



Richfield City Council Agenda

June 23, 2026 -- 7:00 PM

Richfield Municipal Center
Council Chambers
6700 Portland Avenue South

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Presentations**
 - a. **Gene and Mary Jacobsen Awards Ceremony**
4. **Approval of the Agenda**
5. **Approval of Minutes**
 - a. **Meeting Minutes from the City Council Regular Meeting from June 9, 2026.**
 - b. **Meeting Minutes from the City Council Special Meeting from June 16, 2026.**
6. **Open Forum**

Participants can share their comments in person, by voicemail, or email, and may also request to participate virtually. For more information on submitting comments, refer to the Council Agenda and Minutes page on richfieldmn.gov/citycouncil
7. **Proclamations and Presentations**
 - a. **Receipt of the City of Richfield Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2025.**
8. **Consent Calendar**

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

 - a. **Approve Disbursements/Claims**
 - b. **Consider Resolutions of Support for Project Submittals for the 2026 Metropolitan Council Regional Solicitation.**
 - c. **Consider approval of a request for three (3) new Secondhand Goods Dealer licenses for EcoATM, LLC.**
 - d. **Consider approval of a Temporary On-Sale Intoxicating Liquor license for the Richfield Foundation's Wine Tasting event scheduled for Thursday, October 8, 2026, in the atrium area of Woodlake Center, located at 6601 Lyndale Ave South.**
 - e. **Consider approval of a Temporary On Sale Intoxicating Liquor license for the Fred Babcock Days event scheduled to take place August 1, 2026, at Fred Babcock VFW #5555, located at 6715 Lakeshore Drive.**
 - f. **Appoint 2026 Election Judges for the Primary and General Elections.**
 - g. **Consider adoption of a resolution authorizing the City to affirm the monetary limits on statutory municipal tort liability.**
 - h. **Consider approval of an agreement with Preferred Properties, in the amount of \$263,970, for the replacement of exterior soffit on rink one of the Richfield Ice Arena.**
9. **Consideration of Items, if Any Removed From Consent Calendar**
10. **Public Hearings**
11. **Proposed Ordinances**
 - a. **Consider the first reading of an ordinance amending Subsection 840.11 of the Richfield City Code, pertaining to alcohol in City parks.**
12. **Resolutions**
 - a. **A resolution related to the amended 2026 General Pay Plan.**
 - b. **Summary of the City Manager's annual performance evaluation for the period of July 2025 to June 2026, held on June 9 and June 16, 2026, as required by Minn. Statutes**

13D.05 Subd. 3(a), and consider a resolution amending the employment agreement between the City of Richfield and City Manager Katie Rodriguez.

- 13. Other Business**
- 14. City Manager's Report**
- 15. Council Discussion**
 - a. Hats off to Hometown Hits**
 - b. Council Liaison Reports**
- 16. Adjournment**

Auxiliary aids for individuals with disabilities are available upon request. Requests must be made at least 96 hours in advance to the City Clerk at 612-861-9739.

Includes Materials - Materials relating to these agenda items can be found in the Council Chambers Agenda Packet book located by the entrance. The complete Council Agenda Packet is available electronically on the City of Richfield website.



Report Prepared By:

Department Director:

Katie Rodriguez, City Manager

Item for Consideration:

Gene and Mary Jacobsen Awards Ceremony

EXECUTIVE SUMMARY

The Richfield Human Rights Commission has selected a Citizen of the Year award recipient since 1971. The award is given to a family, group, organization, business or individual who lives or works in Richfield and whose actions demonstrate an awareness and commitment to the attitudes and practices that foster human understanding, tolerance and the spirit of human relations. Due to the large number of nominees for this year's award, all nominees were invited to the celebration.

The Richfield Human Rights Commission has awarded the 2026 Gene and Mary Jacobsen Outstanding Citizen award to Maria Day.

Maria was already active in the Richfield community through her work with Head Start and free produce stand, but Operation Metro Surge led her to dedicate part of her home to what became known as the Richfield Little Pantry. By leveraging a network of volunteers, Maria and the Richfield Little Pantry provided vital groceries and household supplies to neighbors in need. She exemplifies generosity, compassion, and community spirit.

RECOMMENDED ACTION

HISTORICAL CONTEXT

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

CRITICAL TIMING ISSUES

FINANCIAL IMPACT

LEGAL CONSIDERATIONS

ALTERNATIVE RECOMMENDATION(S)

ATTACHMENTS

None



CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

Council Regular Meeting

June 9, 2026

ITEM #1	CALL TO ORDER
----------------	----------------------

The meeting was called to order by Mayor Supple at 7:00 p.m. on June 9, 2026, in the Council Chambers.

Council Present: Mary Supple, Mayor; Walter Burk, Sean Hayford Oleary, Sharon Christensen, and Rori A. Coleman-Woods.

Staff Present: Katie Rodriguez, City Manager; Sack Thongvanh, Assistant City Manager; Kristin Asher, Public Works Director; Melissa Poehlman, Community Development Director; Karl Huemiller, Recreation Services Director; Sam Ketchum, serving in place for Mary Tietjen, City Attorney; and Michelle Friedrich, City Clerk.

ITEM #2	PLEDGE OF ALLEGIANCE
----------------	-----------------------------

Mayor Supple led the Pledge of Allegiance.

ITEM #3	APPROVAL OF THE AGENDA
----------------	-------------------------------

MOTION: made by Council Member Hayford Oleary, seconded by Council Member Christensen to approve the agenda as presented.

Voting Aye: Mayor Supple, Council Member Burk, Council Member Hayford Oleary, Council Member Christensen, and Council Member Coleman-Woods.

Motion carried: 5-0

ITEM #4	APPROVAL OF MINUTES
----------------	----------------------------

MOTION: made by Council Member Burk, seconded by Council Member Hayford Oleary to approve the minutes of the (4a) City Council Work Session from May 26, 2026, and (4b) Regular Meeting from May 26, 2026.

Voting Aye: Mayor Supple, Council Member Burk, Council Member Hayford Oleary, Council Member Christensen, and Council Member Coleman-Woods.

Motion carried: 5-0

ITEM #5	OPEN FORUM
----------------	-------------------

Mayor Supple noted the process for individuals wishing to speak during Open Forum and reviewed the three-minute time limit for public comments and explained the use of time warning cards to alert the speaker when their time is almost expired. Instructions were given for speakers to state their name and city of residence before speaking. No residents participated in the Open Forum opportunity.

ITEM #6	PROCLAMATIONS AND PRESENTATIONS
----------------	--

a. Proclamation Celebrating Juneteenth.
 Mayor Supple read the proclamation celebrating Juneteenth. The proclamation was received by Human Rights Commission Liaison Council Member Burk.

b. Proclamation Celebrating Ava Wiederholt.
 Mayor Supple read the proclamation celebrating Ava Weiderholt. The proclamation was received by Ava Weiderholt.

ITEM #7	CONSENT CALENDAR
----------------	-------------------------

City Manager Rodriguez presented the consent calendar.

- a. Approve Disbursements/Claims

U.S. BANK	Thru 06-05-2026
A/P Checks/ETF's: (05-15-2026 through 05-29-2026)	\$3,530,526.30
Payroll (06-05-2026) <i>Includes health insurance premiums for June 2026.</i>	<u>\$1,371,441.82</u>
TOTAL	\$4,901,968.12

- b. Consideration of a Professional Service Agreement with TC2 to assist the City with the 2050 Comprehensive Plan update.

- c. Resolution supporting the City of Richfield's selection to host a Minnesota GreenCorps Member.

**RESOLUTION 12426
 SUPPORTING THE CITY OF RICHFIELD'S SELECTION TO HOST A MINNESOTA GREENCORPS MEMBER**

- d. Resolution authorizing the Mayor and City Manager to execute two Active Transportation Grant Agreements with the Metropolitan Council.

**RESOLUTION 12427
 AUTHORIZING THE MAYOR AND CITY MANAGER TO EXECUTE TWO ACTIVE TRANSPORTATION GRANT AGREEMENTS WITH THE METROPOLITAN COUNCIL**

MOTION: made by Council Member Coleman-Woods, seconded by Council Member Burk, to approve Consent Calendar items 7a-d as presented.

Voting Aye: Mayor Supple, Council Member Burk, Council Member Hayford Oleary, Council Member Christensen, and Council Member Coleman-Woods.

Motion carried: 5-0

ITEM #8	CONSIDERATION OF ITEMS, IF ANY, REMOVED FROM CONSENT CALENDAR
----------------	--

None.

ITEM #9	PUBLIC HEARINGS
----------------	------------------------

None.

ITEM #10	PROPOSED ORDINANCES
-----------------	----------------------------

None.

ITEM #11	RESOLUTIONS
-----------------	--------------------

- a. Consideration of a policy for use of the 4d (1) tax classification as a tool to create and preserve affordable housing.

Council Member Hayford Oleary presented staff report 11a, a proposed policy for the use of the 4d (1) tax classification to support affordable housing. The policy reflects the direction of the Council and the Housing and Redevelopment Authority Commission’s direction that 4d (1) should be used only as a last resort after other funding sources have been exhausted. Priority would be given to preserving existing affordable housing and projects that advance key housing goals. For new construction, 4d (1) would only be considered when it meets City priorities and is financially beneficial to the City.

MOTION: made by Council Member Hayford Oleary, seconded by Council Member Burk, to adopt a resolution approving a policy governing the use of 4d (1) tax classification to help create and preserve affordable housing.

Council Members expressed support for the 4d (1) policy and thanked staff for their work developing a balanced approach. Council discussion emphasized the importance of adhering to the policy when evaluating future requests, recognizing the need to balance affordable housing goals with the tax impacts on other property owners and agreed that the policy will serve as a useful framework for evaluating future requests.

RESOLUTION 12428

APPROVING THE ADOPTION OF A 4d (1) TAX CLASSIFICATION POLICY

Voting Aye: Mayor Supple, Council Member Burk, Council Member Hayford Oleary, Council Member Christensen, and Council Member Coleman-Woods.

Motion carried: 5-0

ITEM #12	OTHER BUSINESS
-----------------	-----------------------

- a. Consider and approve either a 46-day in-person or an 18-day early voting period for 2026 based on new election legislation passed on May 15, 2026, establish an absentee ballot board with Hennepin County, and a city absentee ballot board on election days, and as needed throughout the 46 days of absentee voting.

Council Member Coleman-Woods presented staff report 12a, which included options for implementing new state election legislation that allows municipalities to choose either a 46-day in-person absentee voting period or an 18-day in-person early voting period for 2026 elections. Staff also recommended appointing Hennepin County as the absentee ballot board during the absentee voting period and establishing a City absentee ballot board for election days and as needed throughout the voting period.

Council Members asked questions about how residents would access and return absentee ballots under the proposed 18-day in-person voting period. Staff explained that residents still have availability to vote beginning 46 days before an election through mail, online requests, or at Hennepin County Government Center, and can still drop-off ballots at City Hall. Staff also outlined plans to communicate the changes to residents and confirmed that computer access would be available at City Hall to assist voters with requesting mail-out ballots or with registering to vote. Council members expressed support for the 18-day option, noting that it maintains voter access and ballot security while reducing administrative workload and costs.

MOTION: made by Council Member Burk, seconded by Council Member Christensen, to approve a resolution establishing an 18-day in-person early voting administration process for the statewide primary and general elections in Richfield, Minnesota; appointing Hennepin County as the primary absentee ballot board for Richfield elections during the 46-day absentee voting period; establishing a City absentee ballot board as needed during the 46-day absentee voting period; and establishing a City absentee ballot board for the statewide primary election on August 11, 2026, and the general election on November 3, 2026.

**RESOLUTION 12429
ESTABLISHING THE CITY OF RICHFIELD’S ABSENTEE AND EARLY VOTING
ADMINISTRATION PERIOD AND ADMINISTRATION OF ABSENTEE BALLOT
BOARD FOR ALL FUTURE PRIMARY AND GENERAL ELECTIONS HELD ON
THE SAME DAY AS A STATEWIDE ELECTION PURSUANT TO MINNESOTA
STATUTES § 203B.05**

Voting Aye: Mayor Supple, Council Member Burk, Council Member Hayford Oleary, Council Member Christensen, and Council Member Coleman-Woods.

Motion carried: 5-0

ITEM #13	CITY MANAGER’S REPORT
-----------------	------------------------------

City Manager Rodriguez noted nothing to report for this evening.

ITEM #14	COUNCIL DISCUSSION
-----------------	---------------------------

- a. Hats off to Hometown Hits.

Council Member Coleman-Woods expressed appreciation to all the 2026 Richfield graduating seniors.

Council Member Christensen reminded residents that the Richfield Pool is opening at Veterans Park on Friday, June 12.

Council Member Hayford Oleary thanked Pizza Lucé for hosting its annual bike tour, which connects all eight metro-area locations. Council Member Hayford Oleary noted he participated in part of the ride and noted strong community participation, with more than 100 bicycles filling the bike racks and parking area at the Richfield location. The event highlighted local biking activity and provided a fun opportunity for residents to engage in the community.

Council Member Burk expressed appreciation to City Clerk Friedrich for providing a thorough and informative presentation to the Human Rights Commission on election laws and election administration in Richfield.

Mayor Supple invited residents to attend the Summer Kickoff event at the Municipal Center and Heredia Park, featuring family-friendly activities, community information booths, entertainment, and a State of the Community address. The mayor also congratulated local graduates, students, and educators on the completion of the school year and thanked Frasier School for hosting a recent tour of its facilities.

b. Council Liaison Reports

No reports were discussed.

ITEM #15	CLOSED SESSION
-----------------	-----------------------

a. Closed Session City Manager Evaluation

Mayor Supple announced the closed session item, and stated, "Council is moving into a closed session meeting in the Babcock Room for the purpose of conducting a performance evaluation of City Manager Katie Rodriguez, pursuant to Minnesota Statutes, section 13D.05, subdivision 3(a).

MOTION: made by Council Member Burk, seconded by Council Member Coleman-Woods to recess the regular meeting and move into the closed session meeting.

Voting Aye: Supple, Burk, Hayford Oleary, Christensen, and Coleman-Woods.

Motion carries: 5:0

Council recessed to closed session at 7:32 pm.

Council reconvened the regular meeting at 9:13 pm.

Mayor Supple stated, "Council will now reconvene the regular meeting at 9:13 pm. The Council met in a closed session to conduct the performance evaluation of City Manager Rodriguez pursuant to Minnesota Statutes, section 13D.05, subd. 3(a). The Council will hold another closed-session performance evaluation meeting on June 16, 2026; and as required by law, will provide a summary of the performance evaluation at the June 23, 2026, regular council meeting.

ITEM #16	ADJOURNMENT
-----------------	--------------------

MOTION: made by Council Member Burk, seconded by Council Member Coleman-Woods to adjourn the meeting at 9:15 p.m.

Voting Aye: Supple, Burk, Hayford Oleary, Christensen, and Coleman-Woods.

Motion carries: 5:0

Date Approved: June 23, 2026

Mary Supple
Mayor

Michelle Friedrich
City Clerk

Katie Rodriguez
City Manager

DRAFT



CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

City Council Special Meeting

June 16, 2026

1. CALL TO ORDER

The special meeting was called to order by Mayor Mary Supple at 5:05 p.m. in the Executive Conference Room.

Council Present: Mary Supple, Mayor; Walter Burk; Sharon Christensen; Sean Hayford Oleary. and Rori Coleman-Woods.

Staff Present: Katie Rodriguez, City Manager.

ITEM #2	CLOSED EXECUTIVE SESSION
----------------	---------------------------------

- a. Convene a closed session meeting to conduct a performance evaluation of City Manager Katie Rodriguez, pursuant to Minnesota Statutes, section 13,05, subd. 3(a).

The special closed session was conducted pursuant to Minnesota State Statutes, section 13D.05, subd. 3(a).

Mayor Supple stated, "Council will hold a closed-session meeting in the Executive Conference Room for the purpose of conducting a performance evaluation with City Manager Katie Rodriguez, pursuant to Minnesota Statutes section 13D.05, subd. 3(a)."

MOTION: made by Council Member Burk, seconded by Council Member Hayford Oleary, to go into a closed session for the purpose of conducting a performance evaluation with City Manager Katie Rodriguez, pursuant to Minnesota Statute 13D.05, subd. 3(a).

Voting Aye: Mayor Supple, Council Member Burk, Council Member Hayford Oleary, and Council Member Christensen.

Motion carried: 4-0

Council Member Coleman-Woods arrived at 5:11 pm.

Council conducted the closed session performance evaluation meeting.

MOTION: made by Council Member Coleman-Woods, seconded by Council Member Burk, to close the closed session meeting.

Voting Aye: Mayor Supple, Council Member Burk, Council Member Hayford Oleary, Council Member Christensen, and Council Member Coleman-Woods.

Motion carried: 5-0

ITEM #3	ADJOURNMENT
----------------	--------------------

MOTION: made by Council Member Hayford Oleary, seconded by Council Member Christensen, to adjourn the meeting at 6:31 p.m.
Voting Aye: Mayor Supple, Council Member Burk, Council Member Hayford Oleary, Council Member Christensen, and Council Member Coleman-Woods.
Motion carried: 5-0

Date Approved: June 23, 2026

Mary B. Supple
Mayor

Michelle Friedrich
City Clerk

Katie Rodriguez
City Manager



Report Prepared By:
Mary Bogie, Interim Finance Director

Department Director:
Mary Bogie, Interim Finance Director

Item for Consideration:
Receipt of the City of Richfield Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2025.

