%
International Stocks	19%	5.30%
Bonds	20%	.75%
Alternative Assets	20%	5.90%
Cash	2%	0.00%
Total	100%	

#### F. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.50%. 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.

#### G. 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:

##### Sensitivity of Net Pension Liability at Current Single Discount Rate (in thousands)

	GERF		PEPFF	
1% Lower	6.50%	\$14,922,248	6.50%	\$15,027,158
Current Discount Rate	7.50%	9,620,589	7.50%	7,979,203
1% Higher	8.50%	5,280,218	8.50%	2,160,720

#### H. 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](http://www.mnpera.org).

#### 11. Defined Contribution Plan

Two 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 employer. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% 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 must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member's account annually.

Pension expense for the year is equal to contributions made. Total contributions made by the City of Richfield during fiscal year 2017 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required</u>
<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Rate</u>
\$660	\$660	5%	5%	5%

## 12. Other Post Employments Benefits

### A. Plan Description

The City provides post-employment insurance benefits to certain eligible employees as required by State law, through a single-employer defined benefit plan administered by the City. All post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. These benefits are summarized as follows:

Post-Employment Insurance Benefits – All retirees of the City have the option under state law to continue their medical insurance coverage through the City from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of all employee groups, the retiree must pay the full premium to continue coverage for medical and dental insurance.

The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the City or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an “implicit rate subsidy.” This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City’s younger and statistically healthier active employees.

### B. Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to pre-fund benefits as determined annually by the City. There is no invested plan assets accumulated for payment of future benefits.

### C. Annual OPEB Cost and Net OPEB Obligation

The City’s annual OPEB cost (expense) is calculated based on annual required contributions (ARC) of the City, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement Nos. 43 and 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the City’s net OPEB obligation to the plan:

	<u>2017</u>
Annual required contribution	\$ 199,926
Interest on net OPEB obligation	78,740
Adjustment to annual required contribution	<u>(68,307)</u>
Annual OPEB cost (Expense)	210,359
Contributions made	<u>90,005</u>
Increase in net OPEB obligation	120,354
Net OPEB obligation – beginning of year	<u>1,749,756</u>
Net OPEB obligation – end of year	<u>\$1,870,110</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended 2015, 2016, and 2017 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2015	\$288,344	\$112,622	39.1%	\$1,593,378
December 31, 2016	\$203,216	\$46,838	23.0%	\$1,749,756
December 31, 2017	\$210,358	\$90,005	42.8%	\$1,870,110

D. Funded Status and Funding Progress

As of January 1, 2016, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,750,641 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,750,641. The covered payroll (annual payroll of active employees covered by the plan) was \$13,844,000 and the ratio of the UAAL to the covered payroll was 12.6 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress immediately following the notes to the basic financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 4.5 percent discount, Pay-As-You-Go funding, Projected Unit Credit actuarial cost method, an annual health care cost trend rate of 9.0 percent initially, which includes a 3% inflation rate, reduced by decrements to an ultimate rate of 5.0 percent after twelve years for medical insurance, a 30 year open amortization period of the UAAL increasing at 3.75% per year using the payroll growth rate and with the level percentage of payroll amortization method. The 30 year open amortization base period resets to 30 years at each valuation date.

13. 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.

14. 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, 2017 there were three bond issues outstanding with an estimated aggregate principal amount outstanding of approximately \$3,966,295.

15. 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 2017 that exceeded this 90% threshold.

During the year ended December 31, 2017, the HRA generated \$3,985,162 in tax increment revenue and made \$2,723,478 in payments to developer.

The tax abatement agreements that the HRA has outstanding as of December 31, 2017 are the following:

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Retail redevelopment	90%	\$ 70,607
Senior housing	75	338,270
Senior housing and market rate housing	75	306,182
Business redevelopment	75	1,309,091
Rental Housing	90	127,061
Mixed-use housing and retail	75	511,316
Mixed-use housing and retail	90	216,997
Mixed-use housing and retail	90	-
Mixed-use housing and retail	75	370,209
Senior housing	90	-
Retail redevelopment	-	340,249

16. 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, 2017.

17. 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 2017, the HRA transferred to the City \$873,056 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.

18. 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 2017 financial statements of the City was \$674,733 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.

19. 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 during the April – September period of operation.

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. Wheel Fun Rentals will pay to the City \$6,000 per season plus 7.5% of gross revenues from mini-golf fees, concession sales and bike rentals, not to exceed a combined total of \$12,000 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.

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**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF RICHFIELD, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For The Year Ended December 31, 2017

Schedule 10  
 Page 1 of 4

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Taxes:</b>				
Current ad valorem	\$ 12,261,434	\$ 12,261,434	\$ 12,819,485	\$ 558,051
Fiscal disparities	3,604,596	3,604,596	2,945,178	(659,418)
<b>Total Taxes</b>	<b>15,866,030</b>	<b>15,866,030</b>	<b>15,764,663</b>	<b>(101,367)</b>
<b>Fees and Fines:</b>				
Municipal court fines	370,000	350,000	312,041	(37,959)
<b>Total Fees and Fines</b>	<b>370,000</b>	<b>350,000</b>	<b>312,041</b>	<b>(37,959)</b>
<b>Licenses and Permits:</b>				
Business licenses	366,900	351,900	320,142	(31,758)
Nonbusiness licenses and permits	550,700	612,200	740,965	128,765
<b>Total Licenses and Permits</b>	<b>917,600</b>	<b>964,100</b>	<b>1,061,107</b>	<b>97,007</b>
<b>Intergovernmental Revenues:</b>				
<b>Federal :</b>				
Grants	160,500	150,420	108,903	(41,517)
<b>State:</b>				
Local government aid	550,000	550,000	550,000	-
Fire State Aid	164,000	164,000	158,357	(5,643)
Grants - other	22,000	23,250	41,137	17,887
Police State Aid	376,840	377,000	385,533	8,533
Law officer training	13,500	13,500	13,035	(465)
State-aid street maintenance	315,000	315,000	315,000	-
<b>County -</b>				
Community health services	134,280	134,320	134,313	(7)
Grants - other	31,510	30,800	24,595	(6,205)
<b>Total Intergovernmental Revenue</b>	<b>1,767,630</b>	<b>1,758,290</b>	<b>1,730,873</b>	<b>(27,417)</b>
<b>Charges for Services:</b>				
General Government	774,690	779,200	863,955	84,755
Deputy Registrar	840,000	900,500	756,811	(143,689)
Public Safety	36,900	33,400	70,705	37,305
Park and Recreation	374,480	373,710	384,694	10,984
Nature Center	94,390	81,740	69,830	(11,910)
<b>Total Charges for Services</b>	<b>2,120,460</b>	<b>2,168,550</b>	<b>2,145,995</b>	<b>(22,555)</b>
<b>Investment Earnings</b>				
Investment Earnings	10,150	30,000	38,354	8,354
<b>Total Investment Earnings</b>	<b>10,150</b>	<b>30,000</b>	<b>38,354</b>	<b>8,354</b>
<b>Miscellaneous Revenues:</b>				
Rent	14,310	26,810	31,311	4,501
Recovery - damage to City property	3,000	3,500	875	(2,625)
Other	48,500	31,810	42,951	11,141
<b>Total Miscellaneous Revenues</b>	<b>65,810</b>	<b>62,120</b>	<b>75,137</b>	<b>13,017</b>
<b>Total Revenues</b>	<b>\$ 21,117,680</b>	<b>\$ 21,199,090</b>	<b>\$ 21,128,170</b>	<b>\$ (70,920)</b>

CITY OF RICHFIELD, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For The Year Ended December 31, 2017

Schedule 10  
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	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>EXPENDITURES:</b>				
<b>LEGISLATIVE/EXECUTIVE</b>				
Mayor - Council:				
Personnel services	\$ 117,920	\$ 107,020	\$ 115,474	\$ 8,454
Other services and charges	104,630	104,470	102,483	(1,987)
<b>Total</b>	<b>222,550</b>	<b>211,490</b>	<b>217,957</b>	<b>6,467</b>
Other Agencies:				
Personnel services	29,900	29,900	29,900	-
Other services and charges	70,480	70,480	70,480	-
<b>Total</b>	<b>100,380</b>	<b>100,380</b>	<b>100,380</b>	<b>-</b>
City Manager:				
Personnel services	187,220	187,620	209,296	21,676
Other services and charges	34,320	34,040	31,013	(3,027)
<b>Total</b>	<b>221,540</b>	<b>221,660</b>	<b>240,309</b>	<b>18,649</b>
Legal:				
Other services and charges	334,110	334,110	307,589	(26,521)
<b>Total</b>	<b>334,110</b>	<b>334,110</b>	<b>307,589</b>	<b>(26,521)</b>
<b>Total Legislative/Executive</b>	<b>878,580</b>	<b>867,640</b>	<b>866,235</b>	<b>(1,405)</b>
<b>ADMINISTRATIVE SERVICES:</b>				
Administration:				
Personnel services	22,170	10,140	(79,080)	(89,220)
Other services and charges	110,350	110,380	109,179	(1,201)
<b>Total</b>	<b>132,520</b>	<b>120,520</b>	<b>30,099</b>	<b>(90,421)</b>
Human Resources:				
Personnel services	26,590	31,860	22,878	(8,982)
Other services and charges	22,520	24,460	13,393	(11,067)
<b>Total</b>	<b>49,110</b>	<b>56,320</b>	<b>36,271</b>	<b>(20,049)</b>
Finance:				
Personnel services	230,350	233,450	238,176	4,726
Other services and charges	59,510	60,070	59,086	(984)
<b>Total</b>	<b>289,860</b>	<b>293,520</b>	<b>297,262</b>	<b>3,742</b>
City Clerk:				
Personnel services	468,150	483,740	431,225	(52,515)
Other services and charges	70,310	72,040	67,909	(4,131)
<b>Total</b>	<b>538,460</b>	<b>555,780</b>	<b>499,134</b>	<b>(56,646)</b>
Assessing:				
Personnel services	99,040	99,040	98,368	(672)
Other services and charges	314,450	316,330	313,008	(3,322)
<b>Total</b>	<b>413,490</b>	<b>415,370</b>	<b>411,376</b>	<b>(3,994)</b>
<b>Total Administrative Services</b>	<b>1,423,440</b>	<b>1,441,510</b>	<b>1,274,142</b>	<b>(167,368)</b>
<b>PUBLIC SAFETY:</b>				
Administrative Support Services:				
Personnel services	504,060	418,610	405,264	(13,346)
Other services and charges	464,280	463,960	482,022	18,062
<b>Total</b>	<b>968,340</b>	<b>882,570</b>	<b>887,286</b>	<b>4,716</b>
Police Operations:				
Personnel services	6,092,400	5,908,020	5,633,037	(274,983)
Other services and charges	1,749,160	1,745,720	1,673,702	(72,018)
<b>Total</b>	<b>7,841,560</b>	<b>7,653,740</b>	<b>7,306,739</b>	<b>(347,001)</b>



CITY OF RICHFIELD, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For The Year Ended December 31, 2017

Schedule 10  
 Page 3 of 4

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Emergency Services:</b>				
Personnel services	7,420	7,430	7,434	4
Other services and charges	18,220	18,360	12,753	(5,607)
<b>Total</b>	<b>25,640</b>	<b>25,790</b>	<b>20,187</b>	<b>(5,603)</b>
<b>Total Public Safety</b>	<b>8,835,540</b>	<b>8,562,100</b>	<b>8,214,212</b>	<b>(347,888)</b>
<b>FIRE:</b>				
<b>Fire Protection:</b>				
Personnel services	3,531,350	3,531,350	3,570,163	38,813
Other services and charges	618,680	618,680	570,505	(48,175)
<b>Total</b>	<b>4,150,030</b>	<b>4,150,030</b>	<b>4,140,668</b>	<b>(9,362)</b>
<b>Total Fire</b>	<b>4,150,030</b>	<b>4,150,030</b>	<b>4,140,668</b>	<b>(9,362)</b>
<b>COMMUNITY DEVELOPMENT:</b>				
<b>Administration:</b>				
Personnel services	-	-	(6,832)	(6,832)
Other services and charges	66,050	64,620	66,755	2,135
<b>Total</b>	<b>66,050</b>	<b>64,620</b>	<b>59,923</b>	<b>(4,697)</b>
<b>Economic Development:</b>				
Personnel services	15,980	16,190	16,737	547
Other services and charges	16,620	16,410	9,080	(7,330)
<b>Total</b>	<b>32,600</b>	<b>32,600</b>	<b>25,817</b>	<b>(6,783)</b>
<b>Planning &amp; Zoning:</b>				
Personnel services	224,320	224,160	233,310	9,150
Other services and charges	58,990	43,990	45,737	1,747
<b>Total</b>	<b>283,310</b>	<b>268,150</b>	<b>279,047</b>	<b>10,897</b>
<b>Inspection:</b>				
Personnel services	818,600	819,650	789,471	(30,179)
Other services and charges	210,730	208,040	195,313	(12,727)
<b>Total</b>	<b>1,029,330</b>	<b>1,027,690</b>	<b>984,784</b>	<b>(42,906)</b>
<b>Total Community Development</b>	<b>1,411,290</b>	<b>1,393,060</b>	<b>1,349,571</b>	<b>(43,489)</b>
<b>PUBLIC WORKS:</b>				
<b>Administration:</b>				
Personnel services	138,100	119,620	132,850	13,230
Other services and charges	33,660	58,310	52,855	(5,455)
<b>Total</b>	<b>171,760</b>	<b>177,930</b>	<b>185,705</b>	<b>7,775</b>
<b>Engineering:</b>				
Personnel services	230,150	229,130	272,181	43,051
Other services and charges	115,850	108,950	87,284	(21,666)
<b>Total</b>	<b>346,000</b>	<b>338,080</b>	<b>359,465</b>	<b>21,385</b>
<b>Streets:</b>				
Personnel services	750,580	764,400	747,194	(17,206)
Other services and charges	767,410	807,830	777,105	(30,725)
<b>Total</b>	<b>1,517,990</b>	<b>1,572,230</b>	<b>1,524,299</b>	<b>(47,931)</b>
<b>Park Maintenance:</b>				
Personnel services	645,830	643,840	683,507	39,667
Other services and charges	615,270	629,180	615,233	(13,947)
<b>Total</b>	<b>1,261,100</b>	<b>1,273,020</b>	<b>1,298,740</b>	<b>25,720</b>
<b>Forestry:</b>				
Personnel services	388,310	328,250	330,354	2,104
Other services and charges	287,620	279,030	265,914	(13,116)
<b>Total</b>	<b>675,930</b>	<b>607,280</b>	<b>596,268</b>	<b>(11,012)</b>
<b>Total Public Works</b>	<b>3,972,780</b>	<b>3,968,540</b>	<b>3,964,477</b>	<b>(4,063)</b>

CITY OF RICHFIELD, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For The Year Ended December 31, 2017

Schedule 10  
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	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>RECREATION SERVICES:</b>				
<b>Recreation Services Administration:</b>				
Personnel services	276,560	277,240	280,306	3,066
Other services and charges	82,850	81,630	84,695	3,065
<b>Total</b>	<b>359,410</b>	<b>358,870</b>	<b>365,001</b>	<b>6,131</b>
<b>Recreation Programs:</b>				
Personnel services	640,730	615,040	599,346	(15,694)
Other services and charges	365,430	364,730	336,033	(28,697)
<b>Total</b>	<b>1,006,160</b>	<b>979,770</b>	<b>935,379</b>	<b>(44,391)</b>
<b>Wood Lake Nature Center:</b>				
Personnel services	423,090	449,410	449,537	127
Other services and charges	98,550	94,740	97,805	3,065
<b>Total</b>	<b>521,640</b>	<b>544,150</b>	<b>547,342</b>	<b>3,192</b>
<b>Total Recreation Services</b>	<b>1,887,210</b>	<b>1,882,790</b>	<b>1,847,722</b>	<b>(35,068)</b>
<b>Total Expenditures</b>	<b>\$ 22,558,870</b>	<b>\$ 22,265,670</b>	<b>\$ 21,657,027</b>	<b>\$ (608,643)</b>
<b>Revenues over (under) expenditures</b>	<b>\$ (1,441,190)</b>	<b>\$ (1,066,580)</b>	<b>\$ (528,857)</b>	<b>\$ 537,723</b>
<b>Other financing sources (uses):</b>				
Transfer from Special Revenue Funds	160,000	150,000	100,000	(50,000)
Transfer from Debt Service Funds	495,000	435,000	-	(435,000)
Transfer from Capital Project Funds	670,000	365,390	365,390	-
Transfer from Enterprise Funds	291,190	291,190	291,190	-
Transfer to Special Revenue Funds	(175,000)	(175,000)	(175,000)	-
<b>Total other financing sources (uses)</b>	<b>1,441,190</b>	<b>1,066,580</b>	<b>581,580</b>	<b>(485,000)</b>
<b>Net increase in fund balance</b>	<b>-</b>	<b>-</b>	<b>52,723</b>	<b>52,723</b>
<b>Fund balance - January 1</b>	<b>8,701,604</b>	<b>8,701,604</b>	<b>8,701,604</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 8,701,604</b>	<b>\$ 8,701,604</b>	<b>\$ 8,754,327</b>	<b>\$ 52,723</b>

CITY OF RICHFIELD, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - ICE ARENA FUND  
 For the Year Ended December 31, 2017

Schedule 11

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
Charges for Services	\$ 958,490	\$ 952,690	\$ 890,155	\$ (62,535)
Miscellaneous	75,630	76,530	61,310	(15,220)
<b>Total Revenues</b>	<u>1,034,120</u>	<u>1,029,220</u>	<u>951,465</u>	<u>(77,755)</u>
<b>Expenditures:</b>				
<b>Current</b>				
Personnel services	440,390	501,390	507,247	5,857
Other services and charges	479,650	443,750	398,268	(45,482)
<b>Debt Service</b>				
Interest	20,750	20,750	20,742	(8)
<b>Capital outlay</b>	12,000	175,000	180,704	5,704
<b>Total Expenditures</b>	<u>952,790</u>	<u>1,140,890</u>	<u>1,106,961</u>	<u>(33,929)</u>
<b>Excess of revenues over (under) expenditures</b>	<u>81,330</u>	<u>(111,670)</u>	<u>(155,496)</u>	<u>(43,826)</u>
<b>Other Financing Sources:</b>				
Transfers in:				
General Fund	82,000	82,000	82,000	-
<b>Net Other Financing Sources:</b>	<u>82,000</u>	<u>82,000</u>	<u>82,000</u>	<u>-</u>
<b>Net decrease in fund balance</b>	163,330	(29,670)	(73,496)	(43,826)
<b>Fund Balance - January 1</b>	<u>(3,950,954)</u>	<u>(3,950,954)</u>	<u>(3,950,954)</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ (3,787,624)</u>	<u>\$ (3,980,624)</u>	<u>\$ (4,024,450)</u>	<u>\$ (43,826)</u>

**CITY OF RICHFIELD, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POST-EMPLOYMENT BENEFITS PLAN  
SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Accrued Liability</b>	<b>Actuarial Value of Plan Assets</b>	<b>Unfunded Actuarial Accrued Liability</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>Unfunded Liability as a Percentage of Payroll</b>
January 1, 2008	\$ 3,347,505	\$ -	\$ 3,347,505	-	\$ 13,254,399	25.3%
January 1, 2010	\$ 2,573,782	\$ -	\$ 2,573,782	-	\$ 12,903,221	19.9%
January 1, 2012	\$ 2,528,372	\$ -	\$ 2,528,372	-	\$ 13,137,406	19.2%
January 1, 2014	\$ 2,674,636	\$ -	\$ 2,674,636	-	\$ 13,098,666	20.4%
January 1, 2016	\$ 1,750,641	\$ -	\$ 1,750,641	\$ -	\$ 13,844,000	12.6%

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

<b>Fiscal Year Ending December 31</b>	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2015	\$706,736	\$706,736	\$0	\$9,423,147	7.50%
2016	\$726,143	\$726,143	\$0	\$9,681,907	7.50%
2017	\$742,606	\$742,606	\$0	\$9,901,413	7.50%

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

<b>Fiscal Year Ending December 31</b>	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to the Statutorily Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2015	\$948,453	\$948,453	\$0	\$5,854,648	16.20%
2016	\$1,000,004	\$1,000,004	\$0	6,172,864	16.20%
2017	\$1,004,300	\$1,004,300	\$0	6,199,383	16.20%

\* Option to provide RSI for ten years at transition or to provide RSI prospectively.

Schedule of City of Richfield Proportionate Share of Net Pension Liability  
Public Employees General Employees Retirement Fund  
Last Ten Years GERS Retirement Fund

Fiscal Year Ending June 30	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	Employers Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.1587%	\$12,885,653	\$168,215	\$13,053,868	\$9,846,133	130.87%	68.91%
2017	0.1507%	\$9,620,589	\$121,007	\$9,741,596	\$9,711,387	99.07%	75.90%

Schedule of City of Richfield Proportionate Share of Net Pension Liability  
Public Employees Police and Fire Fund  
Last Ten Years PEPFF Retirement Fund

Fiscal Year Ending June 30	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.603%	\$6,851,491	\$5,371,889	127.54%	86.61%
2016	0.656%	\$26,326,421	\$6,317,469	416.72%	63.88%
2017	0.5910%	\$7,979,203	\$6,070,907	131.43%	85.43%

\* Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2015, or after.

**CITY OF RICHFIELD, MINNESOTA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
DECEMBER 31, 2017**

Note 1 Legal Compliance – Budgets

Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles. The legal level of budgetary control is at the department level for the General Fund. At December 31, 2017, there were no General Fund departments whose expenditures exceeded budget appropriations.

Note 2 Pensions Plans

General Employees Fund

2017 Changes

Changes in Actuarial Assumptions

- 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 Changes

Changes in Actuarial Assumptions

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

2015 Changes

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position

by \$892 million. Upon consolidation, state and employer contributions were revised.

#### Changes in Actuarial Assumptions

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

#### Police and Fire Fund

##### 2017 Changes

##### Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.



## 2016 Changes

### Changes in Actuarial Assumptions

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

## 2015 Changes

### Changes in Plan Provisions

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

### Changes in Actuarial Assumptions

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

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND  
SCHEDULES**

**NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

A Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified programs.

### **GENERAL OBLIGATION REDEVELOPMENT BONDS FUND**

This fund is used to account for the accumulation of resources from tax increment for and the payment of, interest and principal on general obligation long-term debt. It has been established in accordance with bond indentures.

**CITY OF RICHFIELD, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2017**

Statement 15

	Special Revenue	Redevelopment Bonds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 3,217,273	-	\$ 3,217,273
Due from other governments	27,358	-	27,358
Receivables, net	701,243	-	701,243
Due from other funds	42,764	-	42,764
Prepaid items	7,330	-	7,330
Advances to other funds	470,399	-	470,399
Total assets	\$ 4,466,367	\$ -	\$ 4,466,367
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 55,994	-	\$ 55,994
Accrued salaries and benefits	1,889	-	1,889
Due to other funds	998,431	-	998,431
Payable to other governments	873	-	873
Total liabilities	1,057,187	-	1,057,187
<b>Fund balances</b>			
Nonspendable	7,330	-	7,330
Restricted	317,689	-	317,689
Committed	4,083,683	-	4,083,683
Unassigned	(999,522)	-	(999,522)
Total fund balances	3,409,180	-	3,409,180
<b>Total liabilities and fund balances</b>	<b>\$ 4,466,367</b>	<b>\$ -</b>	<b>\$ 4,466,367</b>

**CITY OF RICHFIELD, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For The Year Ended December 31, 2017**

Statement 16

	Special Revenue	Redevelopment Bonds	Total Nonmajor Governmental Funds
<b>REVENUES:</b>			
Franchise taxes	\$ 2,264,759	\$ -	\$ 2,264,759
Fees and fines	33,102	-	33,102
Intergovernmental	114,231	873,056	987,287
Charges for services	350,170	-	350,170
Investment earnings	40,848	-	40,848
Miscellaneous	522,385	-	522,385
Total revenues	3,325,495	873,056	4,198,551
<b>EXPENDITURES:</b>			
Current:			
Administrative Services	493,058	-	493,058
Public Safety	116,470	-	116,470
Recreation Services	588,084	-	588,084
Debt Service			
Principal	-	695,000	695,000
Interest and other charges	-	178,056	178,056
Capital Outlay:			
Administrative Services	19,645	-	19,645
Public Safety	26,251	-	26,251
Recreation Services	97,646	-	97,646
Total expenditures	1,341,154	873,056	2,214,210
Excess (deficiency) of revenues over expenditures	1,984,341	-	1,984,341
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	105,000	-	105,000
Transfers out	(3,963,330)	-	(3,963,330)
Total other financing sources and uses	(3,858,330)	-	(3,858,330)
Net decrease in fund balance	(1,873,989)	-	(1,873,989)
Fund balances (deficit) - January 1	5,283,169	-	5,283,169
Fund balances (deficit) - December 31	\$ 3,409,180	\$ -	\$ 3,409,180

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## **NONMAJOR SPECIAL REVENUE FUNDS**

**Liquor Contributions Fund** is maintained according to Section 7.12, Subdivision 2 of the City Charter. Its primary purpose is to receive profits from the municipal off-sale liquor operations, which are restricted in use to financing capital improvements of the type which would be financed by a general obligation bond issue. Project appropriations are authorized by ordinance.

The **Tourism Administration Fund** is maintained to account for the collection of lodging taxes and subsequent payment to the Richfield Tourism Promotion Board.

The **Communications Fund** is maintained to account for the quarterly cable franchise fee received and cable television city communication activities.

The **Elections Fund** was created to better account for the cost fluctuations in conducting elections. The revenue source is rental revenue derived from leases with cell phone carriers.

The **Drug/Forfeiture Fund** is maintained according to federal regulations and is used to account for monies allocated to the City and spent according to their guidelines.

The **Public Safety Compliance Fund** is maintained to account for the collection of funds from the sale of recovered property, and fines collected from violations of alcohol and tobacco compliance checks.

**Contributions – Recreation, and Nature Center** are used to account for private donations restricted by the donor to certain programs or used for the parks, Nature Center and recreation programs.

The **Public Health Grants Fund** was created to account for grant funds received for enhancing the health and environmental well being of the community.

The **Wood Lake Half Marathon Fund** was created to separately account for the proceeds and costs associated with the Half Marathon race held at Wood Lake Nature Center.

The **Utility Franchise Fee Fund** was created to account for gas and electric franchise fees received from gas and electric public utilities.

The **Swimming Pool Fund** is used to account for the operations of the City's municipal pool at Veteran's Memorial Park.

The **Special Facilities Fund** is used to account for the City's mini golf and picnic shelter operations at Veteran's Memorial Park.