EXECUTIVE SUMMARY

As required by state law, all cities over 2,500 in population must have an annual audit in accordance with Generally Accepted Accounting Principles (GAAP). In addition, the Annual Comprehensive Financial Report and audit must be presented to the City Council and filed with the Office of the State Auditor (OSA) within 6 months of the close of each fiscal year.

Bergan KDV, Ltd has completed the annual audit of the City's financial report and has issued their opinion that the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund, Ice Arena Special Revenue Fund, and Elections Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. Caroline Stutsman, Manager at BerganKDV, Ltd, will present their findings and be available for questions at the meeting.

RECOMMENDED ACTION

By Motion: Accept the Annual Comprehensive Financial Report for the year ended December 31, 2025.

HISTORICAL CONTEXT

The City has received the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association for many years and will be submitting the 2025 Annual Comprehensive Financial Report for consideration.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

Accurate financial information is critical for decisions that further the City's priorities detailed in its 2023-2027 Strategic Plan, including operational excellence, community development, sustainable infrastructure, a high-quality workforce and equity and inclusion.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

Summarized in the Executive Summary.

CRITICAL TIMING ISSUES

FINANCIAL IMPACT

The Annual Comprehensive Financial Report's Letter of Transmittal and Management's Discussion and Analysis, along with the auditors Communication Letter provide a summary of the financial results for the year ended December 31, 2025.

LEGAL CONSIDERATIONS

The Annual Comprehensive Financial Report will be submitted by the June 30 deadline to the Minnesota Office of the State Auditor and will be published in the Sun Current pursuant to state law.

ALTERNATIVE RECOMMENDATION(S)

None.

ATTACHMENTS

1. CL - 2025 Richfield - Final
2. ACFR - 2025 Richfield - Final
3. IC-UG-LC - 2025 Richfield Final
4. City of Richfield - 6-22-26 ACFR Presentation



City of Richfield
Communications Letter
December 31, 2025

**City of Richfield
Table of Contents**

Report on Matters Identified as a Result of the Audit of the Basic Financial Statements	1
Material Weakness	3
Required Communication	4
Financial Analysis	10
Emerging Issues	20



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

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

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota, as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the City's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

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

The material weakness identified is stated within this letter.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated June 11, 2026, on such statements.

The purpose of this communication, which is an integral part of our audit, is to describe for the Members of the City Council and management and others within the City and state oversight agencies the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

BerganKDV, Ltd.

St. Cloud, Minnesota
June 11, 2026

City of Richfield Material Weakness

Lack of Segregation of Accounting Duties

The City had a lack of segregation of accounting duties due to a limited number of office employees due city size and funding. The lack of adequate segregation of accounting duties could adversely affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. In order to have appropriate segregation of accounting duties, the performance of the following duties would need to be completed by a different employee: initiation and authorization of transactions, recording and processing of transactions, reconciliation and reporting of transactions, and financial information, and custody of assets.

During the course of our engagement, we proposed a material audit adjustment that would not have been identified as a result of the City's existing internal controls system and, therefore, could have resulted in a material misstatement of the City's financial statements. The material audit adjustment detected as a result of audit procedures were corrected by management. The adjustments to prior period net position and fund balance were determined and corrected by management.

Management and the City Council must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

City of Richfield Required Communication

We have audited the basic financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2025. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

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

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

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

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

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

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

City of Richfield Required Communication

Our Responsibility in Relation to *Government Auditing Standards*

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

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

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

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

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

Significant Risks

We addressed the following significant risks of material misstatement identified in our planning procedures:

- **Improper Revenue Recognition**
 - Revenue recognition is considered a fraud risk on substantially all engagements as it generally has a significant impact on the results of the government operations. In addition, complexities exist surrounding the calculation and recording of various revenue sources.
- **Management Override of Controls through Journal Entries**
 - Management override of internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results.
- **Significant Accounting Estimates**
 - Net Pension Liability, Deferred Outflows of Resources Related to Pensions, and Deferred Inflows of Resources Related to Pensions are generally material to the financial statements and involve significant estimates.

City of Richfield Required Communication

Significant Risks (Continued)

- Significant Accounting Estimates (Continued)
 - Total OPEB Liability, Deferred Outflows of Resources Related to OPEB, and Deferred Inflows of Resources Related to OPEB are generally material to the financial statements and involve significant estimates.
 - Land held for resale is generally material to the financial statements and involves significant estimates.
 - Lease Receivable and Deferred Inflows of Resources Related to leases are generally material to the financial statements and involve significant estimates.
- Improper Payroll Activity
 - Due to a significant amount of turnover, there is a risk of incorrectly recording payroll activity within the City.

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to the basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

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

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

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

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

**City of Richfield
Required Communication**

Qualitative Aspects of the City's Significant Accounting Practices (Continued)

Significant Accounting Estimates and Related Disclosures (Continued)

Lease Receivable and Related Deferred Inflows of Resources Related to Leases - These balances are based on estimates and judgments determined by the City related to the discount rate, lease term, and lease payments.

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

Financial Statement Disclosures

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

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

The following bullet point summarizes the uncorrected financial statement misstatement whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the basic financial statements taken as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

- Inventory balance overstated based on error projection.

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

- Prior period adjustment related to unearned revenue and revenue.
- Accounts payable

City of Richfield Required Communication

Disagreements with Management

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

Representations Requested from Management

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

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

Other Information Included in Annual Reports

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

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

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

**City of Richfield
Required Communication**

Other Information Included in Annual Reports (Continued)

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

City of Richfield Financial Analysis

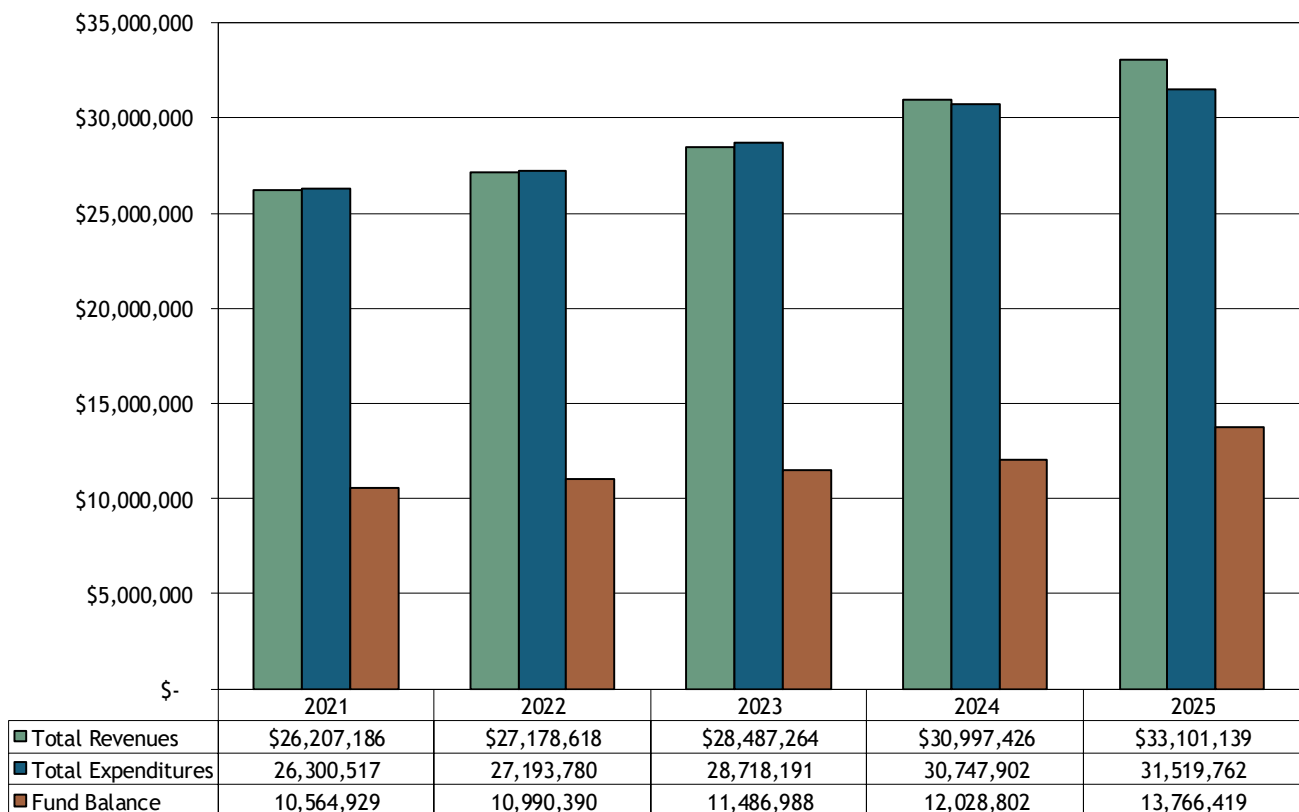
The following pages provide graphic representation of select data pertaining to the financial position and operations of the City for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future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

General Fund

As illustrated in the graph below, total revenues exceeded total expenditures in the General Fund in 2024 and 2025. This activity, combined with net transfers in of \$156,240 resulted in an increase in fund balance of \$1,737,617 in 2025. The City's total fund balance of \$13,766,419 at December 31, 2025, represents 43.7% of General Fund expenditures based on 2025 spending levels. The City relies on year-end fund balance to finance much of the subsequent year's expenditures, since major property tax settlements are not received until June.

The City's target General Fund balance is to maintain a minimum unassigned fund balance of 40% of the current year end actual General Fund expenditures. At December 31, 2025, the City's unassigned fund balance amounted to \$13,693,552, which excludes nonspendable fund balance for prepaid items of \$72,867. This amount equals 43.4% of the City's 2025 actual General Fund expenditures.

General Fund Revenues, Expenditures, and Fund Balance



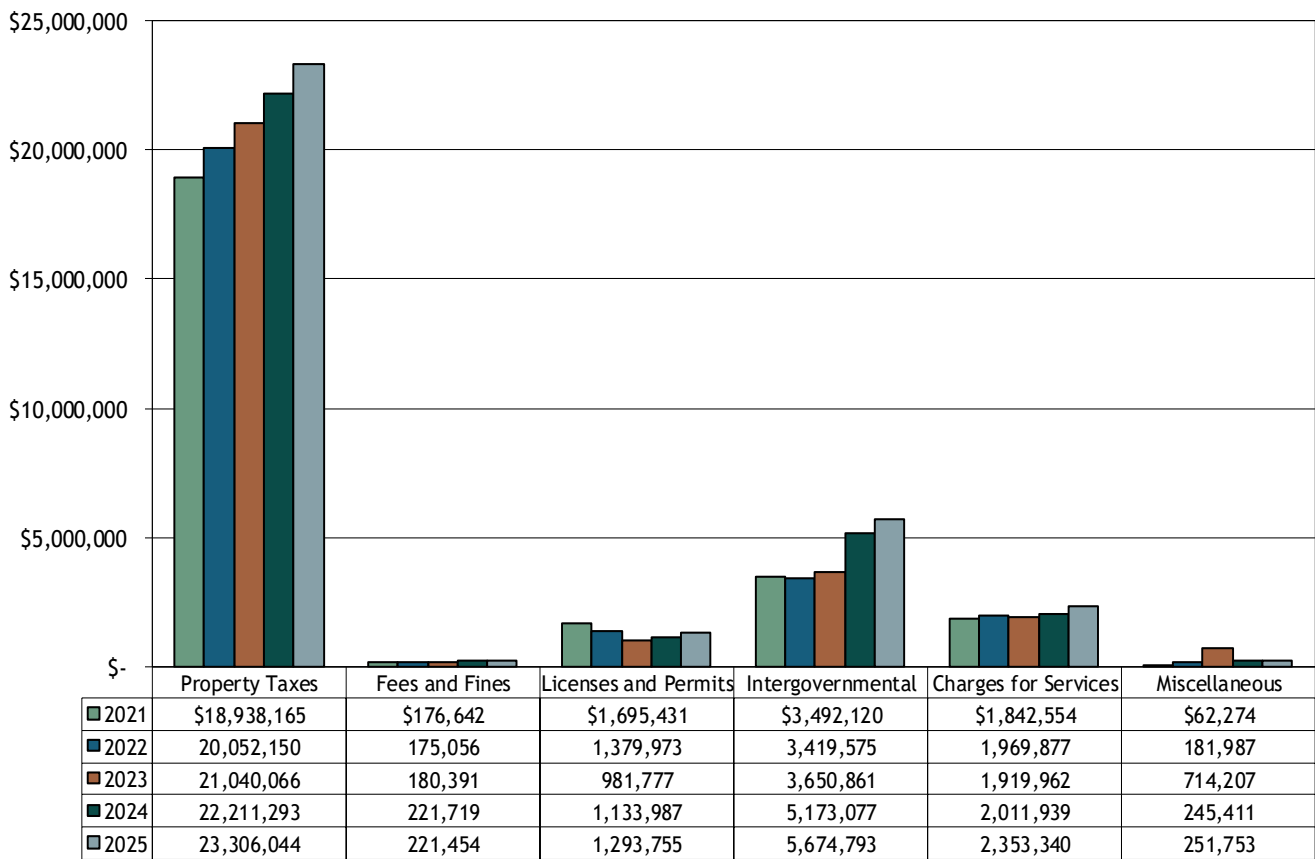
City of Richfield Financial Analysis

General Fund Revenues

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

General Fund revenues increased \$2,103,713 from 2024. Property taxes increased \$1,094,751 because of an increase in the levy. Licenses and permits increased \$159,768 as a result of additional building activity during the year. Intergovernmental revenues increased \$501,716 due to an increase in state aids and grants. Charges for services revenue increased \$341,401 due to fee increases and increased ROW permits resulting from internet fiber installation work that expanded beyond what was anticipated for the year. All other categories remained consistent with the prior year.

General Fund Revenues

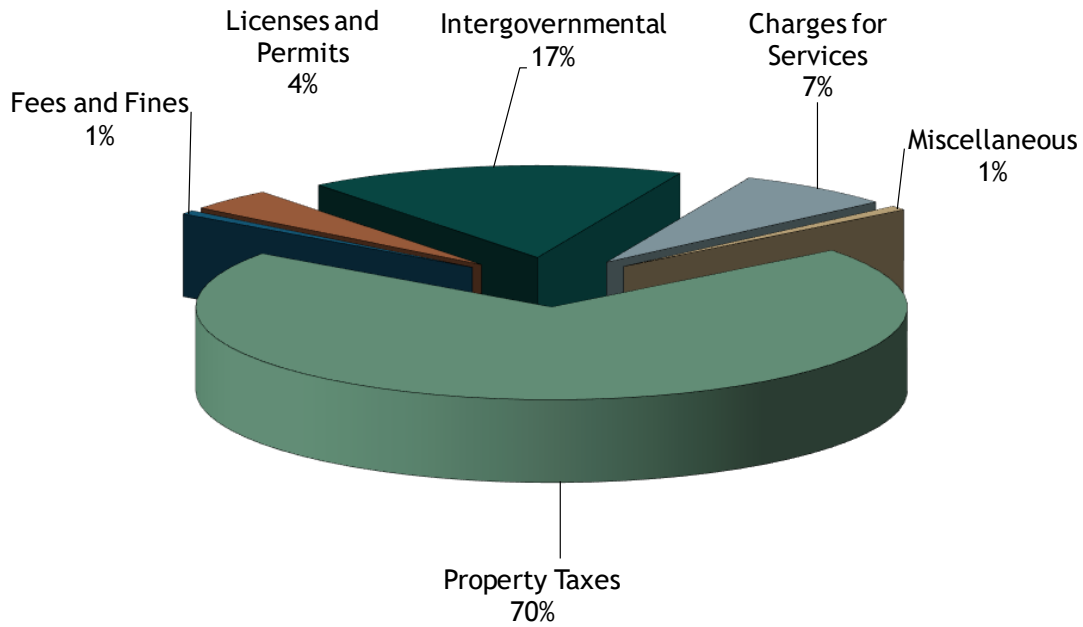


City of Richfield Financial Analysis

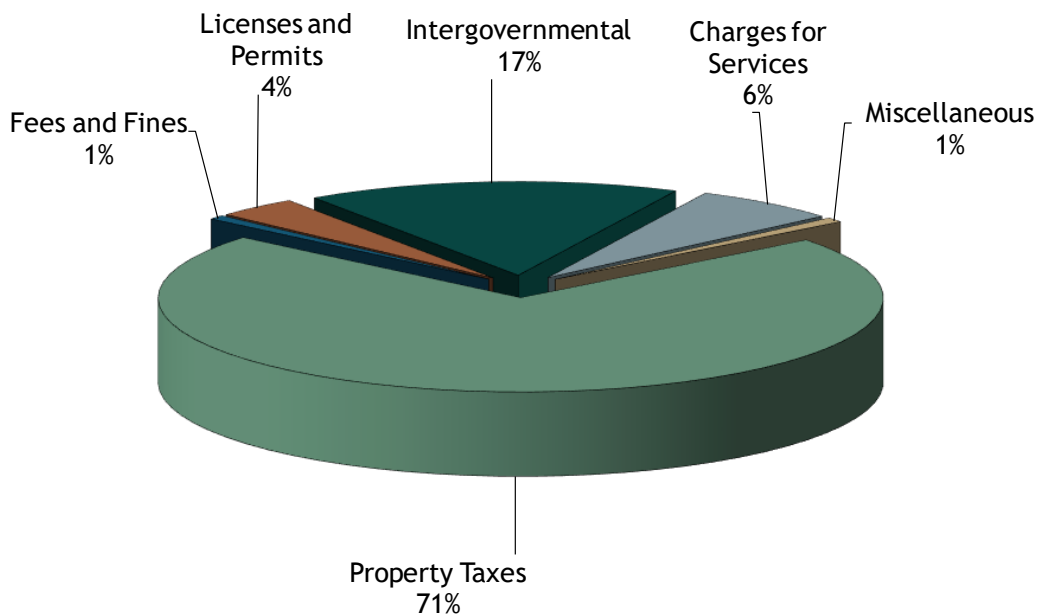
General Fund Revenues (Continued)

The City's revenues by source for 2025 and 2024 are shown below. As seen on the following graphs, the categories stay fairly consistent between the two years.

2025 General Fund Revenues



2024 General Fund Revenues

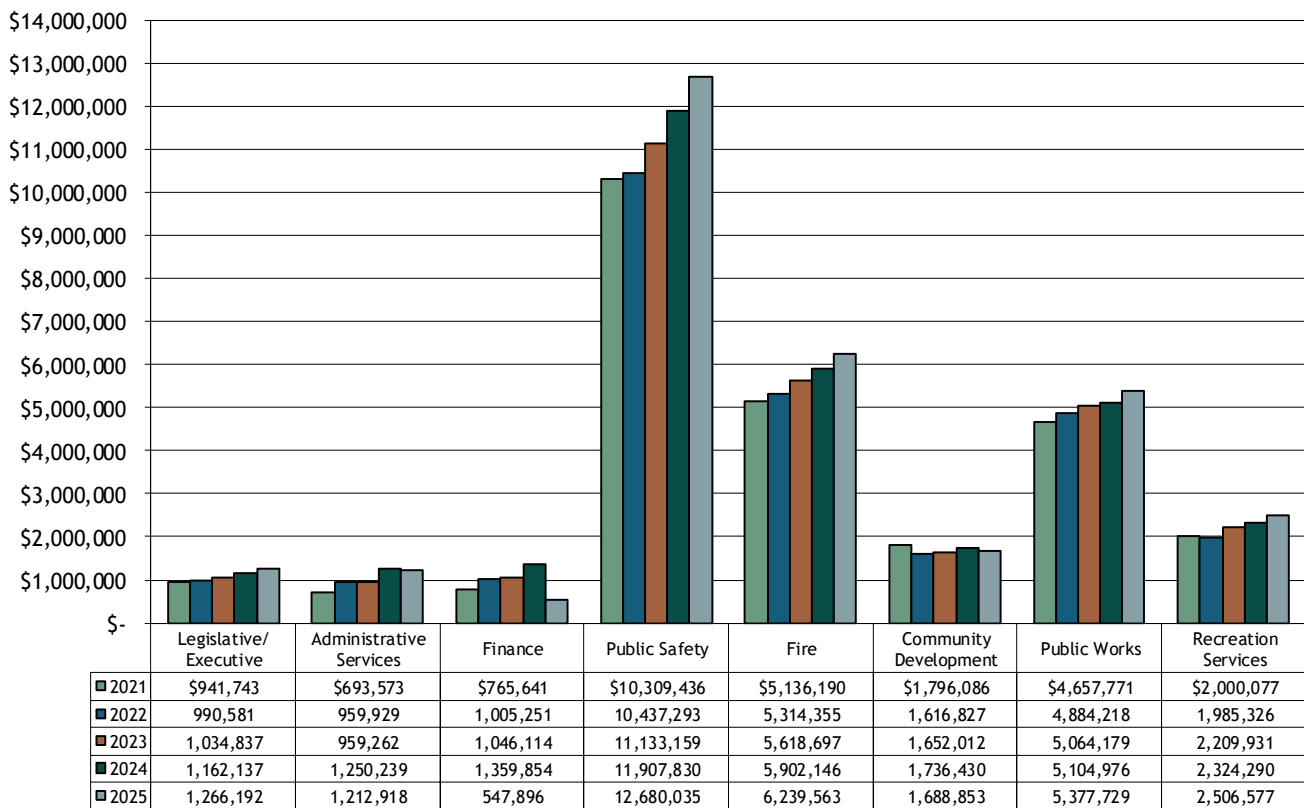


City of Richfield Financial Analysis

General Fund Expenditures

Total General Fund expenditures increased 2.5%, or \$771,860 from 2024 to 2025. The most significant increase by program was in public safety. Public safety expenditures increased in total by \$772,204 due to an increase in grant spending and contracted services with Bloomington. Fire expenditures increased by \$337,417 due to an increase in staffing and wages. Administrative services and finance expenditures decreased due to staffing changes. Public works increased by \$272,753 due to USI fiber installation occurring faster than anticipated. Other programs' spending was consistent from 2024 to 2025.

General Fund Expenditures

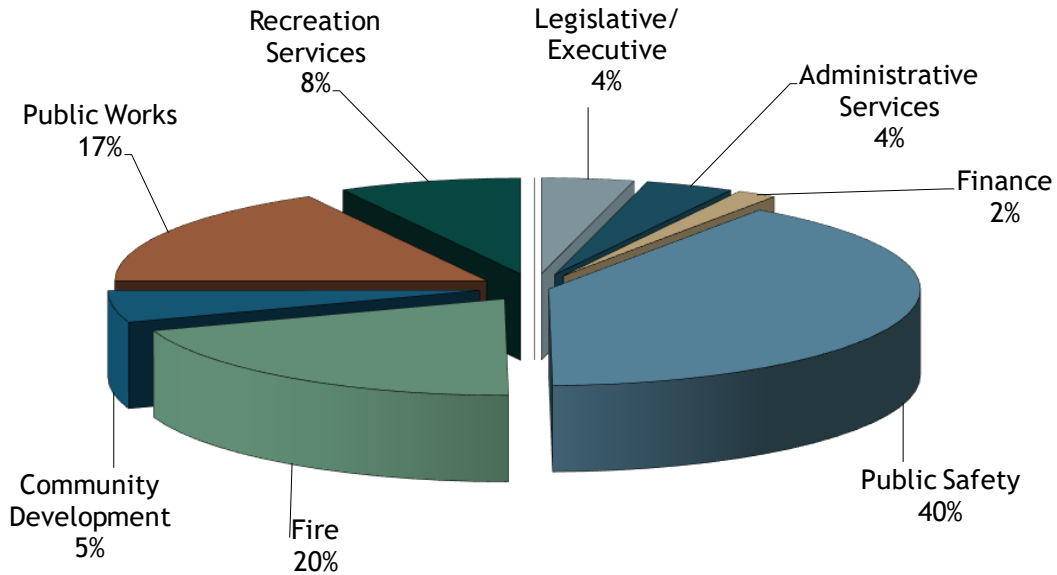


City of Richfield Financial Analysis

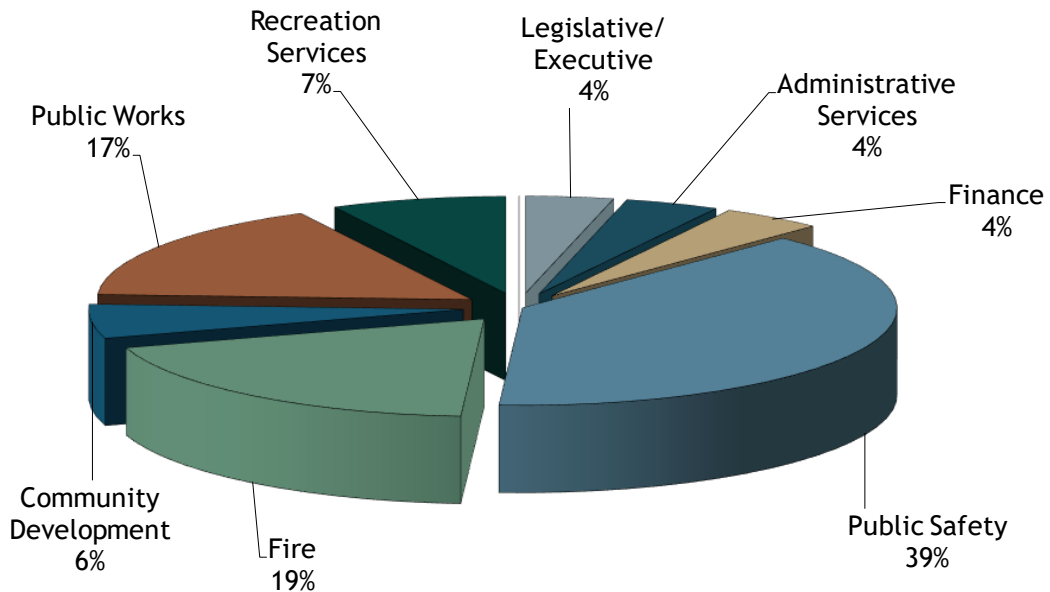
General Fund Expenditures (Continued)

The City's expenditures by program for 2025 and 2024 are shown below. As seen on the following graphs, expenditure by program remained consistent from 2024 to 2025.

2025 General Fund Expenditures



2024 General Fund Expenditures



**City of Richfield
Financial Analysis**

General Fund Revenues and Expenditures

	Final Budget	Actual Amounts	Variance Final Budget - Over (Under)
Revenues			
Property taxes	\$ 23,419,852	\$ 23,306,044	\$ (113,808)
Fines and fees	215,000	221,454	6,454
Licenses and permits	1,123,850	1,293,755	169,905
Intergovernmental revenues	5,492,443	5,674,793	182,350
Charges for services	1,895,888	2,353,340	457,452
Special assessments	-	6,889	6,889
Investment income	100,000	222,216	122,216
Miscellaneous revenues	30,975	22,648	(8,327)
Total revenues	32,278,008	33,101,139	823,131
Expenditures			
Legislative/executive	1,300,946	1,266,192	(34,754)
Administrative services	1,357,601	1,212,918	(144,683)
Finance	495,832	547,896	52,064
Public safety	12,586,184	12,680,034	93,850
Fire	6,333,130	6,239,563	(93,567)
Community development	1,806,325	1,688,853	(117,472)
Public works	5,301,140	5,377,729	76,589
Recreation services	2,474,590	2,506,577	31,987
Total expenditures	31,655,748	31,519,762	(135,986)
Other Financing Sources (Uses)			
Net transfers	(622,260)	156,240	778,500
Net change in fund balances	\$ -	\$ 1,737,617	\$ 1,737,617

For the year ended December 31, 2025, the City budgeted for revenues and transfers into the General Fund to equal expenditures and transfers out. Actual revenues and transfers in exceeded expenditures and transfers out by \$1,737,616.

Revenues were overall over budget by \$823,131, or 2.6%. Licenses and permits revenue was over budget \$169,905 due to higher building permits than anticipated. Investment income was over budget 122,216 due to conservative budgeting. Charges for services revenue was over budget \$457,452 due to fiber installation occurring faster than anticipated resulting in higher revenue collected than expected in 2025.

Expenditures were \$135,986 or 0.4% under budget.

City of Richfield Financial Analysis

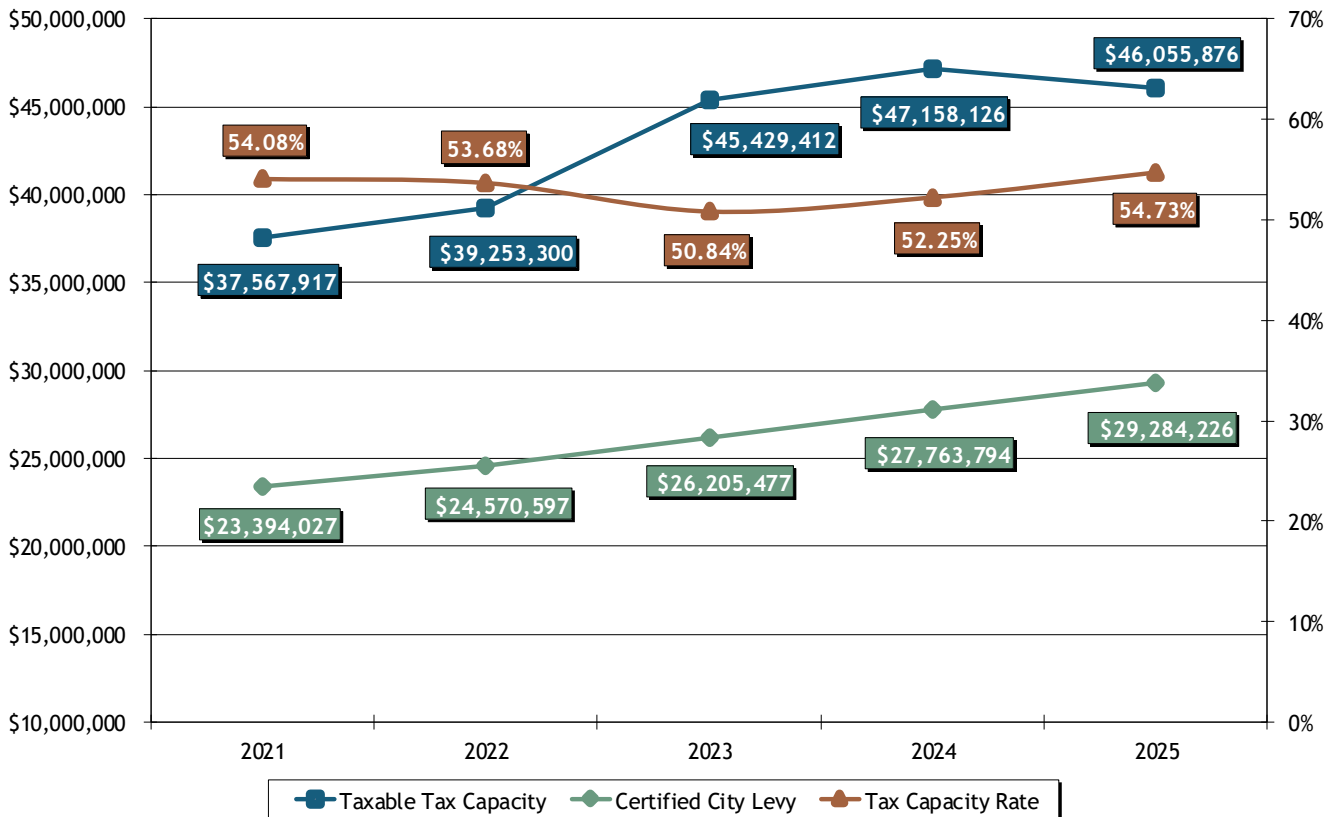
Tax Levy, Capacity, and Rates

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

The levy for 2025 includes the General Fund levy of \$23,654,051 plus a levy for the Debt Service and Capital Project Funds totaling \$5,630,175.

As illustrated below, the taxable tax capacity of the City has experienced a steady increase over the last five years, with the exception of a decrease in 2025. While the City has increased the levy during this period, the tax capacity rate has fluctuated because of changes in market values and tax capacity.

Tax Capacity, Levy, and Rates



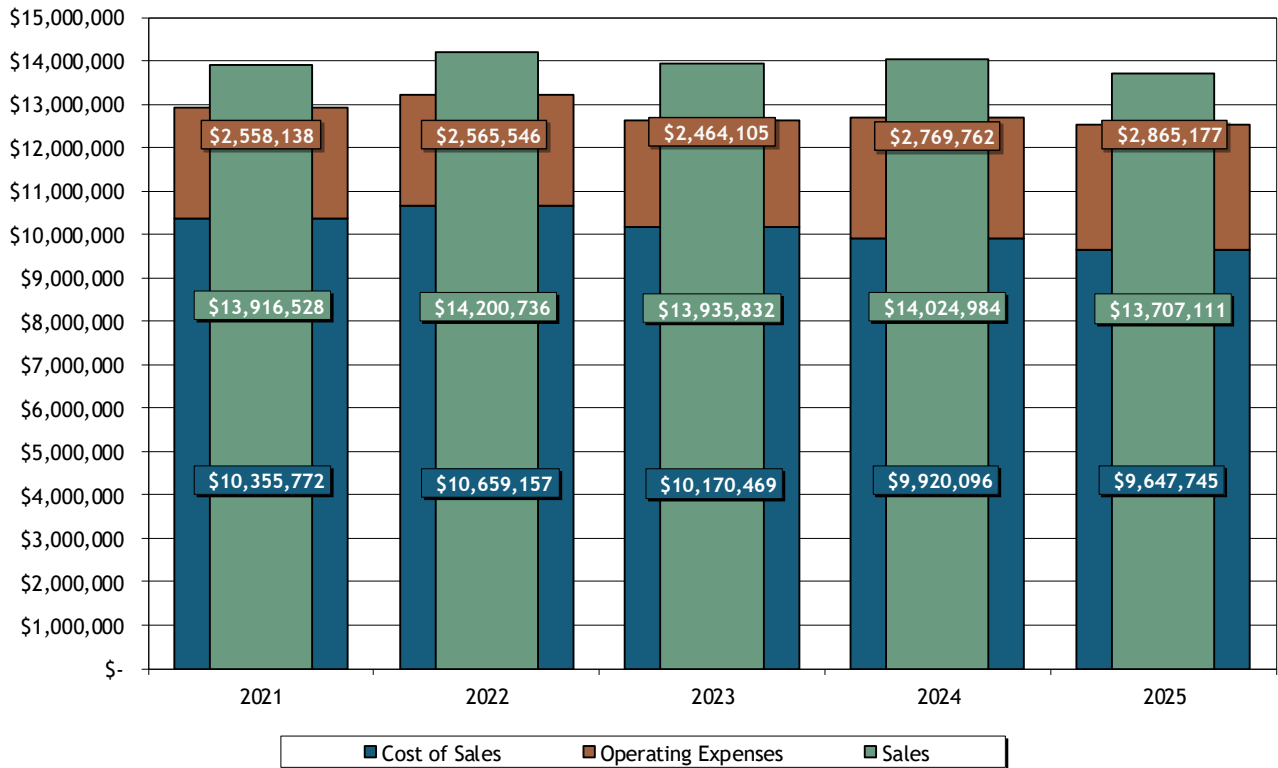
City of Richfield Financial Analysis

Liquor Fund

The City's liquor store reported a decrease in sales from 2024 to 2025 of 2.3%. Cost of sales also decreased by 2.7%. Operating expenses in the Liquor Fund increased 3.4%.