CITY OF RICHFIELD, MINNESOTA  
SUBCOMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2017

	Liquor Contributions Fund	Tourism Admin	Communications	Elections	Drug/ Forfeiture	Public Safety Compliance
<b>ASSETS</b>						
Cash and investments	\$ 134,745	\$ 67,850	\$ 1,361,304	\$ 915,135	\$ 140,950	\$ 106,014
Due from other governments	-	-	-	-	-	14,215
Receivables, net	-	100	108,724	134,766	-	162
Due from other funds	-	-	42,764	-	-	-
Prepaid items	-	-	7,330	-	-	-
Advances to other funds	-	-	470,399	-	-	-
Total Assets	<u>\$ 134,745</u>	<u>\$ 67,950</u>	<u>\$ 1,990,521</u>	<u>\$ 1,049,901</u>	<u>\$ 140,950</u>	<u>\$ 120,391</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 16,731	\$ 3,904	\$ 23,552	\$ -	\$ 5,524
Accrued salaries and benefits	-	-	1,889	-	-	-
Due to other funds	-	-	-	-	-	-
Payable to other governments	-	-	-	-	216	426
Total Liabilities	<u>-</u>	<u>16,731</u>	<u>5,793</u>	<u>23,552</u>	<u>216</u>	<u>5,950</u>
<b>Fund Balances:</b>						
Nonspendable	-	-	7,330	-	-	-
Restricted	-	-	-	-	140,734	14,215
Committed	134,745	51,219	1,977,398	1,026,349	-	100,226
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>134,745</u>	<u>51,219</u>	<u>1,984,728</u>	<u>1,026,349</u>	<u>140,734</u>	<u>114,441</u>
Total Liabilities and Fund Balances	<u>\$ 134,745</u>	<u>\$ 67,950</u>	<u>\$ 1,990,521</u>	<u>\$ 1,049,901</u>	<u>\$ 140,950</u>	<u>\$ 120,391</u>

Statement 17

Recreation Contr.	Nature Center Contr.	Public Health Grants	Wood Lake Half Marathon	Utility Franchise Fees	Swimming Pool	Special Facilities	Total Nonmajor Special Revenue Funds
\$ 17,613	\$ 49,904	\$ 86,060	\$ 32,697	\$ 288,733	\$ -	\$ 16,268	\$ 3,217,273
-	-	13,143	-	-	-	-	27,358
-	-	-	-	457,491	-	-	701,243
-	-	-	-	-	-	-	42,764
-	-	-	-	-	-	-	7,330
-	-	-	-	-	-	-	470,399
<u>\$ 17,613</u>	<u>\$ 49,904</u>	<u>\$ 99,203</u>	<u>\$ 32,697</u>	<u>\$ 746,224</u>	<u>\$ -</u>	<u>\$ 16,268</u>	<u>\$ 4,466,367</u>

\$ 1,686	\$ 2,063	\$ -	\$ 82	\$ -	\$ 1,091	\$ 1,361	\$ 55,994
-	-	-	-	-	-	-	1,889
-	-	-	-	-	998,431	-	998,431
44	187	-	-	-	-	-	873
<u>1,730</u>	<u>2,250</u>	<u>-</u>	<u>82</u>	<u>-</u>	<u>999,522</u>	<u>1,361</u>	<u>1,057,187</u>

-	-	-	-	-	-	-	7,330
15,883	47,654	99,203	-	-	-	-	317,689
-	-	-	32,615	746,224	-	14,907	4,083,683
-	-	-	-	-	(999,522)	-	(999,522)
<u>15,883</u>	<u>47,654</u>	<u>99,203</u>	<u>32,615</u>	<u>746,224</u>	<u>(999,522)</u>	<u>14,907</u>	<u>3,409,180</u>

<u>\$ 17,613</u>	<u>\$ 49,904</u>	<u>\$ 99,203</u>	<u>\$ 32,697</u>	<u>\$ 746,224</u>	<u>\$ -</u>	<u>\$ 16,268</u>	<u>\$ 4,466,367</u>
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CITY OF RICHFIELD  
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2017

	Liquor Contributions Fund	Tourism Admin	Communications	Elections	Drug/ Forfeiture
<b>Revenues:</b>					
Franchise taxes	\$ -	\$ -	\$ 432,579	\$ -	\$ -
Fees and fines	-	-	-	-	33,102
<b>Intergovernmental revenues:</b>					
Federal grants	-	-	-	-	20,000
State of Minnesota -					
Other	-	-	-	-	-
County	-	-	-	-	-
<b>Total Intergovernmental Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Charges for services	-	-	-	-	-
Investment Earnings	<u>874</u>	<u>397</u>	<u>9,531</u>	<u>5,826</u>	<u>881</u>
<b>Miscellaneous:</b>					
Contributions	-	-	-	-	-
Other	-	13,021	782	235,324	-
<b>Total Miscellaneous Revenues</b>	<u>-</u>	<u>13,021</u>	<u>782</u>	<u>235,324</u>	<u>-</u>
<b>Total Revenues</b>	<u>874</u>	<u>13,418</u>	<u>442,892</u>	<u>241,150</u>	<u>53,983</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Personnel services	-	9,830	159,193	84,270	-
Other services and charges	-	-	112,335	33,742	20,389
Capital outlay	-	-	19,645	-	26,251
<b>Total Expenditures</b>	<u>-</u>	<u>9,830</u>	<u>291,173</u>	<u>118,012</u>	<u>46,640</u>
<b>Excess (Deficiency) of Revenues     over Expenditures</b>	<u>874</u>	<u>3,588</u>	<u>151,719</u>	<u>123,138</u>	<u>7,343</u>
<b>Other Financing Sources (Uses):</b>					
<b>Transfers in:</b>					
General Fund	-	-	-	-	-
<b>Transfers out:</b>					
General Fund	-	-	(100,000)	-	-
Debt Service Funds	-	-	-	-	-
Capital Project Funds	-	-	-	-	-
Enterprise Funds	-	-	(110,000)	-	-
<b>Net Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(210,000)</u>	<u>-</u>	<u>-</u>
<b>Net increase (decrease) in fund balance</b>	<u>874</u>	<u>3,588</u>	<u>(58,281)</u>	<u>123,138</u>	<u>7,343</u>
<b>Fund Balance - January 1</b>	<u>133,871</u>	<u>47,631</u>	<u>2,043,009</u>	<u>903,211</u>	<u>133,391</u>
<b>Fund Balance - December 31</b>	<u>\$ 134,745</u>	<u>\$ 51,219</u>	<u>\$ 1,984,728</u>	<u>\$ 1,026,349</u>	<u>\$ 140,734</u>

Public Safety Compliance	Recreation Contr.	Nature Center Contr.	Public Health Grants	Wood Lake Half Marathon	Utility Franchise Fees	Swimming Pool	Special Facilities	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,832,180	\$ -	\$ -	\$ 2,264,759
-	-	-	-	-	-	-	-	33,102
8,425	-	-	56,830	-	-	-	-	85,255
8,976	-	-	-	-	-	-	-	8,976
20,000	-	-	-	-	-	-	-	20,000
37,401	-	-	56,830	-	-	-	-	114,231
-	-	-	-	-	-	350,170	-	350,170
647	98	2,364	571	73	19,533	-	53	40,848
11,730	26,512	121,409	-	15,503	-	-	-	175,154
10,732	-	-	-	59,770	-	-	27,602	347,231
22,462	26,512	121,409	-	75,273	-	-	27,602	522,385
60,510	26,610	123,773	57,401	75,346	1,851,713	350,170	27,655	3,325,495
1,067	-	35,480	-	13,000	-	179,687	9,580	492,107
52,690	23,218	33,701	42,325	29,869	93,687	236,584	26,965	705,505
-	-	97,646	-	-	-	-	-	143,542
53,757	23,218	166,827	42,325	42,869	93,687	416,271	36,545	1,341,154
6,753	3,392	(43,054)	15,076	32,477	1,758,026	(66,101)	(8,890)	1,984,341
-	-	-	-	-	-	90,000	15,000	105,000
-	-	-	-	-	-	-	-	(100,000)
-	-	-	-	-	(353,330)	-	-	(353,330)
-	-	-	-	-	(3,400,000)	-	-	(3,400,000)
-	-	-	-	-	-	-	-	(110,000)
-	-	-	-	-	(3,753,330)	90,000	15,000	(3,858,330)
6,753	3,392	(43,054)	15,076	32,477	(1,995,304)	23,899	6,110	(1,873,989)
107,688	12,491	90,708	84,127	138	2,741,528	(1,023,421)	8,797	5,283,169
\$ 114,441	\$ 15,883	\$ 47,654	\$ 99,203	\$ 32,615	\$ 746,224	\$ (999,522)	\$ 14,907	\$ 3,409,180

CITY OF RICHFIELD, MINNESOTA  
 SPECIAL REVENUE FUND - LIQUOR CONTRIBUTIONS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2017

Schedule 19

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment Earnings	\$ 200	\$ 700	\$ 874	\$ 174
<b>Other Financing Sources (Uses):</b>				
<b>Transfers in:</b>				
Enterprise Funds	450,000	-	-	-
<b>Transfers out:</b>				
Capital Project Funds	(450,000)	-	-	-
<b>Net Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net increase in fund balance</b>	<b>200</b>	<b>700</b>	<b>874</b>	<b>174</b>
<b>Fund Balance - January 1</b>	<u>133,871</u>	<u>133,871</u>	<u>133,871</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u><u>\$ 134,071</u></u>	<u><u>\$ 134,571</u></u>	<u><u>\$ 134,745</u></u>	<u><u>\$ 174</u></u>

**CITY OF RICHFIELD, MINNESOTA**  
**SPECIAL REVENUE FUND - TOURISM ADMINISTRATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2017**

Schedule 20

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment Earnings	\$ 80	\$ 300	\$ 397	\$ 97
Miscellaneous:				
Other	10,360	13,300	13,021	(279)
<b>Total Revenues</b>	<u>10,440</u>	<u>13,600</u>	<u>13,418</u>	<u>(182)</u>
<b>Expenditures:</b>				
Current				
Personnel services	9,830	9,830	9,830	-
<b>Net increase (decrease) in fund balance</b>	610	3,770	3,588	(182)
<b>Fund Balance - January 1</b>	<u>47,631</u>	<u>47,631</u>	<u>47,631</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 48,241</u>	<u>\$ 51,401</u>	<u>\$ 51,219</u>	<u>\$ (182)</u>

CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - COMMUNICATIONS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2017

Schedule 21

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
Franchise taxes	\$ 420,000	\$ 428,000	\$ 432,579	\$ 4,579
Investment Earnings	2,200	8,300	9,531	1,231
Miscellaneous:				
Other	-	-	782	782
<b>Total Revenues</b>	<b>422,200</b>	<b>436,300</b>	<b>442,892</b>	<b>6,592</b>
<b>Expenditures:</b>				
Current				
Personnel services	179,230	165,980	159,193	(6,787)
Other services and charges	129,700	125,700	112,335	(13,365)
Capital outlay	30,000	-	19,645	19,645
<b>Total Expenditures</b>	<b>338,930</b>	<b>291,680</b>	<b>291,173</b>	<b>(507)</b>
<b>Excess of revenues over expenditures</b>	<b>83,270</b>	<b>144,620</b>	<b>151,719</b>	<b>7,099</b>
<b>Other Financing Uses:</b>				
Transfers out:				
General Fund	(160,000)	(150,000)	(100,000)	50,000
Enterprise Funds	-	(110,000)	(110,000)	-
<b>Net Other Financing Uses:</b>	<b>(160,000)</b>	<b>(260,000)</b>	<b>(210,000)</b>	<b>50,000</b>
<b>Net increase (decrease) in fund balance</b>	<b>(76,730)</b>	<b>(115,380)</b>	<b>(58,281)</b>	<b>57,099</b>
<b>Fund Balance - January 1</b>	<b>2,043,009</b>	<b>2,043,009</b>	<b>2,043,009</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 1,966,279</b>	<b>\$ 1,927,629</b>	<b>\$ 1,984,728</b>	<b>\$ 57,099</b>

CITY OF RICHFIELD, MINNESOTA  
 SPECIAL REVENUE FUND - ELECTIONS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2017

Schedule 22

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
Investment Earnings	\$ 1,000	\$ 4,000	\$ 5,826	\$ 1,826
<b>Miscellaneous:</b>				
Other	213,900	213,900	235,324	21,424
<b>Total Revenues</b>	<u>214,900</u>	<u>217,900</u>	<u>241,150</u>	<u>23,250</u>
<b>Expenditures:</b>				
<b>Current</b>				
Personnel services	89,210	99,210	84,270	(14,940)
Other services and charges	25,060	39,860	33,742	(6,118)
<b>Total Expenditures</b>	<u>114,270</u>	<u>139,070</u>	<u>118,012</u>	<u>(21,058)</u>
<b>Net increase in fund balance</b>	<b>100,630</b>	<b>78,830</b>	<b>123,138</b>	<b>44,308</b>
<b>Fund Balance - January 1</b>	<u>903,211</u>	<u>903,211</u>	<u>903,211</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 1,003,841</u>	<u>\$ 982,041</u>	<u>\$ 1,026,349</u>	<u>\$ 44,308</u>



CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - DRUG FORFEITURE  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2017

Schedule 23

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
Fees and Fines	\$ 40,000	\$ 20,000	\$ 33,102	\$ 13,102
Intergovernmental	-	20,000	20,000	-
Investment Earnings	200	200	881	681
<b>Miscellaneous:</b>				
Other	1,000	19,000	-	(19,000)
Total Revenues	<u>41,200</u>	<u>59,200</u>	<u>53,983</u>	<u>(5,217)</u>
<b>Expenditures:</b>				
<b>Current</b>				
Other services and charges	18,000	18,000	20,389	2,389
Capital outlay	-	26,000	26,251	251
Total Expenditures	<u>18,000</u>	<u>44,000</u>	<u>46,640</u>	<u>2,640</u>
Net increase (decrease) in fund balance	23,200	15,200	7,343	(7,857)
Fund Balance - January 1	<u>133,391</u>	<u>133,391</u>	<u>133,391</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 156,591</u>	<u>\$ 148,591</u>	<u>\$ 140,734</u>	<u>\$ (7,857)</u>

CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - PUBLIC SAFETY COMPLIANCE  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2017

Schedule 24

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over (Under)
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
Federal Grants	\$ -	\$ 9,650	\$ 8,425	\$ (1,225)
State	19,000	-	8,976	8,976
County	20,000	20,000	20,000	-
Investment Earnings	110	500	647	147
<b>Miscellaneous:</b>				
Contributions	-	-	11,730	11,730
Other	11,000	11,000	10,732	(268)
<b>Total Revenues</b>	<b>50,110</b>	<b>41,150</b>	<b>60,510</b>	<b>19,360</b>
<b>Expenditures:</b>				
<b>Current</b>				
Personnel services	2,300	2,500	1,067	(1,433)
Other services and charges	40,500	27,000	52,690	25,690
<b>Total Expenditures</b>	<b>42,800</b>	<b>29,500</b>	<b>53,757</b>	<b>24,257</b>
<b>Net increase (decrease) in fund balance</b>	<b>7,310</b>	<b>11,650</b>	<b>6,753</b>	<b>(4,897)</b>
<b>Fund Balance - January 1</b>	<b>107,688</b>	<b>107,688</b>	<b>107,688</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 114,998</b>	<b>\$ 119,338</b>	<b>\$ 114,441</b>	<b>\$ (4,897)</b>

CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - RECREATION CONTRIBUTIONS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2017

Schedule 25

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
Investment Earnings	\$ 120	\$ 120	\$ 98	\$ (22)
Miscellaneous:				
Contributions	55,000	30,000	26,512	(3,488)
<b>Total Revenues</b>	<u>55,120</u>	<u>30,120</u>	<u>26,610</u>	<u>(3,510)</u>
<b>Expenditures:</b>				
Current				
Personnel services	1,000	-	-	-
Other services and charges	50,000	22,000	23,218	1,218
<b>Total Expenditures</b>	<u>51,000</u>	<u>22,000</u>	<u>23,218</u>	<u>1,218</u>
<b>Net increase (decrease) in fund balance</b>	4,120	8,120	3,392	(4,728)
<b>Fund Balance - January 1</b>	<u>12,491</u>	<u>12,491</u>	<u>12,491</u>	-
<b>Fund Balance - December 31</b>	<u>\$ 16,611</u>	<u>\$ 20,611</u>	<u>\$ 15,883</u>	<u>\$ (4,728)</u>

CITY OF RICHFIELD, MINNESOTA  
**SPECIAL REVENUE FUND - NATURE CENTER CONTRIBUTIONS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
For the Year Ended December 31, 2017

Schedule 26

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
State	\$ -	\$ 5,000	\$ -	(5,000)
Investment Earnings	100	1,500	2,364	864
<b>Miscellaneous:</b>				
Contributions	67,000	107,000	121,409	14,409
<b>Total Revenues</b>	<u>67,100</u>	<u>113,500</u>	<u>123,773</u>	<u>10,273</u>
<b>Expenditures:</b>				
<b>Current</b>				
Personnel services	35,480	35,480	35,480	-
Other services and charges	28,500	45,000	33,701	(11,299)
Capital outlay	-	-	97,646	97,646
<b>Total Expenditures</b>	<u>63,980</u>	<u>80,480</u>	<u>166,827</u>	<u>86,347</u>
<b>Net increase (decrease) in fund balance</b>	3,120	33,020	(43,054)	(76,074)
<b>Fund Balance - January 1</b>	<u>90,708</u>	<u>90,708</u>	<u>90,708</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 93,828</u>	<u>\$ 123,728</u>	<u>\$ 47,654</u>	<u>\$ (76,074)</u>

**CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - PUBLIC HEALTH GRANTS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2017**

**Schedule 27**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Intergovernmental revenues:</b>				
Federal grants	\$ 34,220	\$ 40,900	\$ 56,830	\$ 15,930
Investment Earnings	100	100	571	471
<b>Total Revenues</b>	<u>34,320</u>	<u>41,000</u>	<u>57,401</u>	<u>16,401</u>
<b>Expenditures:</b>				
<b>Current</b>				
Other services and charges	<u>31,220</u>	<u>37,400</u>	<u>42,325</u>	<u>4,925</u>
<b>Net increase in fund balance</b>	3,100	3,600	15,076	11,476
<b>Fund Balance - January 1</b>	<u>84,127</u>	<u>84,127</u>	<u>84,127</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 87,227</u>	<u>\$ 87,727</u>	<u>\$ 99,203</u>	<u>\$ 11,476</u>

CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - WOOD LAKE HALF MARATHON  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2017

Schedule 28

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment Earnings	\$ -	\$ -	\$ 73	\$ 73
<b>Miscellaneous:</b>				
Contributions	11,000	11,000	15,503	4,503
Other	<u>50,000</u>	<u>50,000</u>	<u>59,770</u>	<u>9,770</u>
<b>Total Revenues</b>	<u>61,000</u>	<u>61,000</u>	<u>75,346</u>	<u>14,346</u>
<b>Expenditures:</b>				
<b>Current</b>				
Personnel services	32,000	13,000	13,000	-
Other services and charges	<u>28,000</u>	<u>28,000</u>	<u>29,869</u>	<u>1,869</u>
<b>Total Expenditures</b>	<u>60,000</u>	<u>41,000</u>	<u>42,869</u>	<u>1,869</u>
<b>Net increase in fund balance</b>	1,000	20,000	32,477	12,477
<b>Fund Balance - January 1</b>	<u>138</u>	<u>138</u>	<u>138</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 1,138</u>	<u>\$ 20,138</u>	<u>\$ 32,615</u>	<u>\$ 12,477</u>

CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - UTILITY FRANCHISE FEES  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
Franchise taxes	\$ 1,816,000	\$ 1,831,450	\$ 1,832,180	\$ 730
Investment Earnings	2,700	18,000	19,533	1,533
<b>Total Revenues</b>	<u>1,818,700</u>	<u>1,849,450</u>	<u>1,851,713</u>	<u>2,263</u>
<b>Expenditures:</b>				
<b>Current</b>				
Other services and charges	95,000	95,000	93,687	(1,313)
<b>Excess of revenues over expenditures</b>	<u>1,723,700</u>	<u>1,754,450</u>	<u>1,758,026</u>	<u>3,576</u>
<b>Other Financing Uses:</b>				
<b>Transfers out:</b>				
Debt Service Fund	(333,520)	(353,330)	(353,330)	-
Capital Project Fund	(3,400,000)	(3,400,000)	(3,400,000)	-
<b>Net Other Financing Uses:</b>	<u>(3,733,520)</u>	<u>(3,753,330)</u>	<u>(3,753,330)</u>	<u>-</u>
<b>Net increase (decrease) in fund balance</b>	(2,009,820)	(1,998,880)	(1,995,304)	3,576
<b>Fund Balance - January 1</b>	<u>2,741,528</u>	<u>2,741,528</u>	<u>2,741,528</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 731,708</u>	<u>\$ 742,648</u>	<u>\$ 746,224</u>	<u>\$ 3,576</u>

CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - SWIMMING POOL  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2017

Schedule 30

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 354,950	\$ 375,360	\$ 350,170	\$ (25,190)
Total Revenues	<u>354,950</u>	<u>375,360</u>	<u>350,170</u>	<u>(25,190)</u>
<b>Expenditures:</b>				
<b>Current</b>				
Personnel services	210,560	210,560	179,687	(30,873)
Other services and charges	230,490	236,140	236,584	444
Total Expenditures	<u>441,050</u>	<u>446,700</u>	<u>416,271</u>	<u>(30,429)</u>
Excess of revenues over expenditures	<u>(86,100)</u>	<u>(71,340)</u>	<u>(66,101)</u>	<u>5,239</u>
<b>Other Financing Sources:</b>				
<b>Transfers in:</b>				
General Fund	90,000	90,000	90,000	-
Net Other Financing Sources:	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Net increase in fund balance	3,900	18,660	23,899	5,239
Fund Balance - January 1	<u>(1,023,421)</u>	<u>(1,023,421)</u>	<u>(1,023,421)</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ (1,019,521)</u></u>	<u><u>\$ (1,004,761)</u></u>	<u><u>\$ (999,522)</u></u>	<u><u>\$ 5,239</u></u>



**CITY OF RICHFIELD, MINNESOTA  
SPECIAL REVENUE FUND - SPECIAL FACILITIES  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2017**

**Schedule 31**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Investment earnings	\$ -	\$ -	\$ 53	\$ 53
Miscellaneous:				
Other	34,120	34,120	27,602	(6,518)
<b>Total Revenues</b>	<u>34,120</u>	<u>34,120</u>	<u>27,655</u>	<u>(6,465)</u>
<b>Expenditures:</b>				
Current				
Personnel services	9,580	9,580	9,580	-
Other services and charges	33,780	33,870	26,965	(6,905)
<b>Total Expenditures</b>	<u>43,360</u>	<u>43,450</u>	<u>36,545</u>	<u>(6,905)</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(9,240)</u>	<u>(9,330)</u>	<u>(8,890)</u>	<u>440</u>
<b>Other Financing Sources:</b>				
Transfers in:				
General Fund	15,000	15,000	15,000	-
<b>Net Other Financing Sources:</b>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
<b>Net increase in fund balance</b>	5,760	5,670	6,110	440
<b>Fund Balance - January 1</b>	<u>8,797</u>	<u>8,797</u>	<u>8,797</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 14,557</u>	<u>\$ 14,467</u>	<u>\$ 14,907</u>	<u>\$ 440</u>

## **INTERNAL SERVICE FUNDS**

**Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost reimbursement basis. Internal Service Funds are authorized by Section 7.12, Subdivision 6 of the Richfield City Charter.**

**The Central Garage and Equipment Fund, the Information Technology Fund, the Self Insurance Fund, Building Services Fund, and the Compensated Absences Fund, are self-sustaining funds providing service to other departments within the City and for which payments are made by the using department.**

CITY OF RICHFIELD, MINNESOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
December 31, 2017

	Central Garage & Equipment Fund	Information Technology Fund	Self Insurance Fund	Building Services Fund	Compensated Absences Fund	Total
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 1,414,647	\$ 382,033	\$ 4,334,918	\$ 893,556	\$ 1,925,332	\$ 8,950,486
Receivables, net	14,691	-	-	230	-	14,921
Due from other funds	-	-	62,247	-	-	62,247
Prepaid items	-	1,418	-	-	-	1,418
<b>Total current assets</b>	<b>1,429,338</b>	<b>383,451</b>	<b>4,397,165</b>	<b>893,786</b>	<b>1,925,332</b>	<b>9,029,072</b>
<b>Noncurrent assets:</b>						
Advances to other funds	-	-	773,478	-	-	773,478
<b>Capital assets:</b>						
Buildings and equipment	9,162,986	752,899	-	442,128	-	10,358,013
Less accumulated depreciation	(5,579,027)	(485,347)	-	(214,483)	-	(6,278,857)
<b>Total noncurrent assets</b>	<b>3,583,959</b>	<b>267,552</b>	<b>773,478</b>	<b>227,645</b>	<b>-</b>	<b>4,852,634</b>
<b>Total assets</b>	<b>5,013,297</b>	<b>651,003</b>	<b>5,170,643</b>	<b>1,121,431</b>	<b>1,925,332</b>	<b>13,881,706</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>						
Deferred outflows of resources related to pensions	65,465	85,214	-	63,942	-	214,621
<b>Total assets and deferred outflows of resources</b>	<b>5,078,762</b>	<b>736,217</b>	<b>5,170,643</b>	<b>1,185,373</b>	<b>1,925,332</b>	<b>14,096,327</b>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts payable	54,739	93,866	47,545	63,900	-	260,050
Accrued salaries and benefits	5,697	7,815	-	5,782	-	19,294
Due to other governments	25,142	-	43,470	-	-	68,612
Compensated absences	5,005	13,738	-	13,723	470,138	502,604
<b>Total current liabilities</b>	<b>90,583</b>	<b>115,419</b>	<b>91,015</b>	<b>83,405</b>	<b>470,138</b>	<b>850,560</b>
<b>Noncurrent liabilities:</b>						
Compensated absences	15,490	42,521	-	42,477	1,455,194	1,555,682
Net OPEB obligation	26,687	14,823	-	18,642	-	60,152
Net pension liability	249,458	324,711	-	243,652	-	817,821
Claims and judgments	-	-	661,292	-	-	661,292
<b>Total noncurrent liabilities</b>	<b>291,635</b>	<b>382,055</b>	<b>661,292</b>	<b>304,771</b>	<b>1,455,194</b>	<b>3,094,947</b>
<b>Total liabilities</b>	<b>382,218</b>	<b>497,474</b>	<b>752,307</b>	<b>388,176</b>	<b>1,925,332</b>	<b>3,945,507</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Deferred inflows or resources related to pensions	60,068	78,189	-	58,670	-	196,927
<b>NET POSITION</b>						
Net investment in capital assets	3,583,959	267,552	-	227,645	-	4,079,156
Unrestricted	1,052,517	(106,998)	4,418,336	510,882	-	5,874,737
<b>Total net position</b>	<b>4,636,476</b>	<b>160,554</b>	<b>4,418,336</b>	<b>738,527</b>	<b>-</b>	<b>9,953,893</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 5,078,762</b>	<b>\$ 736,217</b>	<b>\$ 5,170,643</b>	<b>\$ 1,185,373</b>	<b>\$ 1,925,332</b>	<b>\$ 14,096,327</b>