The City's gross profit percentage increased from 2024 to 2025. The City's gross profit percentage is slightly below comparable metro stores.

Liquor Fund



	2025		2024		
	City of Richfield	City of Richfield	City of Edina*	City of Eden Prairie**	City of Savage*
Sales	\$ 13,707,111	\$ 14,024,984	\$ 12,641,168	\$ 11,967,286	\$ 6,989,478
Costs of sales	9,647,745	9,920,096	8,431,072	8,314,546	5,072,494
Gross profit	4,059,366	4,104,888	4,210,096	3,652,740	1,916,984
Operating expenses	2,865,177	2,769,762	3,976,001	2,456,519	1,561,298
Operating income	1,194,189	1,335,126	234,095	1,196,221	355,686
Gross profit percentage	29.6%	29.3%	33.3%	30.5%	27.4%

* Individual metro municipal cities' data obtained from each city's respective 2024 Annual Comprehensive Financial Report.

** Includes building lease activity which can affect comparability of information presented above.

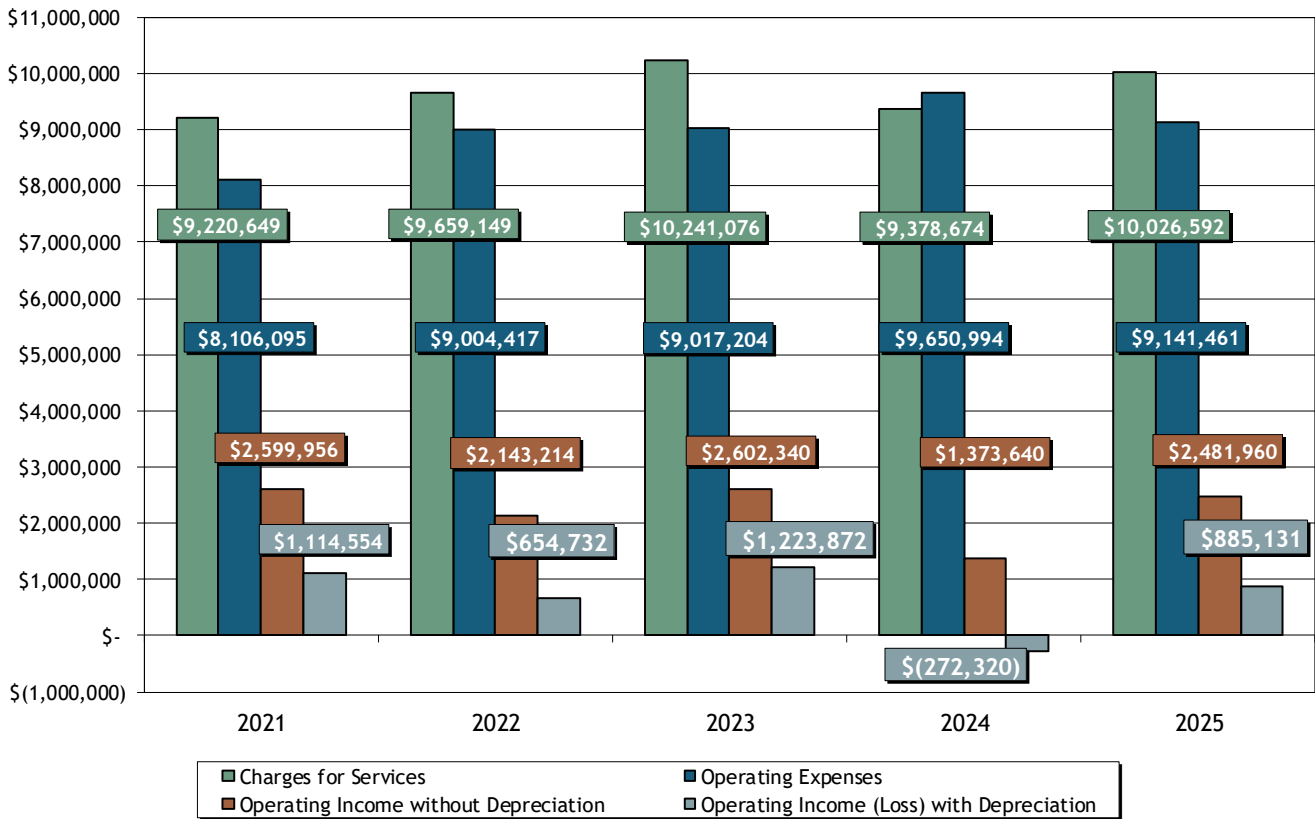
City of Richfield Financial Analysis

Water and Sewer Utilities Fund

Charges for services in the fund increased \$647,918 or 6.9% from 2024 to 2025. This increase was due to an increase in rates and customers. Operating expenses decreased \$509,533 or 5.3%. This decrease is due to a decrease in project costs.

The Fund had operating income of \$885,131 in 2025 with depreciation. The Fund has fully funded depreciation expense in four of the last five years.

Water and Sewer Utilities Fund



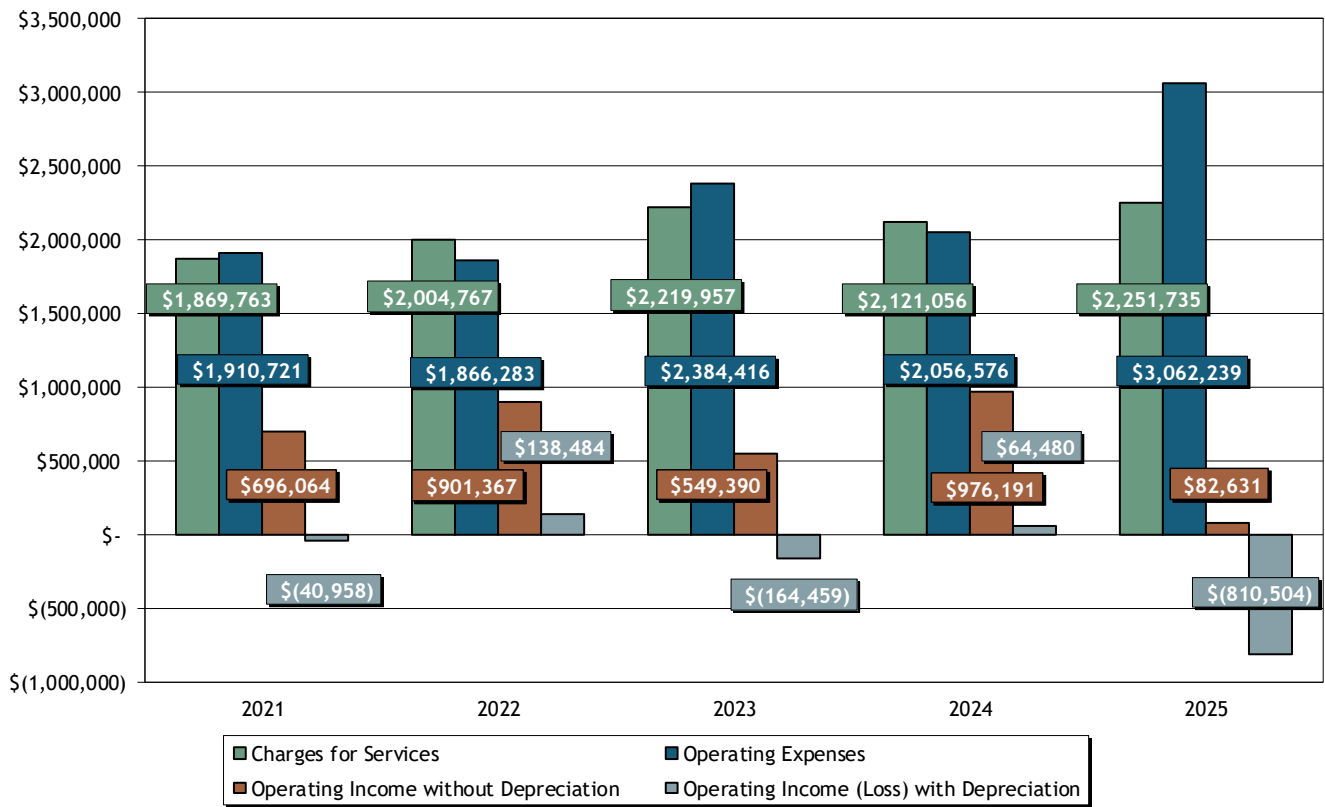
City of Richfield Financial Analysis

Storm Sewer Fund

Charges for services in the Fund increased \$130,679 from 2024 to 2025, or 6.2% due to an increase in usage. Operating expenses increased \$1,005,663, or 48.9% due to an increase in repair and maintenance costs.

The Fund reported an operating loss of \$810,504 in 2025 with depreciation. The Fund fully funded depreciation expense for 2022 and 2024.

Storm Sewer Fund



City of Richfield Emerging Issues

Executive Summary

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

- **Accounting Standard Update - GASB Statement No. 103 - *Financial Reporting Model Improvements***

GASB has issued GASB Statement No. 103 relating to changes in financial reporting requirements. The changes provide clarity, enhance the relevance of information, provide more useful information for decision-making, and provide for greater comparability amongst government entities.

- **Accounting Standard Update - GASB Statement No. 104 - *Disclosure of Certain Capital Assets***

GASB has issued GASB Statement No. 104 relating to capital asset disclosures. The disclosures required by this Statement provide users of the financial statements with essential information about certain types of capital assets.

The following are extensive summaries of the current updates. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss these issues with you further and their applicability to your City.

City of Richfield Emerging Issues

Accounting Standard Update - GASB Statement No. 103 - *Financial Reporting Model Improvements*

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This Statement addresses 5 areas of the financial statements (1) Management's Discussion and Analysis (MD&A), (2) Unusual or Infrequent Items, (3) Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, (4) Major Component Unit Information, and (5) Budgetary Comparison Information.

This Statement continues the requirement that the MD&A precede the basic financial statements as part of the Required Supplementary Information (RSI). This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. The Statement stresses that detailed analyses should explain why balances and results of operations changed, rather than stating amounts and "boilerplate" discussions.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. The Statement provides clarification regarding operating and nonoperating revenues and expenses. Also, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This Statement requires governments to present budgetary comparison information using a single method of communication - RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

GASB Statement No. 103 is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

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

**City of Richfield
Emerging Issues**

Accounting Standard Update - GASB Statement No. 104 - *Disclosure of Certain Capital Assets*

The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets continue to be disclosed separately in the capital assets note disclosures including presentation of capital assets by major class and separate disclosure of lease assets, subscription assets, and intangible right-to-use assets.

This Statement requires additional disclosures for capital assets held for sale. A capital asset is held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date.

Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

GASB Statement No. 104 is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

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

CITY OF RICHFIELD

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025

CITY OF RICHFIELD
RICHFIELD, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2025

PREPARED BY:
FINANCE DEPARTMENT

Member GFOA of U.S. and Canada

**City of Richfield
Table of Contents**

	Page
Introductory Section	
Letter of Transmittal	3
Certificate of Achievement for Excellence in Financial Reporting	11
City Officials	12
Organizational Chart	13
Financial Section	
Independent Auditor's Report	17
Management's Discussion and Analysis	21
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	34
Statement of Activities	36
Fund Financial Statements	
Governmental Funds	
Balance Sheet	40
Reconciliation of the Balance Sheet to the Statement of Net Position	43
Statement of Revenues, Expenditures and Changes in Fund Balances	44
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	46
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	47
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Ice Arena Special Revenue Fund	48
Elections Special Revenue Fund	49
Proprietary Funds	
Statement of Net Position	50
Statement of Revenues, Expenses and Changes in Net Position	52
Statement of Cash Flows	53
Fiduciary Funds	
Statement of Fiduciary Net Position	55
Statement of Changes in Fiduciary Net Position	56
Notes to the Financial Statements	57
Required Supplementary Information	
Schedule of Changes in Total OPEB Liability	104
Schedule of City's Proportionate Share of Net Pension Liability	
- General Employees Retirement Fund	106
Schedule of City's Proportionate Share of Net Pension Liability	
- Public Employees Police and Fire Retirement Fund	106
Schedule of City Contributions - General Employees Retirement Fund	107
Schedule of City Contributions - Public Employees Police and Fire Retirement Fund	107
Notes to Required Supplementary Information	108
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	119

**City of Richfield
Table of Contents**

	Page	
Financial Section		
Combining and Individual Fund Financial Statements and Schedules (Continued)		
Nonmajor Special Revenue Funds		
Subcombining Balance Sheet	120	
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances	124	
Schedule of Revenues, Expenditures and Changes in Fund Balances		
- Budget and Actual		
Liquor Contributions Special Revenue Fund	128	
Tourism Admin Special Revenue Fund	129	
Communications Special Revenue Fund	130	
Public Safety Aid Special Revenue Fund	131	
Drug/Forfeiture Special Revenue Fund	132	
Public Safety Compliance Special Revenue Fund	133	
Recreation Contribution Special Revenue Fund	134	
Nature Center Contribution Special Revenue Fund	135	
Public Health Grants Special Revenue Fund	136	
Wood Lake Half Marathon Special Revenue Fund	137	
Utility Franchise Fees Special Revenue Fund	138	
Opioid Settlement Special Revenue Fund	139	
Recreation Special Program Special Revenue Fund	140	
Swimming Pool Special Revenue Fund	141	
Street Light User Fee Special Revenue Fund	142	
Special Facility Special Revenue Fund	143	
General Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balances		
- Budget and Actual	144	
Internal Service Funds		
Combining Statement of Net Position	149	
Combining Statement of Revenues, Expenses and Changes in Net Position	150	
Combining Statement of Cash Flows	152	
Supplementary Financial Information		
Housing and Redevelopment Authority		
Combined Balance Sheet	156	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	157	
Housing Choice Vouchers Financial Data Schedules - Balance Sheet	158	
Housing Choice Vouchers Financial Data Schedules - Income Statement	159	
Economic Development Authority		
Balance Sheet	160	
Statement of Revenues, Expenditures and Changes in Fund Balances	161	
Statistical Section (Unaudited)	Table	Page
Financial Trends		
Net Position by Component	1	166
Changes in Net Position	2	168
Fund Balances of Governmental Funds	3	172
Changes in Fund Balances of Governmental Funds	4	174
Revenue Capacity		
Taxable and Estimated Market Values of Taxable Property	5	176

**City of Richfield
Table of Contents**

	Table	Page
Statistical Section (Unaudited) (Continued)		
Revenue Capacity (Continued)		
Property Tax Rates - Direct and Overlapping Governments	6	178
Principal Property Taxpayers	7	179
Property Tax Levies and Collections	8	180
Ratios of Outstanding Debt by Type	9	181
Ratios of General Bonded Debt Outstanding	10	182
Debt Capacity		
Computation of Direct and Overlapping Debt	11	183
Legal Debt Margin Information	12	184
Revenue Bond Coverage	13	186
Demographic and Economic Information		
Demographic and Economic Statistics	14	187
Principal Employers	15	188
Operating Information		
Full-time Equivalent City Government Employees by Function	16	189
Operating Indicators by Function	17	190
Capital Asset Statistics by Function	18	191

INTRODUCTORY SECTION

**CITY OF RICHFIELD
RICHFIELD, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2025**



MAYOR

MARY SUPPLE

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

CITY COUNCIL

WALTER BURK

SHARON CHRISTENSEN

RORI A. COLEMAN-

WOODS

SEAN HAYFORD OLEARY

CITY MANAGER

KATIE RODRIGUEZ

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Richfield for the fiscal year ended December 31, 2025.

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

The City of Richfield’s financial statements have been audited by BerganKDV, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Richfield for the fiscal year ended December 31, 2025, 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, 2025, 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.

June 11, 2026

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

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

Profile of the Government

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

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

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

The annual budget serves as the foundation for the City of Richfield’s financial planning and control. All departments of the City are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review prior to September 15. The Council is required to hold public hearings on the proposed budget and to adopt a final budget 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, the ice arena fund and the elections fund, this comparison is presented in the Basic Financial Statements. For nonmajor governmental funds with appropriated annual budgets, this comparison is presented in the combining and individual fund statements and schedules.

June 11, 2026

Factors Affecting Financial Condition

Richfield was initially developed as a residential community. Many residents work at the adjacent airport, in the downtown Minneapolis-St. Paul area or on the I-494 strip. Richfield's commercial/industrial base is comparatively small when looking at other Twin City metropolitan area communities. When viewing the total estimated market value of the community, approximately 71% of the market value is comprised of residential properties, 16% apartments, and only 13% commercial/industrial property. Despite the limited commercial/industrial tax base, approximately 17,150 workers commute into the city compared to 17,900 who work outside the city according to 2023 U.S. Census Bureau data.