**CITY OF RICHFIELD, MINNESOTA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**For the Year Ended December 31, 2017**

	Central Garage & Equipment Fund	Information Technology Fund	Self Insurance Fund	Building Services Fund	Compensated Absences Fund	Total
<b>OPERATING REVENUES</b>						
Charges for Service	\$ 1,153,690	\$ 956,072	\$ 786,912	\$ 827,867	\$ -	\$ 3,724,541
Total operating revenues	<u>1,153,690</u>	<u>956,072</u>	<u>786,912</u>	<u>827,867</u>	<u>-</u>	<u>3,724,541</u>
<b>OPERATING EXPENSES</b>						
Personnel services	363,987	432,658	391,910	363,571	12,247	1,564,373
Other service and charges	722,984	666,451	148,157	472,461	-	2,010,053
Depreciation	745,021	59,928	-	26,946	-	831,895
Total operating expenses	<u>1,831,992</u>	<u>1,159,037</u>	<u>540,067</u>	<u>862,978</u>	<u>12,247</u>	<u>4,406,321</u>
Operating gain (loss)	<u>(678,302)</u>	<u>(202,965)</u>	<u>246,845</u>	<u>(35,111)</u>	<u>(12,247)</u>	<u>(681,780)</u>
<b>NONOPERATING REVENUES</b>						
Interest and investment revenue	6,389	1,906	45,428	5,730	12,247	71,700
Intergovernmental revenue	91	118	-	89	-	298
Miscellaneous revenue	199,693	-	45,307	19,870	-	264,870
Gain (loss) on disposal of capital assets	77,710	-	-	-	-	77,710
Total nonoperating revenue	<u>283,883</u>	<u>2,024</u>	<u>90,735</u>	<u>25,689</u>	<u>12,247</u>	<u>414,578</u>
Income (loss) before transfers	<u>(394,419)</u>	<u>(200,941)</u>	<u>337,580</u>	<u>(9,422)</u>	<u>-</u>	<u>(267,202)</u>
Transfers in	840,000	180,000	70,000	-	-	1,090,000
Transfers out	-	-	(70,000)	-	-	(70,000)
Changes in net position	<u>445,581</u>	<u>(20,941)</u>	<u>337,580</u>	<u>(9,422)</u>	<u>-</u>	<u>752,798</u>
Total net position - beginning	<u>4,190,895</u>	<u>181,495</u>	<u>4,080,756</u>	<u>747,949</u>	<u>-</u>	<u>9,201,095</u>
Total net position - ending	<u>\$ 4,636,476</u>	<u>\$ 160,554</u>	<u>\$ 4,418,336</u>	<u>\$ 738,527</u>	<u>\$ -</u>	<u>\$ 9,953,893</u>

CITY OF RICHFIELD, MINNESOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2017

	Central Garage & Equipment Fund	Information Technology Fund	Self Insurance Fund	Building Services Fund	Compensated Absences Fund	Totals
<b>Cash flows from operating activities:</b>						
Receipts from interfund services provided	\$ 1,138,999	\$ 956,072	\$ 786,912	\$ 827,637	\$ -	\$ 3,709,620
Payment to employees	(361,282)	(441,613)	(391,910)	(360,993)	36,146	(1,519,652)
Payment to suppliers	(700,364)	(623,067)	(545,240)	(426,690)	-	(2,295,361)
Miscellaneous revenue	199,784	118	45,307	19,959	-	265,168
Net cash flows from operating activities	<u>277,137</u>	<u>(108,490)</u>	<u>(104,931)</u>	<u>59,913</u>	<u>36,146</u>	<u>159,775</u>
<b>Cash flows from noncapital financing activities:</b>						
Transfer from Capital Project Funds	840,000	180,000	-	-	-	1,020,000
Transfer from Internal Service Funds	-	-	70,000	-	-	70,000
Transfer to Internal Service Funds	-	-	(70,000)	-	-	(70,000)
Interfund borrowing	-	-	61,015	-	-	61,015
Net cash flows from noncapital financing activities:	<u>840,000</u>	<u>180,000</u>	<u>61,015</u>	<u>-</u>	<u>-</u>	<u>1,081,015</u>
<b>Cash flows from capital and related financing activities:</b>						
Proceeds from sale of property	31,713	-	-	-	-	31,713
Acquisition of capital assets	(872,911)	(89,155)	-	(44,360)	-	(1,006,426)
Net cash flows from capital and related financing activities	<u>(841,198)</u>	<u>(89,155)</u>	<u>-</u>	<u>(44,360)</u>	<u>-</u>	<u>(974,713)</u>
<b>Cash flows from investing activities:</b>						
Investment income	6,389	1,906	45,428	5,730	12,247	71,700
Net increase (decrease) in cash and cash equivalents	282,328	(15,739)	1,512	21,283	48,393	337,777
Cash and cash equivalents - January 1	1,132,319	397,772	4,333,406	872,273	1,876,939	8,612,709
Cash and cash equivalents - December 31	<u>\$ 1,414,647</u>	<u>\$ 382,033</u>	<u>\$ 4,334,918</u>	<u>\$ 893,556</u>	<u>\$ 1,925,332</u>	<u>\$ 8,950,486</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ (678,302)	\$ (202,965)	\$ 246,845	\$ (35,111)	\$ (12,247)	\$ (681,780)
<b>Adjustments to reconcile operating income (loss) to net cash flows from operating activities:</b>						
Miscellaneous revenue	199,784	118	45,307	19,959	-	265,168
Depreciation	745,021	59,928	-	26,946	-	831,895
<b>Changes in assets and liabilities:</b>						
Decrease (increase) in receivables	(14,691)	-	-	(230)	-	(14,921)
Decrease (increase) in prepaid items	-	(168)	-	-	-	(168)
Decrease (increase) in deferred outflows related to pensions	65,492	103,915	-	67,281	-	236,688
Increase (decrease) in payables	5,676	45,103	11,749	28,413	-	90,941
Increase (decrease) in salaries and benefits	132	(15,386)	-	211	-	(15,043)
Increase (decrease) in compensated absences	2,573	6,431	-	2,367	48,393	59,764
Increase (decrease) in due to other governments	(7,068)	-	43,470	-	-	36,402
Increase (decrease) in net OPEB obligations	1,307	450	-	786	-	2,543
Increase (decrease) in deferred inflows related to pensions	24,243	26,449	-	22,772	-	73,464
Increase (decrease) in net pension liability	(67,030)	(132,365)	-	(73,481)	-	(272,876)
Increase (decrease) in claims and judgements	-	-	(452,302)	-	-	(452,302)
Total adjustments	955,439	94,475	(351,776)	95,024	48,393	841,555
Net cash flows from operating activities	<u>\$ 277,137</u>	<u>\$ (108,490)</u>	<u>\$ (104,931)</u>	<u>\$ 59,913</u>	<u>\$ 36,146</u>	<u>\$ 159,775</u>

## FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations.

Building Permit – Surcharges Fund is maintained to account for surcharges collected for the state and to remit these funds to them.

Escrow Fund is maintained to account for various deposits, mainly contractors' deposits, to guarantee work performance improvements required by the City.

Snowmobile – Boat Licenses Fund accounts for monies collected for registration of snowmobile and boat licenses and remits these funds to the Department of Natural Resources.

Motor Vehicle Licenses Fund accounts for monies collected for registration and license fees of motor vehicles and remits these funds to the State of Minnesota.

**CITY OF RICHFIELD**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**December 31, 2017**

Statement 35

	Agency Funds			Total Fiduciary Funds
	Building Permit Surcharges	Escrow Fund	Snowmobile Boat Licenses	
<b>Assets</b>				
Cash and investments	\$ 1,727	\$ 593,029	\$ 3,040	\$ 597,796
	\$ 1,727	\$ 593,029	\$ 3,040	\$ 597,796
<b>Liabilities</b>				
Due to other governments	\$ 1,727	\$ -	\$ 3,040	\$ 4,767
Deposits	-	593,029	-	593,029
<b>Total Liabilities</b>	\$ 1,727	\$ 593,029	\$ 3,040	\$ 597,796

**CITY OF RICHFIELD, MINNESOTA  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Year Ended December 31, 2017**

	Balance January 1, 2017	Additions	Deductions	Balance December 31, 2017
<b><u>BUILDING PERMIT SURCHARGES</u></b>				
<b><u>ASSETS</u></b>				
Cash and investments	\$ 1,141	\$ 22,694	\$ 22,108	\$ 1,727
<b><u>LIABILITIES</u></b>				
Due to other governments	\$ 1,141	\$ 45,332	\$ 44,746	\$ 1,727
<b><u>ESCROW FUND</u></b>				
<b><u>ASSETS</u></b>				
Cash and investments	\$ 469,441	\$ 415,226	\$ 291,638	\$ 593,029
<b><u>LIABILITIES</u></b>				
Deposits	\$ 469,441	\$ 415,226	\$ 291,638	\$ 593,029
<b><u>SNOWMOBILE - BOAT LICENSES</u></b>				
<b><u>ASSETS</u></b>				
Cash and investments	\$ 2,803	\$ 49,605	\$ 49,368	\$ 3,040
<b><u>LIABILITIES</u></b>				
Due to other governments	\$ 2,803	\$ 44,605	\$ 44,368	\$ 3,040
<b><u>MOTOR VEHICLE LICENSES</u></b>				
<b><u>ASSETS</u></b>				
Cash and investments	\$ -	\$ 17,201,607	\$ 17,201,607	\$ -
<b><u>LIABILITIES</u></b>				
Due to other governments	\$ -	\$ 17,201,607	\$ 17,201,607	\$ -
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
<b><u>ASSETS</u></b>				
Cash and investments	\$ 473,385	\$ 17,689,132	\$ 17,564,721	\$ 597,796
<b>TOTAL ASSETS</b>	<b>\$ 473,385</b>	<b>\$ 17,689,132</b>	<b>\$ 17,564,721</b>	<b>\$ 597,796</b>
<b><u>LIABILITIES</u></b>				
Due to other governments	3,944	17,291,544	17,290,721	4,767
Deposits	469,441	415,226	291,638	593,029
<b>TOTAL LIABILITIES</b>	<b>\$ 473,385</b>	<b>\$ 17,706,770</b>	<b>\$ 17,582,359</b>	<b>\$ 597,796</b>



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**SUPPLEMENTARY FINANCIAL INFORMATION**

HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
COMBINED BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2017

Statement 37

	General	Special Revenue	Capital Projects	Total
<b><u>ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Cash and investments	\$ 1,556,079	\$ 1,586,618	\$ 5,896,969	\$ 9,039,666
Accrued interest receivable	-	-	-	-
Due from other governments	770	82,244	805,257	888,271
Accounts receivable	-	6,955	266,377	273,332
Taxes receivable	6,242	-	-	6,242
Assets held for resale	-	31,744	4,324,296	4,356,040
Restricted cash	-	2,374	-	2,374
Long term second mortgage receivable	208,660	2,295,516	-	2,504,176
Allowance for doubtful accounts	(208,660)	(2,295,516)	-	(2,504,176)
Total Assets	\$ 1,563,091	\$ 1,709,935	\$ 11,292,899	\$ 14,565,925
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 2,361	\$ 12,299	\$ 628,682	\$ 643,342
Due to other government	-	82,224	-	82,224
Due to primary government	740,250	-	12,553	752,803
Total Liabilities	742,611	94,523	641,235	1,478,369
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	\$ 6,242	\$ -	\$ -	\$ 6,242
Unavailable revenue - federal housing assistance	-	-	-	-
Unavailable revenue - tax increment	-	-	-	-
Total Deferred Inflows of Resources	6,242	-	-	6,242
Fund Balances:				
Restricted	-	40,759	7,119,547	7,160,306
Committed	-	1,485,216	-	1,485,216
Assigned	-	89,437	3,532,117	3,621,554
Unassigned	814,238	-	-	814,238
Total Fund Balances	814,238	1,615,412	10,651,664	13,081,314
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,563,091	\$ 1,709,935	\$ 11,292,899	\$ 14,565,925
Fund balance reported above				\$ 13,081,314
Allocation to reflect consolidation on internal service fund activities related to component unit				(492,825)
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in component unit funds.				
Delinquent property taxes				6,242
Net position of component unit activities				\$ 12,594,731

HOUSING AND REDEVELOPMENT AUTHORITY  
OF RICHFIELD, MINNESOTA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year December 31, 2017