The City continues to build a more diversified tax base, including more commercial development. However, over 99% of the land area in Richfield is already developed. Commercial development in Richfield is a more complex process that requires extensive redevelopment and often the use of tax increment financing assistance.

Since 1975, the City has created twenty-one tax increment districts. These tax increment districts were formed to help transform areas which are becoming market obsolete into a more vital commercial tax base. The City has transformed itself as a result of this redevelopment which includes not only commercial, but residential developments. Consequently, as the tax increment districts decertify, the City will realize the full market value benefit of these districts. The City had a single district decertify in 1993, 1996, 2002, 2010, 2012, and two more decertified in each 2019 and 2025. As of the last TIF Management Plan (dated April 2023), the market value of the current TIF districts has increased by 299%.

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 stable outlook from Standard and Poor's Ratings.

Long-term Financial Planning

The Metropolitan Council requires all cities in the seven-county metropolitan area to have a Comprehensive Plan and State law requires cities to update their plans every 10 years. The Comprehensive Plan guides development and redevelopment and addresses changes likely to occur due to various social and market forces. The City's 2040 Comprehensive Plan was adopted in 2020 and the process to update it will kick off in 2026.

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

June 11, 2026

replace the City's physical and technical infrastructure, and reviewing 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 an established fund balance policy for the general fund with a goal of maintaining an unassigned fund balance of 40% of general fund expenditures. To that end, the city budgeted an addition to the unassigned fund balance of \$778,500 for 2025. In total, the City's general fund balance grew by \$1.7 million, and the unassigned fund balance of the general fund was 43.4% of general fund expenditures at year end.

Major Initiatives

Major initiatives in 2025 included the following:

Recreation Initiatives:

- Local Sales Tax Referendum Projects – Richfield voters approved a 0.5% local sales tax in 2024 to help finance multi-year projects for a new Community Center, Wood Lake Nature Center, and significant upgrades at Veterans Park.
 - Wood Lake Nature Center – The Wood Lake Nature Center is a 150-acre natural area dedicated to environmental education, wildlife observation, and outdoor recreation. The park features several wildlife viewing areas, a picnic ground, and three miles of trails and boardwalks. A new educational facility will replace the existing Wood Lake Nature Center building to provide a more accessible setting for residents and visitors to reconnect with nature. In addition to \$11 million general obligation sales tax bond proceeds, primary project funding includes \$12 million state grant funds and a \$3 million federal community project funding grant. The new building is on track to open in late 2026.
 - Veterans Park – The Veterans Park project addresses major repairs to the park's outdoor swimming pool, ice arena, and trails. Repair projects got underway in 2025.
 - Community Center – This project will replace the city's aging community center with a facility designed to support more activities and programs for residents of all ages. Spending on this project has not yet begun.
- Parks Master Plan – This project will identify community needs, assess operations, and set the direction and priorities for park improvements and maintenance for the next 10 years.

June 11, 2026

Right Of Way Improvements:

- I-494 Project 1 – In coordination with the City, MnDOT is constructing improvements to the I-494 corridor between Hwy 77 and Hwy 169, and will be minimizing congestion issues along the corridor by removing local access to I-494 at Nicollet Ave and 12th Ave and improving access at Portland Ave. The project includes the addition of E-Z Pass Lanes for east and westbound traffic on I-494, a flyover ramp at I-494 and I-35W, a new pedestrian bridge that will cross I-494 at Chicago Ave, and reconstruction of various frontage roads throughout Richfield. The estimated cost of the project is \$377 million dollars, with Richfield’s share totaling approximately \$2.6 million. Construction began in 2023 and is expected to be completed in 2026.
- I-494 Project 2 – MnDOT has notified the City that the second phase of the I-494 corridor vision has been substantially funded and will be constructed immediately following the completion of Project 1. Project 2 includes construction of EZ-Pass lanes on I-494 between Hwy 77 and I-35 and between Hwy 100 and Hwy 169. It also includes the replacement of the railroad bridge over I-494 at Pleasant Ave and some frontage road construction on 78th St east of 12th Ave. The project is expected to begin construction in 2027 and continue through 2030, and the City’s cost share is estimated to be less than \$10,000.
- Nicollet Avenue Reconstruction – In coordination with the City, Hennepin County will be reconstructing Nicollet Avenue from 77th Street to 66th Street. In addition to the reconstruction of the road itself, this project includes renewal/replacement of underground utilities, and new traffic calming infrastructure. The streetscape improvements include new and improved pedestrian and bicycle accommodation along the corridor. The total estimated project cost is anticipated to be \$18.95 million. \$2.0 million was secured by the City in the state bonding bill for this project. The project was recently bid, and construction is expected to begin in June 2026.
- Penn Avenue Reconstruction – In coordination with the City, Hennepin County will be reconstructing Penn Avenue from 75th Street to Hwy 62. In addition to the reconstruction of the road itself, this project includes renewal/replacement of underground utilities, and new traffic calming infrastructure. The streetscape improvements include new and improved pedestrian and bicycle accommodation along the corridor. The total estimated project cost is \$33.5 million, with Richfield contributing approximately \$12.8 million for roadway and utility improvements. The project is in preliminary design and is scheduled for construction no earlier than 2028.
- Sanitary Sewer Lining – This project is an ongoing reinvestment to line the sanitary sewer system throughout the City, as most of the sewer system consists of clay sewer pipe. The lining effort has been ongoing since 2017, with the City prioritizing lining based on risk modeling and known trouble spots. Approximately 5.2 miles of sanitary sewer lining was completed in 2025 at a cost of \$1.2 million. Sanitary sewer lining for 2026 is budgeted at \$900,000.

June 11, 2026

- Pavement Management – The Public Works department has improved their pavement management program since the completion of the 6-Year Mill and Overlay Project using RoadAI software, and consistent road rehabilitation methods. Various concrete maintenance projects, pavement rejuvenation, and crack sealing were conducted in 2025 at a cost of \$857,000. Programmed work for 2026 includes mill and overlay and concrete maintenance/replacement with a budget of \$345,000.
- Active Transportation Plan – The City completed their revised Active Transportation Plan in January 2024. The plan allocates a total of \$280,000 annually toward pedestrian, bicyclist, and ADA improvements. Funding was secured for two sidewalk expansion projects and an intersection reconstruction through the Metropolitan Council’s Regional Solicitation in October 2024. These projects totaled \$1.9 million in state active transportation funding and \$2.7 million in federal formula funding. Each of these grants requires a 20% cost match from the city. The 73rd Street/Diagonal Blvd sidewalk project is planned for 2026 construction and the 64th Street sidewalk project is planned for 2027 construction.
- Safe Routes to School (SRTS) Planning – The City continues to work on their Safe Routes to School Planning and has secured several grants and funding for numerous projects throughout the city. These projects include improving pedestrian crossings, installing a separated bike lane, a new trail, and constructing new sidewalk in several locations in Richfield. The total amount of funding secured for SRTS was approximately \$1.26 million, which has minimal local match and includes some funding for design assistance on projects. Using those funds, a new sidewalk was completed on 71st Street between Elliot Avenue and 12th Avenue; the SRTS funding covered \$150,000 of the \$210,000 project total. Projects constructed in 2025 included a trail at Centennial Elementary School, 80% funded by a \$635,000 federal Safe Routes to School grant, and a separated bike lane at STEM/RDLS funded by a \$586,225 state Safe Routes to School grant. An additional SRTS grant of \$544,500 was awarded in spring 2025 for a project at Sheridan Hills Elementary school. Based on construction bid results, this grant was reduced to \$401,000. The project is scheduled to start construction in June 2026.
- Funding Applications – The City will be applying for several grant funded projects through the Metropolitan Council’s Regional Solicitation in 2026. These projects consist of sidewalk construction and road reconstruction projects throughout the City, including major road reconstructions on 76th Street and 77th Street.

Commercial Redevelopment and Housing Initiatives

Continued high interest rates, labor costs, and material costs made redevelopment challenging in 2025. Projects/programs that progressed in 2025 include:

June 11, 2026

- Construction began on Penn Station, a 42-unit affordable housing building at 65th and Penn Avenue. The project will offer 1, 2, 3, and 4-bedroom units and is expected to be completed by the end of 2026.
- Revitalization of the central commercial area in and around the HUB shopping center continued in 2025.
 - A new large Mexican grocer, LomaBonita Market, opened in the fall. Investment included significant building façade and site improvements.
 - The Richfield Medical Group completed a significant renovation of a long-vacant portion of the rear of the shopping center. The project was recognized by the Minnesota Real Estate Journal.
 - The relocation of the Richfield Medical Group freed up their former building for an ongoing project that will bring a Coven co-working space to our downtown.
- In 2025, the City's Economic Development Authority undertook a Branding and Placemaking study for the City's downtown. Implementation of the program will begin in 2026.
- Throughout 2025, remodeling of the Meridian Crossings office towers took place. This work will continue through 2026, and the buildings are now once-again fully leased.
- Plans for a new 27,000 square foot learning center and organizational headquarters for Minnesota Independence College and Community were approved in 2025. The long-standing Richfield institution will now work to complete fundraising for the project.
- Redevelopment discussions surrounding the former American Legion site on Portland Avenue continue.
- The City continues to operate several very successful programs that encourage reinvestment in the City's housing stock. These programs include, but are not limited to, incentive loan programs for remodeling homes to higher values, funding assistance for the replacement of small substandard homes with larger new construction, partnerships with non-profit builders and developers like Habitat for Humanity, and a first-time homebuyer program specifically targeted at current renters.
- The City's Economic Development Authority continues to expand programming. In 2025, EDA staff worked to develop a new business revitalization program set to launch in 2026.

Awards and Acknowledgments

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for

June 11, 2026

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

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Katie Rodriguez". The signature is written in a cursive, flowing style.

Katie Rodriguez

City Manager

City of Richfield
Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Richfield
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morill

Executive Director/CEO

**City of Richfield
Elected Officials and Administration
December 31, 2025**

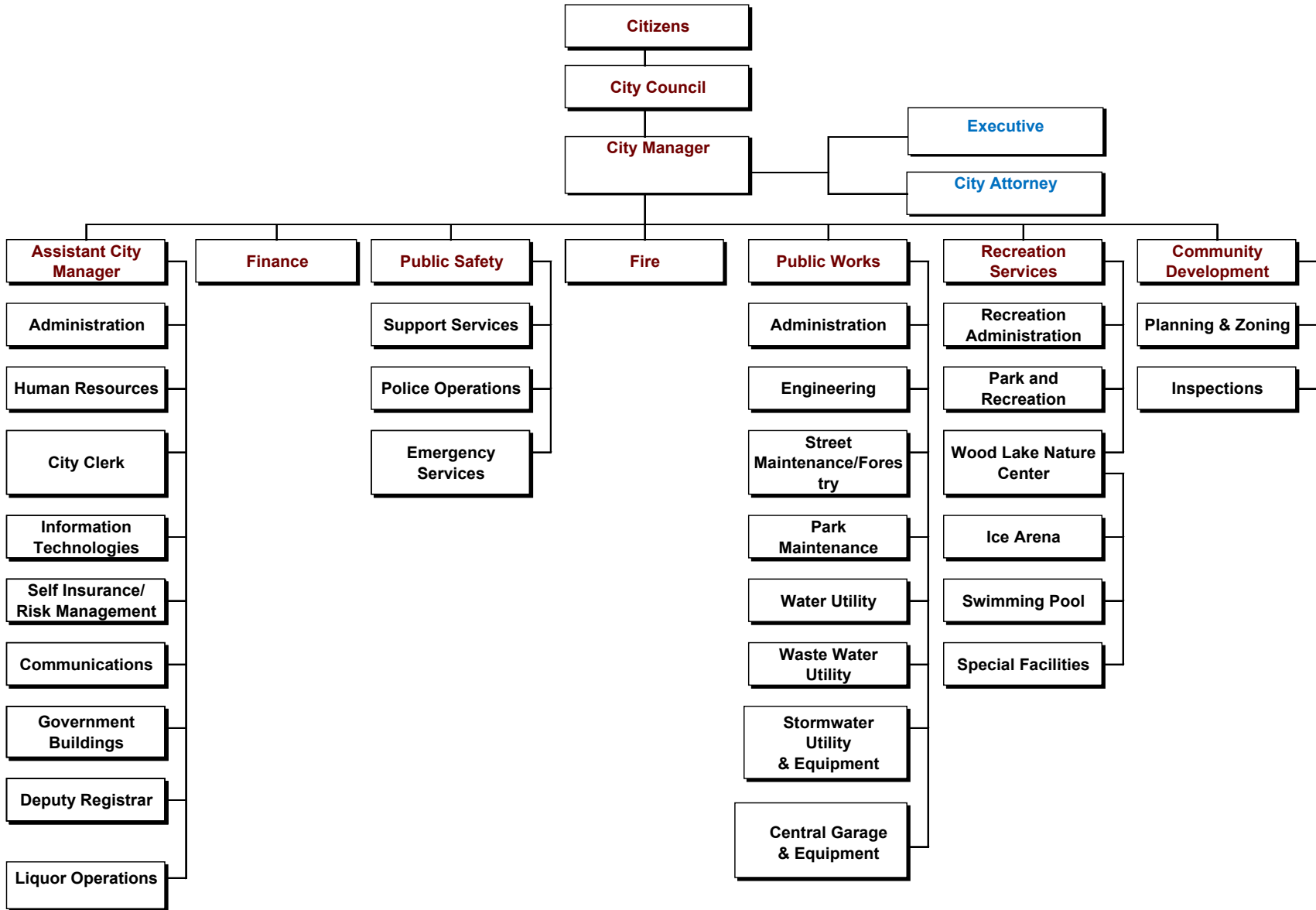
City Officials

Name	Title	Term Ends
Mary Supple	Mayor	January 12, 2027
Sharon Christensen	Council Member	January 12, 2027
Walter Burk, Ward 1	Council Member	January 9, 2029
Sean Hayford Oleary, Ward 2	Council Member	January 9, 2029
Rori Coleman-Woods, Ward 3	Council Member	January 9, 2029

Administrative Staff

Name	Title
Katie Rodriguez	City Manager
Mary Bogie	Finance Director
Michelle Friedrich	City Clerk

City of Richfield Organizational Chart



(THIS PAGE LEFT BLANK INTENTIONALLY)

FINANCIAL SECTION
CITY OF RICHFIELD
RICHFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2025

(THIS PAGE LEFT BLANK INTENTIONALLY)



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota, as of and for the year ended December 31, 2025, and the related notes to the basic financial statements, which collectively comprise the City of Richfield's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund, Ice Arena Special Revenue Fund, and Elections Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2026, on our consideration of the City of Richfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Richfield's internal control over financial reporting and compliance.

BerganKDV, Ltd.

St. Cloud, Minnesota
June 11, 2026

(THIS PAGE LEFT BLANK INTENTIONALLY)

City of Richfield Management's Discussion and Analysis

As management of the City of Richfield, we offer readers of the City of Richfield's financial statements this narrative overview and analysis of the financial activities of the City of Richfield for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 through 8 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 \$134,819,648 (net position). Of this amount, \$24,355,733 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$19,192,205.
- As of the close of the current fiscal year, the City of Richfield's governmental funds reported combined ending fund balances of \$46,956,810. Of this total amount, \$78,856 is classified as nonspendable, \$21,053,724 as restricted, \$13,279,548 as committed by City Council action and \$12,544,682 as unassigned.
- At the end of the current fiscal year, the general fund balance of \$13,766,419 included \$72,867 as nonspendable and \$13,693,552 as unassigned.
- The City of Richfield's total bonded debt increased by \$1,024,777 (1.5%) during the current fiscal year from \$68,407,752 to \$69,432,529.

Overview of the Financial Statements

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

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

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

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

City of Richfield Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

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

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

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

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

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

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

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

City of Richfield Management's Discussion and Analysis

Overview of the Financial Statements (Continued)

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

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Richfield, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$134,819,648 at the close of the most recent fiscal year. The city's net position reflects an increase of \$19,192,205 driven primarily by increased revenues and capital assets - construction in progress.