Statement 38

	General	Special Revenue	Capital Projects	Total
<b>Revenues:</b>				
Taxes	\$ 519,633	\$ -	\$ 3,985,162	\$ 4,504,795
Intergovernmental revenue	-	1,881,204	1,192,210	3,073,414
Investment income	10,738	10,334	51,308	72,380
Miscellaneous revenues	46,588	68,010	988,280	1,102,878
Total Revenues	576,959	1,959,548	6,216,960	8,753,467
<b>Expenditures -</b>				
<b>Current:</b>				
Personnel services	221,429	146,938	294,734	663,101
Other services and charges	229,720	1,944,177	2,775,982	4,949,879
Capital outlay	-	-	3,437,529	3,437,529
Total Expenditures	451,149	2,091,115	6,508,245	9,050,509
Excess (Deficiency) of Revenues over Expenditures	125,810	(131,567)	(291,285)	(297,042)
<b>Other Financing Sources (Uses):</b>				
<b>Transfers in:</b>				
General Fund	-	73,924	3,000	76,924
Special Revenue Funds	29,050	-	-	29,050
Capital Project Funds	29,050	24,216	5,693	58,959
<b>Transfers out:</b>				
General Fund	-	-	(29,050)	(29,050)
Special Revenue Funds	(102,974)	-	(24,216)	(127,190)
Capital Project Funds	(3,000)	-	(5,693)	(8,693)
Net Other Financing Sources (Uses)	(47,874)	98,140	(50,266)	-
Net Changes in Fund Balances	77,936	(33,427)	(341,551)	(297,042)
Fund Balances - January 1	736,302	1,648,839	10,993,215	
Fund Balances - December 31	\$ 814,238	\$ 1,615,412	\$ 10,651,664	
Adjustment to reflect the consolidation of internal service fund activities related to component unit				(8,207)
Adjustment to reflect the change in other long-term assets not available to pay current period expenditures				(126,738)
Change in net position of component unit activities				\$ (431,987)

**City of Richfield  
Housing and Redevelopment Authority - Housing Choice Vouchers  
Financial Data Schedule  
Balance Sheet  
December 31, 2017**

**Assets**

<b>Current assets</b>		<b>2017</b>
113	Cash	\$ 2,374
121	Accounts receivable - PHA projects	451
128	Fraud recovery	13,999
128.1	Allowance for doubtful accounts - fraud	<u>(7,044)</u>
190	<b>Total assets</b>	<b><u>\$ 9,780</u></b>

**Liabilities and Fund Balance**

<b>Current liabilities</b>		
312	Accounts payable <= 90 days	\$ 333
331	Accounts payable - other government	<u>432</u>
310	<b>Total current liabilities</b>	<b>765</b>
509.3	Fund balance restricted	331
512.3	Unassigned fund balance	<u>8,684</u>
513	<b>Total fund balance</b>	<b><u>9,015</u></b>
600	<b>Total liabilities and fund balance</b>	<b><u>\$ 9,780</u></b>

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

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

City of Richfield  
Housing and Redevelopment Authority - Housing Choice Vouchers  
Financial Data Schedule  
Income Statement  
For the year ended December 31, 2017

<b>Revenue</b>	<b>2017</b>
70600 HUD PHA operating grants	\$ 1,488,695
71400 Fraud recovery	3,362
71500 Other revenue	549,545
70000 Total revenue	<u>2,041,602</u>
<b>Operating expenses</b>	
<b>Administrative expenses</b>	
91100 Administrative salaries	95,706
91200 Auditing fees	1,000
91500 Employee benefit contributions - administrative	51,232
91600 Office expenses	28,801
91000 Total operating administrative expenses	<u>176,739</u>
<b>General expenses</b>	
96200 Other general expenses	30,244
	<u>30,244</u>
96900 Total operating expenses	<u>206,983</u>
<b>Excess of operating revenue over operating expenses</b>	<b>1,834,619</b>
<b>Other expenses</b>	
97300 Housing assistance payments	1,341,045
97350 HAP Portability-in	515,923
90000 Total other expenses	<u>1,856,968</u>
<b>Other financing sources</b>	
10030 Operating Transfers from Primary Government	13,660
10100 Total Other financing sources	<u>13,660</u>
<b>Net increase (decrease) in net position</b>	<b>(8,689)</b>
<b>Net position - beginning</b>	<u>17,704</u>
<b>Net position - ending</b>	<u><u>\$ 9,015</u></u>
<b>Memo account information</b>	
11170 Administrative fee equity	8,684
11180 Housing assistance payments equity	331
Total net position	<u><u>\$ 9,015</u></u>
11190 Unit months available	2,431
11210 Number of unit months leased	2,364

**Note: 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.

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### **III. STATISTICAL SECTION (UNAUDITED)**

**This part of the City of Richfield's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.**

#### **Financial Trends**

**These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.**

#### **Revenue Capacity**

**These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.**

#### **Debt Capacity**

**These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.**

#### **Demographic and Economic Information**

**These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.**

#### **Operating Information**

**These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.**



Schedule 1  
City of Richfield  
Net Position by Components  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Net investment in capital assets	\$ 46,038,420	\$ 45,358,789	\$ 45,717,964	\$ 50,996,302	\$ 50,719,652	\$ 48,633,166	\$ 53,868,489	\$ 53,489,119	\$ 51,478,014	\$ 46,432,821
Restricted	17,736,711	18,955,821	18,729,736	4,106,339	4,773,505	2,824,310	3,625,019	6,159,180	3,093,111	3,388,199
Unrestricted	3,302,508	3,825,158	4,861,701	14,489,164	16,420,037	20,321,278	17,269,452	5,339,294	(428,034)	(4,174,406)
Total governmental activities net position	\$ 67,077,639	\$ 68,139,768	\$ 69,309,401	\$ 69,591,805	\$ 71,913,194	\$ 71,778,754	\$ 74,762,960	\$ 64,987,593	\$ 54,143,091	\$ 45,646,614
<b>Business-type activities</b>										
Net investment in capital assets	\$ 21,045,188	\$ 21,000,169	\$ 20,297,510	\$ 18,768,234	\$ 18,482,474	\$ 19,212,879	\$ 14,105,007	\$ 14,610,034	\$ 16,757,963	\$ 19,656,557
Restricted	272,507	272,507	272,507	272,507	272,507	272,507	-	-	-	-
Unrestricted	3,820,994	3,147,419	3,380,134	4,457,373	5,062,397	3,890,596	9,019,091	2,723,163	2,429,606	4,155,490
Total business-type activities net position	\$ 25,138,689	\$ 24,420,095	\$ 23,950,151	\$ 23,498,114	\$ 23,817,378	\$ 23,375,982	\$ 23,124,098	\$ 17,333,197	\$ 19,187,569	\$ 23,812,047
<b>Primary government</b>										
Net investment in capital assets	\$ 67,083,608	\$ 66,358,958	\$ 66,015,474	\$ 69,764,536	\$ 69,202,126	\$ 67,846,045	\$ 67,973,496	\$ 68,099,153	\$ 68,235,977	\$ 60,155,878
Restricted	18,009,218	19,228,328	19,002,243	4,378,846	5,046,012	3,096,817	3,625,019	6,159,180	3,093,111	3,388,199
Unrestricted	7,123,502	6,972,577	8,241,835	18,946,537	21,482,434	24,211,874	26,288,543	8,062,457	2,001,572	5,914,584
Total primary government net position	\$ 92,216,328	\$ 92,559,863	\$ 93,259,552	\$ 93,089,919	\$ 95,730,572	\$ 95,154,736	\$ 97,887,058	\$ 82,320,790	\$ 73,330,660	\$ 69,458,661

Note: The City implemented GASB Statement No. 68 and GASB Statement No. 71 in 2015. Years prior to 2015 have not been restated.

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Schedule 2  
City of Richfield  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 2,352,600	\$ 2,435,317	\$ 2,241,131	\$ 2,871,668	\$ 2,874,868	\$ 3,042,891	\$ 3,102,253	\$ 3,112,271	\$ 3,503,975	\$ 3,261,312
Public safety	8,779,156	9,220,252	7,956,850	8,337,565	8,207,554	8,369,982	8,010,123	8,367,770	11,080,522	9,430,593
Fire	3,111,442	2,849,347	3,375,222	3,342,834	3,427,929	3,365,043	3,757,853	4,114,362	5,766,379	4,275,793
Community development	322,428	143,142	1,118,218	1,145,063	1,136,623	1,322,175	1,360,558	1,390,908	1,489,202	1,364,675
Public Works	16,834,546	30,589,925	7,310,898	6,837,282	7,076,058	9,545,980	9,647,341	15,932,128	16,161,254	15,028,590
Parks and recreation	2,063,866	2,260,043	1,943,071	2,118,937	2,015,873	2,154,180	3,882,319	3,973,233	4,244,085	4,142,433
Interest on long-term debt	1,182,413	1,684,937	1,569,436	1,534,727	1,496,022	1,196,968	1,220,893	1,118,400	1,786,750	1,751,627
<b>Total governmental activities expenses</b>	\$ 34,646,451	\$ 49,182,963	\$ 25,514,826	\$ 26,188,076	\$ 26,234,927	\$ 28,997,219	\$ 30,981,140	\$ 38,009,072	\$ 44,032,167	\$ 39,253,023
<b>Business-type activities</b>										
Liquor	\$ 10,439,862	\$ 10,454,379	\$ 10,231,138	\$ 10,309,292	\$ 10,799,198	\$ 10,308,021	\$ 10,639,175	\$ 10,246,033	\$ 10,018,719	\$ 10,729,098
Water and sewer utility	6,359,038	6,402,596	6,543,019	6,698,270	6,699,992	7,217,814	7,271,227	7,503,496	8,067,365	7,957,436
Storm sewer utility	1,103,688	1,158,998	1,099,575	1,056,249	1,167,332	1,260,211	1,220,584	1,263,819	1,462,684	1,623,854
Recreation Fund	1,716,063	1,701,676	1,671,877	1,680,331	1,679,838	1,745,104	-	-	-	-
Street Light utility	-	1,640	-	-	-	-	-	-	-	-
<b>Total business-type activities expenses</b>	\$ 19,618,651	\$ 19,719,289	\$ 19,545,609	\$ 19,744,142	\$ 20,346,360	\$ 20,531,150	\$ 19,130,986	\$ 19,013,348	\$ 19,548,768	\$ 20,310,388
<b>Total primary government expenses</b>	\$ 54,265,102	\$ 68,902,252	\$ 45,060,435	\$ 45,932,218	\$ 46,581,287	\$ 49,528,369	\$ 50,112,126	\$ 57,022,420	\$ 63,580,935	\$ 59,563,411
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 441,704	\$ 404,782	\$ 398,787	\$ 438,427	\$ 514,721	\$ 545,092	\$ 672,182	\$ 795,899	\$ 830,145	\$ 762,824
Public safety	1,448,515	1,484,728	689,767	752,083	683,347	822,423	837,168	828,737	640,411	721,376
Fire	3,400	21,150	15,589	14,376	15,899	12,140	25,905	13,605	18,180	14,414
Community development	18,775	10,325	1,038,020	967,780	1,188,057	985,884	1,305,144	1,146,164	1,383,804	1,289,746
Public Works	30,352	19,698	15,205	277,224	290,307	309,848	308,784	307,611	309,235	309,361
Parks and recreation	345,259	326,746	381,511	396,727	413,146	419,164	1,608,943	1,721,646	1,751,634	1,694,849
<b>Total Charges for services</b>	<b>2,288,005</b>	<b>2,267,429</b>	<b>2,538,879</b>	<b>2,846,617</b>	<b>3,105,477</b>	<b>3,094,551</b>	<b>4,758,126</b>	<b>4,813,662</b>	<b>4,933,409</b>	<b>4,792,570</b>
Operating grants and contributions:										
Public safety	914,722	787,410	1,003,961	767,708	813,807	776,911	852,230	818,401	906,083	823,813
Fire	162,580	138,196	129,055	288,954	275,595	163,949	141,794	150,837	161,310	178,447
Public Works	250,784	257,775	268,305	292,677	337,167	328,310	453,428	316,893	338,323	338,043
Parks and recreation	28,802	34,938	3,484	8,947	22,180	26,396	2,032	19,261	28,611	10,397
<b>Total Operating grants and contributions</b>	<b>1,356,888</b>	<b>1,218,319</b>	<b>1,404,815</b>	<b>1,358,286</b>	<b>1,448,749</b>	<b>1,295,566</b>	<b>1,449,484</b>	<b>1,305,392</b>	<b>1,434,327</b>	<b>1,350,700</b>
Capital grants and contributions:										
Public safety	-	-	-	20,000	-	-	-	-	-	-
Community development	1,549,344	1,546,075	1,549,542	1,559,732	2,029,215	820,737	861,086	868,587	869,352	873,056
Public Works	11,463,338	26,141,406	2,012,957	1,216,632	1,180,578	1,764,952	2,174,565	5,266,238	3,864,463	2,449,438
Parks and recreation	-	200,248	-	-	11,971	-	30,253	-	-	-
<b>Total Capital grants and contributions</b>	<b>13,012,682</b>	<b>27,887,729</b>	<b>3,678,529</b>	<b>2,796,364</b>	<b>3,221,764</b>	<b>2,585,689</b>	<b>3,065,904</b>	<b>6,134,825</b>	<b>4,733,815</b>	<b>3,322,494</b>
<b>Total governmental activities program revenues</b>	\$ 16,657,575	\$ 31,373,477	\$ 7,622,223	\$ 7,001,267	\$ 7,775,990	\$ 6,975,806	\$ 9,273,514	\$ 12,253,879	\$ 11,101,551	\$ 9,465,764

Note: The City implemented GASB Statement No. 68 and GASB Statement No. 71 in 2015. Years prior to 2015 have not been restated.