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

Government-Wide Financial Analysis (Continued)

By far the largest portion of the City of Richfield's net position (78%) 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		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
Assets						
Current and other assets	\$ 74,966,505	\$ 70,029,192	\$ 4,937,313	\$ 12,237,038	\$ 11,642,947	\$ 594,091
Capital assets, net of depreciation	115,329,210	101,952,023	13,377,187	39,862,960	40,677,495	(814,535)
Total Assets	<u>190,295,715</u>	<u>171,981,215</u>	<u>18,314,500</u>	<u>52,099,998</u>	<u>52,320,442</u>	<u>(220,444)</u>
Deferred Outflows of Resources						
Deferred other postemployment benefits resources	648,044	696,105	(48,061)	28,853	28,873	(20)
Deferred pension resources	11,126,695	13,906,823	(2,780,128)	274,562	263,258	11,304
Total deferred outflows of resources	<u>11,774,739</u>	<u>14,602,928</u>	<u>(2,828,189)</u>	<u>303,415</u>	<u>292,131</u>	<u>11,284</u>
Liabilities						
Long-term liabilities outstanding	66,293,096	66,821,169	(528,073)	12,987,785	14,445,554	(1,457,769)
Other liabilities	16,229,276	13,235,779	2,993,497	3,090,844	3,133,710	(42,866)
Total Liabilities	<u>82,522,372</u>	<u>80,056,948</u>	<u>2,465,424</u>	<u>16,078,629</u>	<u>17,579,264</u>	<u>(1,500,635)</u>
Deferred Inflows of Resources						
Deferred pension resources	15,410,974	18,363,987	(2,953,013)	673,530	836,847	(163,317)
Deferred other postemployment benefits resources	843,843	1,009,393	(165,550)	37,571	41,869	(4,298)
Deferred lease resources	4,087,300	4,328,161	(240,861)	-	-	-
Advanced appropriations - state shared tax	-	1,500,291	(1,500,291)	-	-	-
Total deferred inflows of resources	<u>20,342,117</u>	<u>25,201,832</u>	<u>(4,859,715)</u>	<u>711,101</u>	<u>878,716</u>	<u>(167,615)</u>
Net Position - Restated						
Net investment in capital assets	77,809,801	73,327,481	4,482,320	26,988,698	26,509,108	479,590
Restricted	11,977,066	9,210,048	2,767,018	-	-	-
Unrestricted	9,419,098	(1,212,166)	10,631,264	8,624,985	7,645,485	979,500
Total net position	<u>\$ 99,205,965</u>	<u>\$ 81,325,363</u>	<u>\$ 17,880,602</u>	<u>\$ 35,613,683</u>	<u>\$ 34,154,593</u>	<u>\$ 1,459,090</u>

An additional portion of the City of Richfield's net position represents resources that are subject to external restrictions on how they may be used. On December 31, 2025, the City had restricted net position of \$11,977,066. The remaining balance of *unrestricted net position* may be used to meet the government's ongoing obligations to citizens and creditors.

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

Government-Wide Financial Analysis (Continued)

Governmental Activities. Governmental activities increased the City of Richfield's net position by \$17,733,115 in 2025 driven predominately by increased revenues. Property tax revenues for the year increased primarily as result of a 5.45% levy rate increase as well as an overall increase in taxable property values of approximately 2% reflecting market conditions. Other taxes increased as result of a new 0.5% local sales tax funding capital projects including the Woodlake Nature Center, Veterans Park and future Community Center expansion. Sales tax receipts will be used to pay debt service on bonds issued to finance the projects. The increase in capital grants and contributions revenue primarily reflects intergovernmental participation in public works and other projects aligning with project spending.

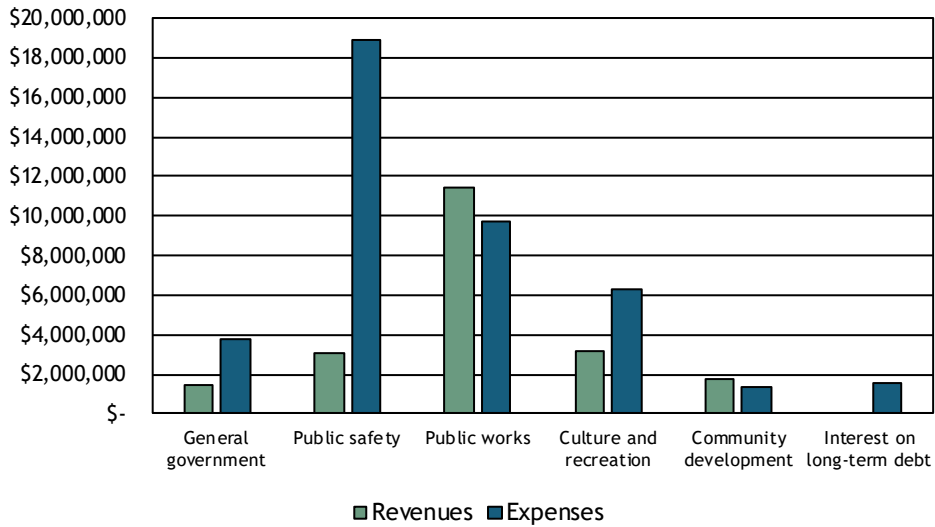
CITY OF RICHFIELD'S CHANGES IN NET POSITION

	Governmental Activities			Business-Type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 9,591,231	\$ 8,899,455	\$ 691,776	\$ 26,846,715	\$ 25,700,838	\$ 1,145,877
Operating grants and contributions	2,988,951	2,695,970	292,981	91,500	15,000	76,500
Capital grants and contributions	8,362,296	4,362,651	3,999,645	31,087	3,827	27,260
General revenues						
Taxes						
Property taxes	28,983,778	27,396,488	1,587,290	-	-	-
Other taxes	2,681,754	8,269	2,673,485	-	-	-
Grants and contributions not restricted to specific programs	3,410,633	3,392,552	18,081	44,822	1,895	42,927
Unrestricted investment earnings	2,251,742	1,905,722	346,020	300,177	552,702	(252,525)
Gain on sale of capital assets	121,888	110,431	11,457	15,500	15,000	500
Miscellaneous	175,266	81,590	93,676	-	153	(153)
Total revenues	<u>58,567,539</u>	<u>48,853,128</u>	<u>9,714,411</u>	<u>27,329,801</u>	<u>26,289,415</u>	<u>1,040,386</u>
Expenses						
General government	3,808,169	5,044,942	(1,236,773)	-	-	-
Public safety	18,940,122	19,121,775	(181,653)	-	-	-
Public works	9,732,142	11,460,779	(1,728,637)	-	-	-
Culture and recreation	6,288,456	5,512,708	775,748	-	-	-
Community development	1,344,168	1,845,055	(500,887)	-	-	-
Interest on long-term debt	1,570,857	1,264,578	306,279	-	-	-
Municipal liquor	-	-	-	12,510,710	12,792,792	(282,082)
Water and sewer utility	-	-	-	9,271,142	9,990,930	(719,788)
Storm sewer	-	-	-	3,239,369	2,325,095	914,274
Total expenses	<u>41,683,914</u>	<u>44,249,837</u>	<u>(2,565,923)</u>	<u>25,021,221</u>	<u>25,108,817</u>	<u>(87,596)</u>
Excess before transfers	16,883,625	4,603,291	12,280,334	2,308,580	1,180,598	1,127,982
Transfers	849,490	950,400	(100,910)	(849,490)	(860,088)	10,598
Change in net position	17,733,115	5,553,691	12,179,424	1,459,090	320,510	1,138,580
Net position, January 1	81,325,363	75,771,672	(11,403,676)	34,154,593	33,834,083	320,510
Correction of error (see Note 18)	147,487	-	147,487	-	-	-
Net position, January 1, restated	<u>81,472,850</u>	<u>75,771,672</u>	<u>(11,256,189)</u>	<u>34,154,593</u>	<u>33,834,083</u>	<u>320,510</u>
Net position, December 31	<u>\$ 99,205,965</u>	<u>\$ 81,325,363</u>	<u>\$ 17,880,602</u>	<u>\$ 35,613,683</u>	<u>\$ 34,154,593</u>	<u>\$ 1,459,090</u>

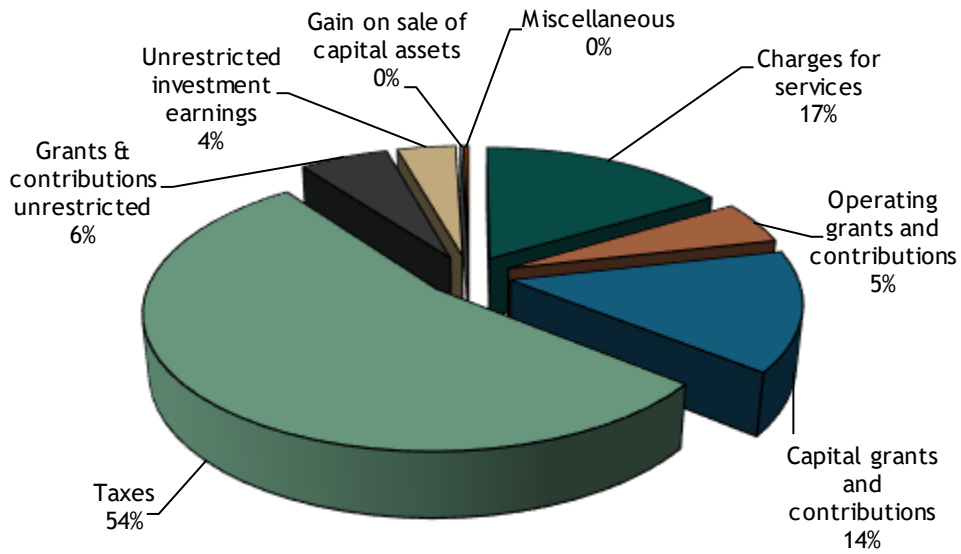
**City of Richfield
Management's Discussion and Analysis**

Government-Wide Financial Analysis (Continued)

**Governmental Activities
Revenues and Expenses by Program**



Governmental Activities Revenue

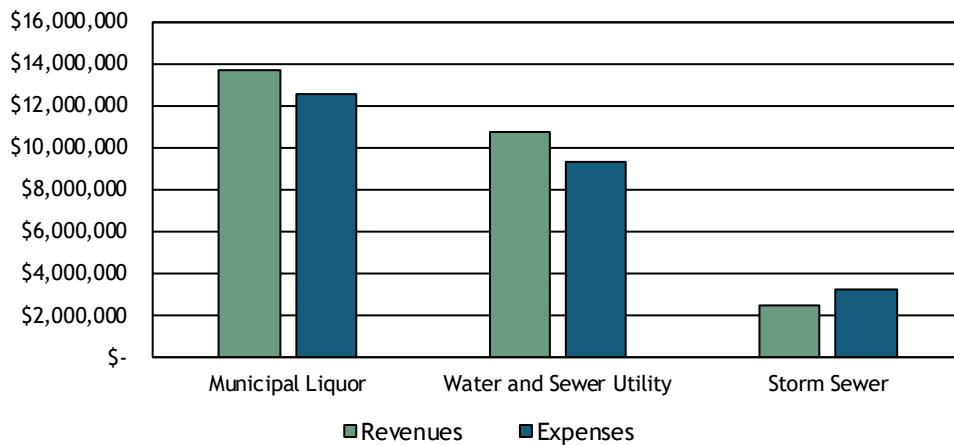


**City of Richfield
Management's Discussion and Analysis**

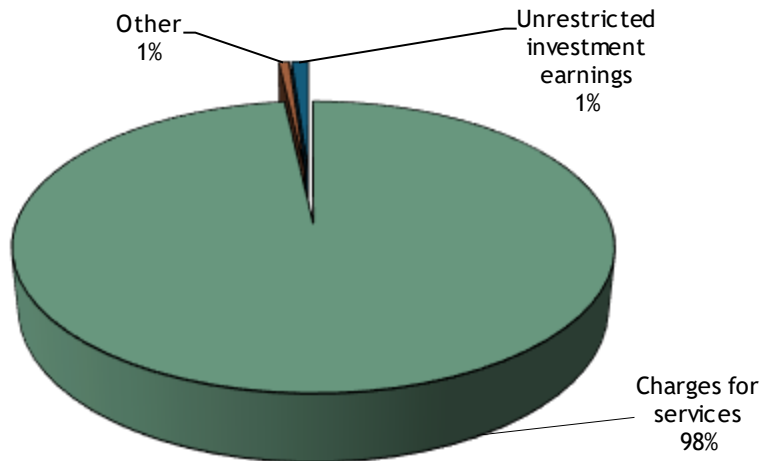
Government-Wide Financial Analysis (Continued)

Business-Type Activities. Business-type activities increased the City's net position by \$1,459,090 in 2025. Municipal liquor charges continued trend outpacing expenses with revenues reflecting market rates. Rate increases in water and sewer increased to cover expenses contributing to the increase in net position.

**Business-Type Activities
Revenues and Expenses by Program**



Business-Type Activities Revenues



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

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Richfield's governmental funds reported combined ending fund balances of \$46,956,810 an increase of \$4,428,045 over 2024. This increase is primarily attributed to an increase in the property tax levy rate and a new \$0.50 local option sales tax that began collection in 2025. Receipts from the sales tax will be used to pay debt service on general obligation revenue bonds issued to provide cash flow funding of parks capital project expenses for the Wood Lake Nature Center, Veterans Park, and Community Center projects. Other factors contributing to the increase in fund balance include: \$3,000,000 intergovernmental revenues representing receipt of federal funds for the Woodlake Nature Center Project; and \$6,160,000 receipt of general obligation bond proceeds issued in December for the sales tax supported parks projects.

The year-end fund balance consists of the following: 0.2% (\$78,856) are amounts that are not in spendable form such as prepaid items. 44.8% (\$21,053,724) constitutes restricted fund balances which limits the spending of these balances to externally imposed constraints, i.e. debt service covenants. 28.3% (\$13,279,548) represents committed fund balances which are determined by resolution of the City Council. Finally, 26.7% or \$12,554,682 consists of balances classified as unassigned.

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 \$13,693,552 while total fund balance was \$13,766,419. As a measure of the general fund liquidity, it may be useful to compare unassigned fund balance to total general fund revenues and expenditures. Unassigned fund balance represents approximately 41.4% of total general fund revenues and 43.4% of total general fund expenditures. Moreover, the State Auditor has set a standard that unrestricted, unassigned fund balance should be between 35 and 50% of yearly general fund revenues. The City has adopted a policy that strives to maintain a minimum fund balance equal to 40% of total general fund expenditures. At December 31, 2024 the City of Richfield met that goal.

The City's fund balance for its general fund increased by \$1,737,617 in 2025. The increase is primarily driven by a planned addition to the unassigned fund balance (\$778,500) to align with the fund balance policy and a year over year increase in total revenues.

The Ice Arena fund reflects an increase in fund balance of \$913,863 in 2025. The increase is due to the City Council decision to pay off interfund advances from the City's Communications and Self-Insurance funds.

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

Financial Analysis of the Government's Funds (Continued)

The Elections fund reflects a decrease in fund balance of \$1,525,701 from 2024 resulting from the City Council decision to transfer \$1,800,000 to the Capital Improvements fund.

The Improvement Bonds fund has a fund balance of \$9,250,848. The fund balance increased in 2025 by \$2,636,879 reflecting the collection of new local option sales tax revenues.

The Capital Improvement fund accounts for public improvements and road right-of-way projects undertaken by the City. For the year ended December 31, 2025, the beginning fund balance was adjusted to correct an overstatement of unearned revenue.

The nonmajor governmental funds consist of the City's Special Revenue funds and the Redevelopment Bond fund. The Special Revenue funds increased by \$900,616 in 2025. This increase primarily reflects an accumulation of franchise fee revenues in the Utility Franchise Fees Special Revenue fund that will be targeted to public works projects in future years.

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.

The Municipal Liquor fund increased net position by \$465,644 to \$6,515,376 in 2025. Operating revenues and expenses tracked similarly to the previous year.

Net position for the Water and Sewer Utility fund increased \$1,609,119 to \$21,743,909 in 2025. Contributing factors include increased utility rates and receipt of PFAS (forever chemicals) settlement of \$599,092.

The Storm Sewer fund decreased net position by \$623,147 driven primarily by a multi-year pond dredging maintenance project.

Budgetary Highlights

General Fund

General fund revenues outperformed budget while expenditures tracked closely to budget. More than 70% of the General fund revenue is from the property tax levy. Lodging, building and sewer permits contributed to a \$169,905 positive variance for Licensing and permit revenues. Charges for services benefited from increased right of way permits resulting from internet fiber installation work that expanded beyond what was anticipated in the budget. Overall, the fund balance increased \$1,737,617 aided by a planned addition to the unassigned balance of \$778,500 to increase toward the City's fund balance policy target.

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, 2025 amounts to \$155,192,170 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings and structures, other improvements, machinery and equipment, infrastructure, and construction in progress.

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

Capital Asset and Debt Administration (Continued)

Major capital asset events during 2025 included the following:

- I-494 Project 1- Improvements to the corridor between Hwy 77 and Hwy 169 and minimizing congestion issues along the corridor by removing local access to I-494 at Nicollet Ave and 12th Ave and improving access at Portland Ave. MnDOT, in coordination with the City, began this project in 2023 and is expected to complete in 2026.
- Sanitary sewer lining - approximately 5.2 miles of sanitary sewer lining was completed in 2025 at a cost of \$1.2 million.
- In November 2024, Richfield voters approved a 0.5% local sales tax to help finance multi-year projects for a new Community Center, Wood Lake Nature Center, and significant upgrades at Veterans Park. Construction efforts begin in 2025 and the Wood Lake Nature Center is expected to open late 2026.

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

	Governmental Activities			Business-Type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
Land	\$ 9,353,605	\$ 9,353,605	\$ -	\$ 638,673	\$ 638,673	\$ -
Leased equipment (Intangible right to use amount)	23,063	48,224	(25,161)	-	-	-
Buildings and structures	27,351,210	28,514,309	(1,163,099)	2,201,874	2,386,285	(184,411)
Machinery and equipment	8,509,783	8,067,572	442,211	4,140,138	4,614,112	(473,974)
Other improvements	5,823,266	4,949,422	873,844	30,860,738	32,548,543	(1,687,805)
Streets (infrastructure)	44,341,566	44,341,635	(69)	-	-	-
Construction in progress	19,926,717	6,677,256	13,249,461	2,021,537	489,882	1,531,655
Total	\$ 115,329,210	\$ 101,952,023	\$ 13,377,187	\$ 39,862,960	\$ 40,677,495	\$ (814,535)

Additional information on the City's capital assets can be found in Note 1P and Note 4 Capital Assets in the accompanying notes to the basic financial statements.

Long-Term Debt

At the end of the current fiscal year, the City of Richfield had total bonded debt outstanding of \$69,432,529. The debt service for the general obligation redevelopment bonds is provided through the collection of tax increments from Hennepin County. On an annual basis tax increment proceeds are transferred to meet annual debt service requirements. The general obligation improvement bonds are serviced by special assessment collections and tax levies.

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

Long-Term Debt (Continued)

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

	Governmental Activities			Business-Type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
G.O. Redevelopment Bonds	\$ -	\$ 260,000	\$ (260,000)	\$ -	\$ -	\$ -
G.O. Improvement Bonds	38,845,000	42,295,000	(3,450,000)	-	-	-
Revenue Bonds	16,160,000	10,000,000	6,160,000	12,445,000	13,670,000	(1,225,000)
Bond Premium	1,583,698	1,724,358	(140,660)	398,831	458,394	(59,563)
Total	\$ 56,588,698	\$ 54,279,358	\$ 2,309,340	\$ 12,843,831	\$ 14,128,394	\$ (1,284,563)

The City maintains a "AA+" bond rating and stable outlook from Standard and Poor's Ratings.

State Statutes limit the amount of general obligation debt a governmental entity may issue to 3% of its total assessed valuation. The current debt limitation for the City of Richfield is \$151,385,736, which is more than the City of Richfield's outstanding general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

The following factors provide insight to the City's planning for and dealing with near-term financial issues:

High interest rates, labor costs, and material costs continue to make redevelopment challenging in 2025. A number of redevelopment and housing projects progressed in 2025, however, going forward into 2026 we expect a decrease in permit revenues and redevelopment activities.

To prioritize limited resources, the City's policies, budgets and programs are guided by a four-year strategic plan. Developing the plan included several months of engagement with residents, policymakers, local partners and staff, and included measurable outcomes and performance targets. The plan prioritizes operational excellence, community development, sustainable infrastructure, high-quality workforce and equity.

The City also maintains a 10-year financial strategies model to guide budget development, respond to short-term economic fluctuations, and support long-term fiscal decisions.

Requests for Information

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

(THIS PAGE LEFT BLANK INTENTIONALLY)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF RICHFIELD
RICHFIELD, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2025**

City of Richfield
Statement of Net Position
December 31, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Housing and Redevelopment Authority	Economic Development Authority
Assets					
Cash and investments	\$ 61,912,711	\$ 9,325,754	\$ 71,238,465	\$ 20,980,107	\$ 1,499,418
Property tax receivable	381,360	-	381,360	40,547	5,410
Accounts receivable	1,276,812	3,170,130	4,446,942	13,236	135
Interest receivable	88,174	5,283	93,457	15,054	793
Leases receivable	4,299,604	-	4,299,604	-	-
Special assessments receivable	529,941	621,501	1,151,442	-	-
Due from other governments	2,656,920	55,116	2,712,036	78,140	-
Internal balances	2,984,689	(2,984,689)	-	-	-
Due from component unit	690,229	-	690,229	-	-
Inventory	-	1,776,069	1,776,069	-	-
Land held for resale	-	-	-	8,720,457	-
Prepaid items	146,065	267,874	413,939	16,779	-
Long-term second mortgage receivab	-	-	-	4,224,773	-
Deferred loan receivable	-	-	-	-	1,456,345
Allowance for uncollectible accounts	-	-	-	(4,224,773)	(1,456,345)
Land and construction in progress	29,280,322	2,660,210	31,940,532	-	-
Depreciable assets (net of accumulated depreciation/amortization)	86,048,888	37,202,750	123,251,638	-	-
Total assets	<u>190,295,715</u>	<u>52,099,998</u>	<u>242,395,713</u>	<u>29,864,320</u>	<u>1,505,756</u>
Deferred Outflows of Resources					
Deferred outflows of resources related to pensions	11,126,695	274,562	11,401,257	-	-
Deferred outflows of resources related to OPEB	648,044	28,853	676,897	-	-
Total deferred outflows of resources	<u>11,774,739</u>	<u>303,415</u>	<u>12,078,154</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 202,070,454</u>	<u>\$ 52,403,413</u>	<u>\$ 254,473,867</u>	<u>\$ 29,864,320</u>	<u>\$ 1,505,756</u>

City of Richfield
Statement of Net Position
December 31, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Housing and Redevelopment Authority	Economic Development Authority
Liabilities					
Accounts payable	\$ 4,715,765	\$ 1,173,286	\$ 5,889,051	\$ 250,216	\$ 44,257
Salaries and benefits payable	1,319,989	211,730	1,531,719	-	-
Deposits payable	663,062	-	663,062	3,458	-
Due to other governments	719,746	191,540	911,286	97,916	-
Due to primary government	-	-	-	690,229	-
Interest payable	682,475	153,216	835,691	-	-
Unearned revenue	219,590	-	219,590	-	-
Claims and judgements payable	1,287,564	-	1,287,564	-	-
Net G.O. bonds payable					
Payable within one year	5,765,000	1,250,000	7,015,000	-	-
Payable after one year	50,823,698	11,593,831	62,417,529	-	-
Lease liability					
Payable within one year	23,370	-	23,370	-	-
Compensated absences payable					
Payable within one year	737,812	106,847	844,659	-	-
Payable after one year	2,099,925	237,820	2,337,745	-	-
Net pension liability					
Payable after one year	11,341,942	1,065,860	12,407,802	-	-
Total OPEB liability					
Payable within one year	94,903	4,225	99,128	-	-
Payable after one year	2,027,531	90,274	2,117,805	-	-
Total liabilities	<u>82,522,372</u>	<u>16,078,629</u>	<u>98,601,001</u>	<u>1,041,819</u>	<u>44,257</u>
Deferred Inflows of Resources					
Deferred inflows of resources related to pensions	15,410,974	673,530	16,084,504	-	-
Deferred inflows of resources related to OPEB	843,843	37,571	881,414	-	-
Deferred inflows of resources related to leases receivable	4,087,300	-	4,087,300	-	-
Total deferred inflows of resources	<u>20,342,117</u>	<u>711,101</u>	<u>21,053,218</u>	<u>-</u>	<u>-</u>
Net Position					
Net investment in capital assets	77,809,801	26,988,698	98,486,849	-	-
Restricted for					
Debt service	8,883,935	-	8,883,935	-	-
Law enforcement drug forfeitures	312,155	-	312,155	-	-
Recreation services donations	100,132	-	100,132	-	-
Wood Lake Nature Center donations	499,427	-	499,427	-	-
Public Safety Aid	1,430,578	-	1,430,578	-	-
Public Health assessment	145,850	-	145,850	-	-
Public Health - opioid settlement	336,294	-	336,294	-	-
Wood lake Endowment	268,695	-	268,695	-	-
Capital Projects	-	-	-	16,849,209	-
Grants and donations	-	-	-	76,000	-
Unrestricted	9,419,098	8,624,985	24,355,733	11,897,292	1,461,499
Total net position	<u>99,205,965</u>	<u>35,613,683</u>	<u>134,819,648</u>	<u>28,822,501</u>	<u>1,461,499</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 202,070,454</u>	<u>\$ 52,403,413</u>	<u>\$ 254,473,867</u>	<u>\$ 29,864,320</u>	<u>\$ 1,505,756</u>

See notes to basic financial statements.

**City of Richfield
Statement of Activities
Year Ended December 31, 2025**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 3,808,169	\$ 1,331,170	\$ 117,027	\$ 6,889
Public safety	18,940,122	699,164	2,400,004	-
Public works	9,732,142	3,308,179	29,565	8,141,173
Culture and recreation	6,288,456	2,525,562	442,355	214,234
Community development	1,344,168	1,727,156	-	-
Interest on long-term debt	1,570,857	-	-	-
Total governmental activities	<u>41,683,914</u>	<u>9,591,231</u>	<u>2,988,951</u>	<u>8,362,296</u>
Business-type activities				
Municipal Liquor	12,510,710	13,718,076	-	-
Water and Sewer Utility	9,271,142	10,714,740	-	31,087
Storm Sewer	3,239,369	2,413,899	91,500	-
Total business-type activities	<u>25,021,221</u>	<u>26,846,715</u>	<u>91,500</u>	<u>31,087</u>
Total primary government	<u>\$ 66,705,135</u>	<u>\$ 36,437,946</u>	<u>\$ 3,080,451</u>	<u>\$ 8,393,383</u>
Component Units				
Housing and Redevelopment Authority				
Authority	\$ 11,813,935	\$ -	\$ 3,147,794	\$ 68,001
Economic Development Authority	<u>742,996</u>	<u>-</u>	<u>240,646</u>	<u>-</u>
Total component units	<u>\$ 12,556,931</u>	<u>\$ -</u>	<u>\$ 3,388,440</u>	<u>\$ 68,001</u>
General revenues				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Sales taxes				
Tax increments				
Lodging taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment income				
Miscellaneous				
Gain (loss) on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Correction of error (See Note 18)				
Net position - beginning restated				
Net position - ending				

Net (Expense) Revenues and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Housing and Redevelopment Authority	Economic Development Authority
\$ (2,353,083)	\$ -	\$ (2,353,083)	\$ -	\$ -
(15,840,954)	-	(15,840,954)	-	-
1,746,775	-	1,746,775	-	-
(3,106,305)	-	(3,106,305)	-	-
382,988	-	382,988	-	-
(1,570,857)	-	(1,570,857)	-	-
<u>(20,741,436)</u>	<u>-</u>	<u>(20,741,436)</u>	<u>-</u>	<u>-</u>
-	1,207,366	1,207,366	-	-
-	1,474,685	1,474,685	-	-
-	(733,970)	(733,970)	-	-
<u>-</u>	<u>1,948,081</u>	<u>1,948,081</u>	<u>-</u>	<u>-</u>
<u>(20,741,436)</u>	<u>1,948,081</u>	<u>(18,793,355)</u>	<u>-</u>	<u>-</u>
			(8,598,140)	-
			<u>-</u>	<u>(502,350)</u>
			<u>(8,598,140)</u>	<u>(502,350)</u>
24,971,468	-	24,971,468	720,479	623,343
4,012,310	-	4,012,310	-	-
2,674,438	-	2,674,438	-	-
-	-	-	6,885,215	-
7,316	-	7,316	-	-
3,410,633	44,822	3,455,455	-	-
2,251,742	300,177	2,551,919	777,302	46,213
175,266	-	175,266	46,176	2,100
121,888	15,500	137,388	-	-
849,490	(849,490)	-	-	-
<u>38,474,551</u>	<u>(488,991)</u>	<u>37,985,560</u>	<u>8,429,172</u>	<u>671,656</u>
17,733,115	1,459,090	19,192,205	(168,968)	169,306
81,325,363	34,154,593	115,479,956	28,991,469	1,292,193
147,487	-	147,487	-	-
<u>81,472,850</u>	<u>34,154,593</u>	<u>115,627,443</u>	<u>28,991,469</u>	<u>1,292,193</u>
<u>\$ 99,205,965</u>	<u>\$ 35,613,683</u>	<u>\$ 134,819,648</u>	<u>\$ 28,822,501</u>	<u>\$ 1,461,499</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

FUND FINANCIAL STATEMENTS

**CITY OF RICHFIELD
RICHFIELD, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2025**

City of Richfield
Balance Sheet - Governmental Funds
December 31, 2025

	Special Revenue			Debt Service
	General	Ice Arena	Elections	Improvement Bonds
Assets				
Cash and temporary investments	\$ 13,731,120	\$ -	\$ 570,719	\$ 8,346,864
Interest receivable	3,782	309	58,071	2,443
Property taxes receivable	131,654	-	-	246,460
Accounts receivable	213,409	134,007	69,954	-
Leases receivable	-	70,380	4,014,170	-
Due from other funds	1,170,494	-	-	-
Due from other governments	318,209	-	-	901,541
Special assessment receivable				
Delinquent	1,654	-	-	-
Deferred	7,560	-	-	69,102
Advances to other funds	-	-	-	-
Prepaid items	72,867	-	5,989	-
	<u>\$ 15,650,749</u>	<u>\$ 204,696</u>	<u>\$ 4,718,903</u>	<u>\$ 9,566,410</u>
Liabilities				
Accounts and contracts payable	\$ 252,187	\$ 54,490	\$ -	\$ -
Accrued salaries payable	1,187,278	40,405	-	-
Deposits payable	-	-	34,165	-
Due to other funds	-	1,170,494	-	-
Due to other governments	273,997	21,888	-	-
Advances from other funds	-	-	-	-
Unearned revenue	-	-	-	-
	<u>1,713,462</u>	<u>1,287,277</u>	<u>34,165</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	131,654	-	-	246,460
Unavailable revenue - special assessments	9,214	-	-	69,102
Deferred inflows of resources related to leases receivable	-	66,289	3,815,052	-
Unavailable revenue - State shared taxes	30,000	-	-	-
	<u>170,868</u>	<u>66,289</u>	<u>3,815,052</u>	<u>315,562</u>
Fund Balances				
Nonspendable	72,867	-	5,989	-
Restricted	-	-	-	9,250,848
Committed	-	-	863,697	-
Unassigned	13,693,552	(1,148,870)	-	-
	<u>13,766,419</u>	<u>(1,148,870)</u>	<u>869,686</u>	<u>9,250,848</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,650,749</u>	<u>\$ 204,696</u>	<u>\$ 4,718,903</u>	<u>\$ 9,566,410</u>

See notes to basic financial statements.

Capital Projects			
Capital Improvements	Park Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 6,575,265	\$ 11,445,288	\$ 8,761,250	\$ 49,430,506
8,856	1,231	6,620	81,312
3,246	-	-	381,360
2,500	26,054	816,241	1,262,165
-	-	215,054	4,299,604
-	-	-	1,170,494
1,258,087	-	179,083	2,656,920
2,954	-	13,618	18,226
287,265	-	147,788	511,715
-	148,040	-	148,040
-	-	-	78,856
<u>\$ 8,138,173</u>	<u>\$ 11,620,613</u>	<u>\$ 10,139,654</u>	<u>\$ 60,039,198</u>
\$ 901,166	\$ 2,732,153	\$ 144,555	\$ 4,084,551
-	-	19,022	1,246,705
598,222	30,675	-	663,062
-	-	-	1,170,494
28,804	-	83,474	408,163
-	148,040	-	148,040
219,590	-	-	219,590
<u>1,747,782</u>	<u>2,910,868</u>	<u>247,051</u>	<u>7,940,605</u>
3,246	-	-	381,360
290,219	-	161,406	529,941
-	-	205,959	4,087,300
113,182	-	-	143,182
<u>406,647</u>	<u>-</u>	<u>367,365</u>	<u>5,141,783</u>
-	-	-	78,856
-	8,709,745	3,093,131	21,053,724
5,983,744	-	6,432,107	13,279,548
-	-	-	12,544,682
<u>5,983,744</u>	<u>8,709,745</u>	<u>9,525,238</u>	<u>46,956,810</u>
<u>\$ 8,138,173</u>	<u>\$ 11,620,613</u>	<u>\$ 10,139,654</u>	<u>\$ 60,039,198</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

City of Richfield
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2025

Total fund balances - governmental funds \$ 46,956,810

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

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

Cost of capital assets	214,159,954
Less accumulated depreciation/amortization	(104,832,289)

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

Long-term liabilities at year-end consist of:

G.O. bonds payable	(55,005,000)
Unamortized bond premiums	(1,583,698)
Lease liability	(23,370)
Total OPEB liability	(2,089,987)
Net pension liability	(10,945,816)

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

Property taxes	381,360
Special assessments	18,226

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

Deferred inflows of resources related to pensions	(15,160,657)
Deferred inflows of resources related to OPEB	(830,943)
Deferred outflows of resources related to pensions	11,024,506
Deferred outflows of resources related to OPEB	638,136

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

Deferred special assessments	511,715
State shared taxes	143,182

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

(682,475)

The assets and deferred outflows of resources and liabilities and deferred inflows of resources of certain Internal Service Funds are included in governmental activities in the statement of net position:

Net position of internal service funds	12,851,393
Allocation to reflection consolidation of internal service fund activities related to enterprise funds	2,984,689
Allocation to reflection consolidation of internal service fund activities related to component unit	690,229
	690,229

Total net position - governmental activities \$ 99,205,965

City of Richfield
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2025

	Special Revenue			Debt Service
	General	Ice Arena	Elections	Improvement Bonds
Revenues				
Taxes	\$ 23,306,044	\$ -	\$ -	\$ 4,012,310
Sales tax	-	-	-	2,674,438
Franchise fees	-	-	-	-
Lodging taxes	-	-	-	-
Licenses and permits	1,293,755	-	-	-
Intergovernmental	5,674,793	-	-	-
Charges for services	2,353,340	1,335,461	-	-
Fines and forfeitures	221,454	-	-	-
Special assessments	6,889	-	-	37,171
Interest earnings	222,216	9,010	134,195	143,270
Miscellaneous	22,648	49,007	410,401	-
Total revenues	33,101,139	1,393,478	544,596	6,867,189
Expenditures				
Current				
Legislative/executive	1,266,192	-	270,297	-
Administrative services	1,212,918	-	-	-
Finance	547,896	-	-	-
Public safety	12,680,034	-	-	-
Fire	6,239,563	-	-	-
Community development	1,688,853	-	-	-
Public works	5,377,729	-	-	-
Recreation services	2,506,577	1,529,985	-	-
Capital outlay				
Public works	-	-	-	-
Recreation services	-	-	-	-
Debt service				
Principal	-	-	-	3,450,000
Interest and other charges	-	6,800	-	1,527,103
Total expenditures	31,519,762	1,536,785	270,297	4,977,103
Excess of revenues over (under) expenditures	1,581,377	(143,307)	274,299	1,890,086
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	-
Bond premium	-	-	-	-
Transfers in	508,490	1,057,170	-	746,793
Transfers out	(352,250)	-	(1,800,000)	-
Total other financing sources (uses)	156,240	1,057,170	(1,800,000)	746,793
Net change in fund balances	1,737,617	913,863	(1,525,701)	2,636,879
Fund Balances				
Beginning of year	12,028,802	(2,062,733)	2,395,387	6,613,969
Correction of error (See Note 18)	-	-	-	-
Beginning of year, restated	12,028,802	(2,062,733)	2,395,387	6,613,969
End of year	\$ 13,766,419	\$ (1,148,870)	\$ 869,686	\$ 9,250,848

See notes to basic financial statements.