Schedule 2 (cont.)  
City of Richfield  
Changes in Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Business-type activities</b>										
Charges for services:										
Liquor	\$ 11,302,384	\$ 11,349,563	\$ 11,117,676	\$ 11,198,404	\$ 11,807,489	\$ 11,137,402	\$ 11,500,417	\$ 10,859,642	\$ 10,457,318	\$ 11,351,640
Water & Sewer	5,503,808	5,703,187	6,099,325	6,525,152	6,940,791	7,008,087	7,222,179	7,314,887	7,647,683	8,023,101
Storm Sewer	941,542	936,509	980,077	991,950	1,238,267	1,117,761	1,204,476	1,181,739	1,352,699	1,495,191
Recreation Activities	1,239,389	1,293,946	1,248,111	1,196,110	1,131,040	1,120,189	-	-	-	-
Street Light utility	-	82,832	274,182	-	-	-	-	-	-	-
Capital Grants & Contributions	1,123,416	-	-	-	-	-	-	200,000	-	-
Total business-type activities program revenues	20,110,539	19,366,037	19,719,371	19,911,616	21,117,587	20,383,439	19,927,072	19,556,268	19,457,700	20,863,932
Total primary government program revenues	36,768,114	50,739,514	27,341,594	26,912,883	28,893,577	27,359,245	29,200,586	31,810,147	30,559,251	30,335,696
Net (Expense) Revenue	(17,988,876)	(17,809,486)	(17,892,603)	(19,186,809)	(18,458,937)	(22,021,413)	(21,707,626)	(25,755,193)	(32,930,616)	(29,789,259)
Governmental activities	491,888	(353,252)	173,762	167,474	771,227	(147,711)	796,086	542,920	(91,068)	559,544
Business-type activities	(17,496,988)	(18,162,738)	(17,718,841)	(19,019,335)	(17,687,710)	(22,169,124)	(20,911,540)	(25,212,273)	(33,021,684)	(29,229,715)
Total primary government net expense	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>General Revenues and other changes in Net Position</b>										
Governmental activities	\$ 12,417,269	\$ 13,631,513	\$ 14,522,676	\$ 15,276,804	\$ 17,025,767	\$ 17,985,988	\$ 18,613,321	\$ 18,388,710	\$ 18,398,414	\$ 19,075,553
Property taxes	1,033,940	1,055,073	1,161,200	1,236,825	1,259,670	1,304,716	1,973,751	2,230,602	2,260,122	2,264,759
Franchise taxes	2,144,629	2,719,211	3,200,480	3,319,307	1,230,268	1,223,981	1,937,907	2,054,379	2,084,057	2,094,443
Unrestricted grants and contributions	1,719,487	836,787	1,214,910	846,105	631,131	710,988	809,564	1,069,172	940,134	1,573,837
Others	1,253,330	629,031	842,970	790,172	633,490	661,300	866,460	1,009,749	(1,596,613)	(3,715,810)
Transfers	18,568,655	18,871,615	19,062,236	19,469,213	20,780,326	21,886,973	24,201,003	24,752,612	22,086,114	21,292,782
Total governmental activities	407,169	263,689	199,264	170,661	181,527	481,633	309,319	335,616	348,827	349,124
Business-type activities	(1,253,330)	(629,031)	(842,970)	(790,172)	(633,490)	(661,300)	(866,460)	(1,009,749)	1,596,613	3,715,810
Transfers	(846,161)	(365,342)	(643,706)	(619,511)	(451,963)	(179,667)	(557,141)	(674,133)	1,945,440	4,064,934
Total business-type activities	\$ 17,722,494	\$ 18,506,273	\$ 18,418,530	\$ 18,843,702	\$ 20,328,363	\$ 21,707,306	\$ 23,643,862	\$ 24,078,479	\$ 24,031,554	\$ 25,357,716
Total primary government	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Changes in Net Position	\$ 579,779	\$ 1,062,129	\$ 1,169,633	\$ 282,404	\$ 2,321,389	\$ (134,440)	\$ 2,493,377	\$ (1,002,581)	\$ (10,844,502)	\$ (8,496,477)
Governmental activities	(354,273)	(718,594)	(469,944)	(452,037)	319,264	(327,378)	238,945	(131,213)	1,854,372	4,624,478
Business-type activities	225,506	343,535	639,577	(169,633)	2,640,653	(461,818)	2,732,322	(1,133,794)	(8,990,130)	(3,871,999)
Total primary government	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Note: The City implemented GASB Statement No. 68 and GASB Statement No. 71 in 2015. Years prior to 2015 have not been restated.

Schedule 3  
City of Richfield  
Fund Balance, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved	\$ 92,303	\$ 91,326	\$ 73,146	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,657,999	6,683,584	6,756,678	-	-	-	-	-	-	-
Nonspendable	-	-	-	67,919	72,531	72,413	83,241	85,424	76,593	82,273
Unassigned	-	-	-	6,886,065	7,235,983	7,679,767	8,414,671	8,601,783	8,625,011	8,672,054
<b>Total general fund</b>	<b>\$ 6,750,302</b>	<b>\$ 6,774,910</b>	<b>\$ 6,829,824</b>	<b>\$ 6,953,984</b>	<b>\$ 7,308,514</b>	<b>\$ 7,752,180</b>	<b>\$ 8,497,912</b>	<b>\$ 8,687,207</b>	<b>\$ 8,701,604</b>	<b>\$ 8,754,327</b>
<b>All Other Governmental Funds</b>										
Reserved										
Advances to other funds	\$ -	\$ -	\$ 908,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	7,330	20,275	20,275	-	-	-	-	-	-	-
Debt service	3,240,201	3,860,116	10,850,982	-	-	-	-	-	-	-
Unreserved, reported in										
Special revenue funds	10,529,219	10,603,383	3,195,982	-	-	-	-	-	-	-
Capital project funds	14,683,130	17,748,413	12,261,522	-	-	-	-	-	-	-
Nonspendable	-	-	-	20,275	7,330	7,330	7,330	7,330	7,330	7,330
Restricted	-	-	-	2,682,735	3,198,047	3,360,006	3,477,447	6,195,103	14,300,168	10,990,575
Committed	-	-	-	6,010,283	6,469,737	6,703,091	7,409,218	9,417,154	13,209,935	11,585,895
Assigned	-	-	-	4,728,247	4,826,523	7,539,435	7,385,044	12,653,949	6,844,543	7,921,533
Unassigned	-	-	-	(66,244)	(307,452)	(217,010)	(5,327,013)	(5,155,757)	(5,205,632)	(5,244,580)
<b>Total all other government funds</b>	<b>\$ 28,459,880</b>	<b>\$ 32,232,187</b>	<b>\$ 27,237,511</b>	<b>\$ 13,375,296</b>	<b>\$ 14,194,185</b>	<b>\$ 17,392,852</b>	<b>\$ 12,952,026</b>	<b>\$ 23,117,779</b>	<b>\$ 29,156,344</b>	<b>\$ 25,260,753</b>

Note: The City implemented GASB Statement 54 in 2011. This information is not available for previous years.

Schedule 4  
City of Richfield  
Changes in Fund Balance, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Property taxes	\$ 12,373,968	\$ 13,614,364	\$ 14,583,414	\$ 15,436,001	\$ 16,975,557	\$ 18,116,437	\$ 18,370,724	\$ 18,407,060	\$ 18,357,209	\$ 19,112,961
Franchise taxes	1,033,940	1,055,073	1,161,200	1,236,825	1,259,670	1,304,716	1,973,751	2,230,602	2,260,122	2,264,759
Special assessments	333,854	386,977	356,068	332,974	338,582	295,384	975,724	222,667	194,607	306,140
Fees and fines	349,481	389,819	415,624	447,611	377,343	467,095	493,947	442,278	279,437	345,143
License and permits	794,272	733,326	901,746	810,617	928,747	938,455	1,030,746	985,367	1,124,025	1,061,107
Intergovernmental	16,235,985	31,506,661	6,088,027	5,262,097	5,502,036	4,903,648	5,486,032	9,272,706	7,971,353	6,526,885
Charges for services	1,144,252	1,144,284	1,221,509	1,588,389	1,799,387	1,689,001	3,233,433	3,386,017	3,529,947	3,386,320
Investment earnings	915,215	240,971	178,949	95,422	58,402	35,355	62,931	56,206	157,444	247,818
Miscellaneous	499,675	535,604	997,545	723,012	530,813	638,488	726,303	980,395	719,430	1,254,319
<b>Total revenues</b>	<b>33,680,642</b>	<b>49,607,079</b>	<b>25,904,082</b>	<b>25,932,948</b>	<b>27,770,537</b>	<b>28,388,579</b>	<b>32,353,591</b>	<b>35,983,298</b>	<b>34,593,574</b>	<b>34,405,452</b>
<b>Expenditures</b>										
General government	2,182,970	2,075,721	2,055,395	2,098,161	2,184,584	2,207,715	2,478,487	2,523,323	2,602,322	2,633,435
Police	8,228,342	8,320,110	7,607,999	7,972,936	7,886,426	8,228,719	7,761,398	7,936,351	8,310,386	8,330,682
Fire	3,097,345	3,153,679	3,230,065	3,251,870	3,283,640	3,495,925	3,561,443	3,845,082	4,056,978	4,140,668
Community Development	251,917	220,912	1,075,950	1,092,855	1,096,509	1,215,361	1,297,986	1,337,103	1,330,766	1,349,571
Public Works	15,443,128	29,253,543	5,313,266	4,727,177	4,854,365	7,244,947	7,424,484	13,814,201	13,457,283	12,643,244
Recreation services	1,854,522	1,712,717	1,725,477	1,815,018	1,756,185	1,795,561	3,207,929	3,282,355	3,382,122	3,379,327
Capital outlay	183,858	113,155	73,903	202,064	101,130	48,636	1,128,508	523,092	743,485	549,084
Construction/acquisition cost	7,502,583	2,879,275	14,801,527	8,471,460	3,217,198	1,934,877	1,215,892	1,840,072	2,207,711	4,087,867
Debt service:										
Principal	1,000,000	1,285,000	1,600,000	1,955,000	2,850,000	1,830,000	2,760,000	2,565,000	2,125,000	8,140,000
Interest and other charges	1,146,342	1,424,744	1,726,989	1,637,254	1,602,365	1,230,904	1,257,263	1,271,643	1,563,351	1,699,998
<b>Total expenditures</b>	<b>40,891,007</b>	<b>50,438,856</b>	<b>39,210,571</b>	<b>33,223,795</b>	<b>28,832,402</b>	<b>29,232,645</b>	<b>32,093,390</b>	<b>38,938,222</b>	<b>39,779,404</b>	<b>46,953,876</b>
Excess of revenues over (under) expenditures	(7,210,365)	(831,777)	(13,306,489)	(7,290,847)	(1,061,865)	(844,066)	260,201	(2,954,924)	(5,185,830)	(12,548,424)
<b>Other Financing Sources(Uses)</b>										
Bonds issued	9,995,000	4,550,000	7,855,000	-	5,090,000	3,120,000	-	9,100,000	11,215,000	12,175,000
Premium (Discounts) on debt issued	(72,303)	(22,339)	146,587	-	20,307	76,365	-	278,526	516,582	319,366
Proceeds from sale of capital assets	-	-	-	-	-	6,804	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	(6,610,000)	(2,705,000)	-	-	-	-	(2,950,000)
Transfers in	13,724,429	6,579,328	11,890,481	2,458,913	5,016,917	5,773,029	3,333,711	11,965,883	4,368,205	5,333,223
Transfers out	(12,992,149)	(6,478,297)	(11,525,341)	(2,296,121)	(5,186,940)	(5,806,099)	(3,227,251)	(11,848,134)	(4,860,995)	(6,172,033)
<b>Total other financing sources(uses)</b>	<b>10,654,977</b>	<b>4,628,692</b>	<b>8,366,727</b>	<b>(6,447,208)</b>	<b>2,235,284</b>	<b>3,170,099</b>	<b>106,460</b>	<b>9,496,275</b>	<b>11,238,792</b>	<b>8,705,556</b>
<b>Net change in fund balances</b>	<b>\$ 3,444,612</b>	<b>\$ 3,796,915</b>	<b>\$ (4,939,762)</b>	<b>\$ (13,738,055)</b>	<b>\$ 1,173,419</b>	<b>\$ 2,326,033</b>	<b>\$ 366,661</b>	<b>\$ 6,541,351</b>	<b>\$ 6,052,962</b>	<b>\$ (3,842,868)</b>
Debt service as a percentage of noncapital expenditures	6.5%	5.7%	13.7%	14.6%	17.5%	11.2%	13.5%	10.5%	10.0%	23.3%

Schedule 5  
City of Richfield  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years  
(in thousand of dollars)

Year Ended December 31	Residential Property	Commercial Property	Industrial Property	Total Taxable		Total	
				Assessed Value	Estimated Market Value	Assessed Value	Direct Tax Rate (1)
2008	2,564,008	632,433	5,779	3,202,220	3,289,409	39.31%	
2009	2,387,793	584,442	5,655	2,977,890	3,214,994	44.33%	
2010	2,198,407	508,244	4,985	2,711,636	2,990,148	49.79%	
2011	1,954,100	497,407	4,913	2,456,420	2,669,488	56.80%	
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	3,072,682	62.66%	
2017	2,462,327	582,035	14,300	3,058,662	3,266,449	58.41%	

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

Source: Hennepin County Finance Department

Schedule 6  
City of Richfield  
Property Tax Rates-Direct and Overlapping Governments  
Per \$1,000 of Assessed Value or Tax Capacity  
Last Ten Fiscal Years

Fiscal Year	<u>Direct City Rates</u>				Total City	<u>Overlapping Rates</u>			Total Direct & Overlapping Rates
	General	Debt	HRA			School District	Hennepin County	Metropolitan Agencies	
2008	36.05%	1.86%	1.40%		39.31%	21.87%	38.57%	7.39%	107.14%
2009	37.91%	4.62%	1.81%		44.33%	23.08%	40.41%	7.15%	114.98%
2010	41.22%	6.73%	1.83%		49.79%	23.60%	42.64%	8.14%	124.16%
2011	48.60%	6.39%	1.81%		56.80%	26.76%	45.84%	9.17%	138.57%
2012	54.21%	6.59%	1.76%		62.56%	28.89%	48.23%	9.52%	149.21%
2013	56.77%	7.29%	1.60%		65.67%	31.01%	49.46%	10.09%	156.23%
2014	56.79%	7.67%	1.71%		66.17%	34.14%	49.95%	10.58%	160.83%
2015	53.17%	6.97%	1.53%		61.66%	26.66%	46.40%	9.79%	144.50%
2016	53.19%	7.80%	1.67%		62.66%	28.77%	45.36%	9.53%	146.32%
2017	50.18%	6.67%	1.56%		58.41%	27.05%	44.09%	9.32%	138.87%

Source: Hennepin County Assessing Office



Schedule 7  
 City of Richfield  
 Principal Property Tax Payers

2017

2008

Tax payer	Assessed Value/ Tax Capacity	Rank	Percentage of Total City Tax Capacity Value	Tax payer	Assessed Value/ Tax Capacity	Rank	Percentage of Total City Tax Capacity Value
Best Buy	\$ 3,203,690	1	8.89%	Best Buy	\$ 3,064,310	1	7.87%
Meridian Crossings LLC	1,119,250	2	3.11%	Ohio Teachers Retirement System	1,193,630	2	3.07%
JiW, Inc.	722,410	3	2.00%	Shoppes at Lyndale	1,075,690	3	2.76%
MSP Crossroads Apartments	502,388	4	1.39%	Hub Shopping Center	552,350	4	1.42%
Menard, Inc.	486,470	5	1.35%	City Bella	467,873	5	1.20%
CSM Corporation	400,690	6	1.11%	Dick's Sporting Goods	439,810	6	1.13%
Brixmor SPE 5, LLC	346,310	7	0.96%	Richfield State Agency	401,210	7	1.03%
Target Corporation	281,670	8	0.78%	Century Court Apartments	364,425	8	0.94%
DRFC Southdale Square	279,250	9	0.77%	Target	358,710	9	0.92%
CSM Shops, Inc.	269,510	10	0.75%	Market Plaza	337,795	10	0.87%
<b>Total</b>	<b>\$ 7,611,638</b>		<b>21.12%</b>	<b>Total</b>	<b>\$ 8,255,803</b>		<b>21.21%</b>

Source: Hennepin County Assessing Office

Schedule 8  
City of Richfield  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Net Total Property Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2008	12,441,451	12,247,426	98.4%	194,025	12,441,451	100.0%	-	0.0%
2009	13,664,697	13,502,685	98.8%	162,012	13,664,697	100.0%	-	0.0%
2010	14,575,518	14,464,099	99.2%	4,170	14,468,269	99.3%	-	0.0%
2011	16,037,434	15,901,906	99.2%	21,107	15,923,013	99.3%	-	0.0%
2012	17,477,266	17,261,829	98.8%	(6,816)	17,255,013	98.7%	6,368	0.0%
2013	17,744,951	17,631,536	99.4%	(13,836)	17,617,700	99.3%	11,767	0.1%
2014	18,012,303	17,933,454	99.6%	(10,503)	17,922,951	99.5%	21,748	0.1%
2015	18,745,569	18,685,167	99.7%	(1,290)	18,683,877	99.7%	28,477	0.2%
2016	19,125,557	19,001,616	99.4%	75,271	19,076,887	99.7%	50,033	0.3%
2017	19,664,285	19,568,641	99.5%	-	19,568,641	99.5%	115,893	0.6%

Notes: (1) Net amount certified to County after credits and adjustments.

Schedule 9  
City of Richfield  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Year	Government Activities				Business Type Activities						Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Redevelopment Bonds	Improvement Bonds	Capital Notes	G.O.	Storm Sewer Bonds	Ice Arena Bonds	Water & Sewer Bonds	Water Bonds	Water & Sewer Bonds	Water Bonds			
2008	13,050,000	18,780,000	515,000		2,435,000	1,185,000	5,875,000	-	41,840,000	-	1,242		
2009	12,120,000	22,975,000	515,000		2,350,000	1,110,000	5,660,000	-	44,730,000	-	1,321		
2010	17,500,000	24,105,000	260,000		2,260,000	1,035,000	5,440,000	-	50,600,000	-	1,436		
2011	10,205,000	23,095,000	-		2,170,000	955,000	5,210,000	1,480,000	43,115,000	-	1,219		
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		

Note: statements

Note: Information on personal income is not available.

Schedule 10  
City of Richfield  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds		Redevelopment Bonds	Total	Less: Amounts Available in Debt Service Fund		Net Total	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2008	19,295,000	13,050,000	32,345,000	3,240,201	29,104,799	0.91%	864		
2009	23,490,000	12,120,000	35,610,000	3,860,116	31,749,884	1.07%	938		
2010	24,365,000	17,500,000	41,865,000	10,850,982	31,014,018	1.14%	880		
2011	23,095,000	10,205,000	33,300,000	2,006,261	31,293,739	1.27%	885		
2012	23,880,000	8,955,000	32,835,000	1,525,230	31,309,770	1.35%	870		
2013	25,785,000	8,340,000	34,125,000	1,680,344	32,444,656	1.32%	902		
2014	24,460,000	7,685,000	32,145,000	2,388,013	29,756,987	1.18%	826		
2015	31,989,510	7,020,000	39,009,510	1,653,862	37,355,648	1.41%	1,033		
2016	42,212,887	6,340,000	48,552,887	2,192,838	46,360,049	1.61%	1,268		
2017	44,228,837	5,645,000	49,873,837	1,904,043	47,969,794	1.57%	1,320		

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

(1) Total Taxable Assessed Value can be found in Schedule 5.

(2) Population data can be found in Schedule 14.

Schedule 11  
City of Richfield  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2017

Jurisdiction	Net Debt Outstanding (1)	Percentage Applicable to City of Richfield (2)	Amount Applicable to City of Richfield
City of Richfield	\$ 49,873,837	100.00%	\$ 49,873,837
Hennepin County	\$ 911,083,511	1.78%	\$ 16,217,286
Independent School District #280, Richfield, MN	21,321,981	68.81%	14,671,655
Hennepin Suburb Park District	45,784,829	2.49%	1,140,042
Hennepin Regional RR Authority	26,942,546	2.49%	670,869
Metropolitan Council	12,606,580	0.91%	114,720
<b>Total</b>	<b>\$ 1,017,739,447</b>		<b>\$ 32,814,573</b>
			<b>\$ 82,688,410</b>

Source: Hennepin County Property Tax

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.

Schedule 12  
 City of Richfield  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (in thousand dollars)

<u>Legal Debt Margin Calculation for Fiscal Year 2017</u>										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Market Value of taxable property										\$ 3,058,662
Debt Limit (3% of market value of taxable property)										91,760
Total debt applicable to debt limit										<u>42,506</u>
Legal debt margin										<u>49,254</u>
Debt limit	\$ 96,067	\$ 83,337	\$ 81,349	\$ 73,693	\$ 69,416	\$ 73,493	\$ 75,837	\$ 79,550	\$ 80,126	\$ 91,760
Total debt applicable to limit	18,100	22,383	23,167	21,992	22,978	24,151	22,875	30,910	29,522	42,506
Legal debt margin	\$ 77,967	\$ 60,954	\$ 58,182	\$ 51,701	\$ 46,438	\$ 49,342	\$ 52,962	\$ 48,640	\$ 50,604	\$ 49,254
Total net debt applicable to the limit as a percentage of debt limit	18.84%	26.86%	28.48%	29.84%	33.10%	32.86%	30.16%	38.86%	36.84%	46.32%



Schedule 14  
City of Richfield  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2008	33,676					4,053	6.0%
2009	33,859					3,995	6.7%
2010	35,228					3,980	6.4%
2011	35,376					4,131	5.8%
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					4,228	2.2%

Sources: Minnesota Department of Employment and Economic Development, Metropolitan Council, and Richfield School District #280.

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



Schedule 15  
 City of Richfield  
 Principal Employers

		2017			2008		
<u>Employer</u>	<u>No. of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employer</u>	<u>No. of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Best Buy Corporate office	6,000	1	29.90%	Best Buy Corporate Office	5,200	1	28.58%
U.S. Bancorp	2,144	2	10.69%	I.S.D. No. 280 (Richfield)	656	2	3.61%
Independent School District 280	719	3	3.58%	GMAC-RFC	530	3	2.91%
Target at Cedar Point Commons	350	4	1.74%	City of Richfield	245	4	1.35%
Metro Sales Inc.	270	5	1.35%	Metro Sales, Inc.	243	5	1.34%
Fraser School	244	6	1.22%	Best Buy Store at Shops at Lyndale	200	6	1.10%
Menards	200	7	1.00%	Target at Cedar Point Commons	200	7	1.10%
City of Richfield	190	8	0.95%	Richfield Health Center	122	8	0.67%
Headway Emotional Health Services	100	9	0.50%	Metro Dental	119	9	0.65%
Weis Builders	75	10	0.37%	Weis Builders	119	10	0.65%
<b>Total</b>	<b>10,292</b>		<b>51.30%</b>	<b>Total</b>	<b>7,634</b>		<b>41.96%</b>

Sources: Minnesota State Business Directory, Richfield Chamber of Commerce, and the Minnesota Manufacturers Register.

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

Schedule 16  
City of Richfield  
Full-Time Equivalent City Employees by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General government</b>										
Management services	6	4	3	3	3	3	3	3	3	3
Finance	6	5	6	6	7	5	6	5	6	6
City Clerk	9	8	7	7	8	8	9	9	10	9
Assessing	1	1	1	1	1	1	1	1	1	1
Others	10	9	11	10	10	10	11	12	11	12
<b>Public Safety</b>										
Police officers	45	45	46	46	46	46	46	48	48	49
Dispatchers	8	8	7	6	6	7	8	0	0	0
Others	19	12	13	14	14	14	14	14	14	14
<b>Fire</b>										
Fire fighters and officers	26	24	26	26	26	26	26	27	27	27
<b>Community Development</b>										
Planning/Zoning	2	2	2	2	2	2	2	2	2	2
Inspections	7	7	7	7	7	8	8	8	8	8
Others	12	12	10	10	8	8	8	6	7	7
<b>Public Works</b>										
Engineering	4	5	4	4	4	3	3	3	3	4
Street and park maintenance	19	18	23	20	20	20	20	19	20	18
Forestry	1	3	4	4	4	4	4	4	4	4
Others	11	8	5	6	5	5	5	6	6	6
<b>Parks and recreation</b>										
Liquor	24	24	26	27	28	25	26	25	23	24
Water and Wastewater	15	14	18	18	18	18	18	17	16	18
Storm Water	1	1	1	1	1	1	1	1	1	1
Recreation funds	17	16	16	15	15	15	0	0	0	0
<b>Total</b>	<b>263</b>	<b>244</b>	<b>254</b>	<b>250</b>	<b>251</b>	<b>247</b>	<b>252</b>	<b>243</b>	<b>242</b>	<b>245</b>

Full Time Equivalent - includes intermittent, seasonal, and part-time employees adjusted to full time equivalent status.

Source: City Administration Services office

Schedule 17  
 City of Richfield  
 Operating Indications by Function/Program  
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Police</b>										
Physical arrest	470	493	571	468	451	490	404	435	471	489
Total Offenses Cited	6,672	6,859	6,171	5,536	5,111	6,599	7,284	5,764	6,352	6,435
<b>Fire</b>										
Emergency responses	3,602	3,634	3,773	3,917	4,066	4,096	4,135	4,195	4,073	4,287
Fires extinguished	62	110	117	109	101	90	75	90	83	72
<b>Other public works</b>										
Streets resurfacing (miles)	3.91	3.21	3.68	-	0.50	0.20	-	14.30	15	16
Potholes repaired (tons of asphalt used)	174.26	475.14	367.72	599.24	441.95	732.00	306.46	100.79	81.4	18.64
<b>Parks and recreation</b>										
Athletic field permits issued	50	87	89	47	54	58	52	55	56	53
<b>Water</b>										
New connections	-	-	-	-	1	2	4	2	6	9
Connections eliminated (Redevelopment)	-	-	-	-	-	-	17	4	18	3
Water main breaks	11	8	13	11	7	13	9	19	16	15
Average daily consumption (million of gallons)	3.35	3.24	3.03	3.09	3.19	3.02	2.90	2.84	2.70	2.70
Peak daily consumption (million of gallons)	7.41	6.75	5.63	5.90	6.81	6.24	6.01	4.97	4.80	5.23
<b>Waste Water</b>										
Average daily sewage treatment (million of gallons)	3.01	2.90	2.72	2.88	3.08	3.13	3.16	3.16	3.14	3.02

Sources: Various city departments

Note: Indicators are not available for the general government function

Schedule 18  
City of Richfield  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
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										
Street (miles)	125.19	125.19	125.19	123.43	123.43	123.43	123.43	123.43	123.43	123.43
Highway (miles)	6.64	6.64	6.64	7.17	7.17	7.17	7.17	7.17	7.17	7.17
Street lights	3,183	3,183	3,184	3,183	3,183	3,349	3,349	3,349	3,349	3,349
Traffic signals	50	50	49	49	49	49	49	49	49	49
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 Rink - 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	121	121	121	121	120
Fire hydrants	1,043	1,043	1,043	1,044	1,046	1,047	1,048	1,052	1,050	1,053
Storage capacity (millions of gallons)	5	5	5	5	5	5	5	5	5	5
Wastewater										
Sanitary sewers (miles)	119.4	119.4	119.4	119.4	119.4	119.4	119.4	119.4	119.4	119.4
Storm sewers (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 government.

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