Capital Projects			
Capital Improvements	Park Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,528,800	\$ -	\$ -	\$ 28,847,154
-	-	-	2,674,438
-	-	2,782,083	2,782,083
-	-	7,316	7,316
-	-	-	1,293,755
4,131,572	3,000,000	992,467	13,798,832
-	-	993,491	4,682,292
-	-	81,194	302,648
139,184	-	136,430	319,674
524,323	477,837	333,377	1,844,228
461,842	7,900	511,660	1,463,458
<u>6,785,721</u>	<u>3,485,737</u>	<u>5,838,018</u>	<u>58,015,878</u>
-	-	508,759	2,045,248
-	-	-	1,212,918
-	-	-	547,896
-	-	297,680	12,977,714
-	-	-	6,239,563
-	-	-	1,688,853
189,441	-	328,826	5,895,996
-	2,106	1,632,856	5,671,524
4,691,720	-	-	4,691,720
-	12,639,039	-	12,639,039
-	-	260,000	3,710,000
-	111,990	3,738	1,649,631
<u>4,881,161</u>	<u>12,753,135</u>	<u>3,031,859</u>	<u>58,970,102</u>
1,904,560	(9,267,398)	2,806,159	(954,224)
-	6,160,000	-	6,160,000
-	101,579	-	101,579
2,957,000	475,000	657,250	6,401,703
(2,565,970)	-	(2,562,793)	(7,281,013)
<u>391,030</u>	<u>6,736,579</u>	<u>(1,905,543)</u>	<u>5,382,269</u>
2,295,590	(2,530,819)	900,616	4,428,045
3,540,667	11,240,564	8,624,622	42,381,278
<u>147,487</u>	<u>-</u>	<u>-</u>	<u>147,487</u>
<u>3,688,154</u>	<u>11,240,564</u>	<u>8,624,622</u>	<u>42,528,765</u>
<u>\$ 5,983,744</u>	<u>\$ 8,709,745</u>	<u>\$ 9,525,238</u>	<u>\$ 46,956,810</u>

City of Richfield
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the
Statement of Activities - Governmental Funds
Year Ended December 31, 2025

Total net change in fund balances - governmental funds \$ 4,428,045

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense:

Capital outlays	17,057,025
Depreciation/amortization expense	(4,329,200)

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

Total OPEB liability	49,585
----------------------	--------

Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities:

Bond principal payments	3,710,000
Lease payments	25,326

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

140,660

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

(163,465)

Proceeds from long-term debt are recognized as another financing source in the governmental funds but have no impact on the changes in net position in the Statement of Activities.

(6,160,000)

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

State shared taxes	(303,304)
--------------------	-----------

Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective:

Pension expense	836,423
-----------------	---------

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (loss) of internal service funds are reported with governmental activities:

Investment earnings	407,514
Transfers - net	1,728,800
Gain on sale of capital assets	121,888
Consolidation of internal service fund activities with governmental activities	47,917

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

Property taxes	136,624
Special assessments	(723)

Change in net position - governmental activities	\$ 17,733,115
--	---------------

City of Richfield
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 23,419,852	\$ 23,419,852	\$ 23,306,044	\$ (113,808)
Special assessments	-	-	6,889	6,889
Licenses and permits	1,179,750	1,123,850	1,293,755	169,905
Intergovernmental	5,274,208	5,492,443	5,674,793	182,350
Charges for services	1,764,800	1,895,888	2,353,340	457,452
Fines and forfeitures	200,000	215,000	221,454	6,454
Interest earnings	50,000	100,000	222,216	122,216
Miscellaneous	28,750	30,975	22,648	(8,327)
Total revenues	31,917,360	32,278,008	33,101,139	823,131
Expenditures				
Current				
Legislative/executive	1,314,929	1,300,946	1,266,192	(34,754)
Administrative services	1,304,174	1,357,601	1,212,918	(144,683)
Finance	678,020	495,832	547,896	52,064
Public safety	12,824,640	12,586,184	12,680,034	93,850
Fire	6,188,977	6,333,130	6,239,563	(93,567)
Community development	1,865,120	1,806,325	1,688,853	(117,472)
Public works	5,303,150	5,301,140	5,377,729	76,589
Recreation services	2,474,590	2,474,590	2,506,577	31,987
Total expenditures	31,953,600	31,655,748	31,519,762	(135,986)
Excess of revenues over (under) expenditures	(36,240)	622,260	1,581,377	959,117
Other Financing Sources (Uses)				
Transfers in	812,600	508,490	508,490	-
Transfers out	(776,360)	(1,130,750)	(352,250)	778,500
Total other financing sources (uses)	36,240	(622,260)	156,240	778,500
Net change in fund balances	\$ -	\$ -	1,737,617	\$ 1,737,617
Fund Balances				
Beginning of year			12,028,802	
End of year			\$ 13,766,419	

See notes to basic financial statements.

City of Richfield
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Ice Arena Special Revenue Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Charges for services	\$ 1,327,020	\$ 1,327,020	\$ 1,335,461	\$ 8,441
Interest earnings	-	-	9,010	9,010
Miscellaneous	70,880	70,880	49,007	(21,873)
Total revenues	<u>1,397,900</u>	<u>1,397,900</u>	<u>1,393,478</u>	<u>(4,422)</u>
Expenditures				
Current				
Recreation services	1,352,250	1,352,250	1,529,985	177,735
Debt service				
Interest and other charges	6,800	6,800	6,800	-
Capital outlay				
Recreation services	20,000	20,000	-	(20,000)
Total expenditures	<u>1,379,050</u>	<u>1,379,050</u>	<u>1,536,785</u>	<u>157,735</u>
Excess of revenues over (under) expenditures	18,850	18,850	(143,307)	(162,157)
Other Financing Sources				
Transfers in	585,000	1,057,170	1,057,170	-
Net change in fund balances	<u>\$ 603,850</u>	<u>\$ 1,076,020</u>	913,863	<u>\$ (162,157)</u>
Fund Balances				
Beginning of year			<u>(2,062,733)</u>	
End of year			<u>\$ (1,148,870)</u>	

City of Richfield
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Elections Special Revenue Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Interest earnings	\$ 5,000	\$ 50,000	\$ 134,195	\$ 84,195
Miscellaneous	389,700	408,000	410,401	2,401
Total revenues	<u>394,700</u>	<u>458,000</u>	<u>544,596</u>	<u>86,596</u>
Expenditures				
Current				
General government	334,050	274,320	270,297	(4,023)
Total expenditures	<u>334,050</u>	<u>274,320</u>	<u>270,297</u>	<u>(4,023)</u>
Excess of revenues over (under) expenditures	<u>60,650</u>	<u>183,680</u>	<u>274,299</u>	<u>90,619</u>
Other Financing Sources (Uses)				
Transfers out	-	(1,800,000)	(1,800,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(1,800,000)</u>	<u>(1,800,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ 60,650</u>	<u>\$ (1,616,320)</u>	<u>(1,525,701)</u>	<u>\$ 90,619</u>
Fund Balances				
Beginning of year			<u>2,395,387</u>	
End of year			<u>\$ 869,686</u>	

City of Richfield
Statement of Net Position - Proprietary Funds
December 31, 2025

	Business-Type Activities - Enterprise Funds				Governmental Activities -
	Municipal Liquor	Water and Sewer Utility	Storm Sewer	Total	Internal Service Funds
Assets					
Current assets					
Cash and temporary investments	\$ 3,496,160	\$ 3,286,540	\$ 2,543,054	\$ 9,325,754	\$ 12,482,205
Interest receivable	1,866	1,940	1,477	5,283	6,862
Accounts receivable	315	2,576,845	592,970	3,170,130	14,647
Special assessments receivable	-	621,478	23	621,501	-
Due from other governments	4,999	50,117	-	55,116	-
Inventories	1,776,069	-	-	1,776,069	-
Prepaid items	10,098	255,226	2,550	267,874	67,209
Total current assets	<u>5,289,507</u>	<u>6,792,146</u>	<u>3,140,074</u>	<u>15,221,727</u>	<u>12,570,923</u>
Noncurrent assets					
Capital assets not being depreciated					
Land	499,188	53,550	85,935	638,673	-
Construction in progress	-	1,864,387	157,150	2,021,537	921,231
Capital assets being depreciated					
Buildings and structures	5,090,657	5,405,688	-	10,496,345	14,957,718
Machinery and equipment	1,145,496	14,273,447	839,480	16,258,423	-
Other improvements	253,149	33,029,145	29,839,923	63,122,217	-
Less accumulated depreciation	(3,956,703)	(32,340,309)	(16,377,223)	(52,674,235)	(9,877,404)
Net capital assets	<u>3,031,787</u>	<u>22,285,908</u>	<u>14,545,265</u>	<u>39,862,960</u>	<u>6,001,545</u>
Total noncurrent assets	<u>3,031,787</u>	<u>22,285,908</u>	<u>14,545,265</u>	<u>39,862,960</u>	<u>6,001,545</u>
Total assets	<u>8,321,294</u>	<u>29,078,054</u>	<u>17,685,339</u>	<u>55,084,687</u>	<u>18,572,468</u>
Deferred Outflows of Resources					
Deferred outflows of resources related to pensions	127,644	140,103	6,815	274,562	102,189
Deferred outflows of resources related to OPEB	9,643	19,081	129	28,853	9,908
Total deferred outflows of resources	<u>137,287</u>	<u>159,184</u>	<u>6,944</u>	<u>303,415</u>	<u>112,097</u>
Total assets and deferred outflows of resources	<u>\$ 8,458,581</u>	<u>\$ 29,237,238</u>	<u>\$ 17,692,283</u>	<u>\$ 55,388,102</u>	<u>\$ 18,684,565</u>

City of Richfield
Statement of Net Position - Proprietary Funds
December 31, 2025

	Business-Type Activities - Enterprise Funds				Governmental Activities -
	Municipal Liquor	Water and Sewer Utility	Storm Sewer	Total	Internal Service Funds
Liabilities					
Current liabilities					
Accounts and contracts payable	\$ 715,174	\$ 387,036	\$ 71,076	\$ 1,173,286	\$ 631,214
Accrued salaries payable	85,553	114,784	11,393	211,730	73,284
Due to other governments	170,271	12,133	9,136	191,540	311,583
Accrued interest payable	-	68,849	84,367	153,216	-
Compensated absences payable	38,344	67,649	854	106,847	737,812
Bonds payable due within one year	-	661,200	588,800	1,250,000	-
Total OPEB liability due within one year	1,412	2,794	19	4,225	1,451
Total current liabilities	<u>1,010,754</u>	<u>1,314,445</u>	<u>765,645</u>	<u>3,090,844</u>	<u>1,755,344</u>
Noncurrent liabilities					
Compensated absences payable	85,347	150,573	1,900	237,820	2,099,925
Claims and judgements	-	-	-	-	1,287,564
Bonds payable	-	5,051,257	6,542,574	11,593,831	-
Net pension liability	492,904	546,910	26,046	1,065,860	396,126
Total OPEB liability	30,171	59,699	404	90,274	30,996
Total noncurrent liabilities	<u>608,422</u>	<u>5,808,439</u>	<u>6,570,924</u>	<u>12,987,785</u>	<u>3,814,611</u>
Total liabilities	<u>1,619,176</u>	<u>7,122,884</u>	<u>7,336,569</u>	<u>16,078,629</u>	<u>5,569,955</u>
Deferred Inflows of Resources					
Deferred inflows of resources related to pensions	311,472	345,599	16,459	673,530	250,317
Deferred inflows of resources related to OPEB	12,557	24,846	168	37,571	12,900
Total deferred inflows of resources	<u>324,029</u>	<u>370,445</u>	<u>16,627</u>	<u>711,101</u>	<u>263,217</u>
Net Position					
Net investment in capital assets	3,031,787	16,555,790	7,401,121	26,988,698	6,001,545
Unrestricted	3,483,589	5,188,119	2,937,966	11,609,674	6,849,848
Total net position	<u>6,515,376</u>	<u>21,743,909</u>	<u>10,339,087</u>	<u>38,598,372</u>	<u>12,851,393</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,458,581</u>	<u>\$ 29,237,238</u>	<u>\$ 17,692,283</u>	55,388,102	<u>\$ 18,684,565</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(2,984,689)</u>	
Net position of business-type activities				<u>\$ 35,613,683</u>	

City of Richfield
Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds
Year Ended December 31, 2025

	Business-Type Activities - Enterprise Funds				Governmental Activities -
	Municipal Liquor	Water and Sewer Utility	Storm Sewer	Totals	Internal Service Funds
Operating Revenues					
Charges for services	\$ 13,707,111	\$ 10,026,592	\$ 2,251,735	\$ 25,985,438	\$ 5,114,233
Less: cost of sales	(9,647,745)	-	-	(9,647,745)	-
Total operating revenues	<u>4,059,366</u>	<u>10,026,592</u>	<u>2,251,735</u>	<u>16,337,693</u>	<u>5,114,233</u>
Operating Expenses					
Personnel services	1,851,865	2,326,635	494,927	4,673,427	1,798,549
Other services and charges	812,890	5,217,997	1,674,177	7,705,064	2,051,813
Depreciation	200,422	1,596,829	893,135	2,690,386	1,209,732
Total operating expenses	<u>2,865,177</u>	<u>9,141,461</u>	<u>3,062,239</u>	<u>15,068,877</u>	<u>5,060,094</u>
Operating income (loss)	1,194,189	885,131	(810,504)	1,268,816	54,139
Nonoperating Revenues (Expenses)					
Intergovernmental	-	10,000	126,322	136,322	-
Interest earnings	109,980	112,648	77,549	300,177	407,514
Miscellaneous revenues (expenses)	10,965	684,153	162,164	857,282	2,307
Special assessment interest	-	3,995	-	3,995	-
Gain (loss) on sale of asset	-	15,500	-	15,500	121,888
Interest and amortization expense	-	(133,395)	(178,678)	(312,073)	-
Total nonoperating revenues (expenses)	<u>120,945</u>	<u>692,901</u>	<u>187,357</u>	<u>1,001,203</u>	<u>531,709</u>
Income (loss) before transfers and contributions	1,315,134	1,578,032	(623,147)	2,270,019	585,848
Capital contributions from availability charges	-	31,087	-	31,087	-
Transfers in	-	-	-	-	1,728,800
Transfers out	(849,490)	-	-	(849,490)	-
Change in net position	465,644	1,609,119	(623,147)	1,451,616	2,314,648
Net Position					
Beginning of year	<u>6,049,732</u>	<u>20,134,790</u>	<u>10,962,234</u>	<u>37,146,756</u>	<u>10,536,745</u>
End of year	<u>\$ 6,515,376</u>	<u>\$ 21,743,909</u>	<u>\$ 10,339,087</u>	<u>38,598,372</u>	<u>\$ 12,851,393</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>7,474</u>	
Change in net position of business-type activities				<u>\$ 1,459,090</u>	

City of Richfield
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2025

	Business-Type Activities - Enterprise Funds				Governmental Activities -
	Municipal Liquor	Water and Sewer Utility	Storm Sewer	Total	Internal Service Funds
Cash Flows - Operating Activities					
Receipts from customers and users	\$ 13,707,055	\$ 9,758,345	\$ 2,256,530	\$ 25,721,930	\$ 5,101,682
Payments to suppliers	(10,435,979)	(5,356,555)	(1,716,332)	(17,508,866)	(3,378,875)
Payments to employees	(1,951,717)	(2,517,948)	(509,220)	(4,978,885)	(1,963,576)
Other operating receipts	10,965	684,153	162,164	857,282	2,307
Net cash flows					
- operating activities	<u>1,330,324</u>	<u>2,567,995</u>	<u>193,142</u>	<u>4,091,461</u>	<u>(238,462)</u>
Cash Flows - Noncapital Financing Activities					
Intergovernmental revenue	-	10,000	126,322	136,322	-
Receipt of advances to other funds	-	-	-	-	372,707
Transfer from other funds	-	-	-	-	1,728,800
Transfer to other funds	(849,490)	-	-	(849,490)	-
Net cash flows - noncapital financing activities	<u>(849,490)</u>	<u>10,000</u>	<u>126,322</u>	<u>(713,168)</u>	<u>2,101,507</u>
Cash Flows - Capital and Related Financing Activities					
Trunk and access charges	-	31,087	-	31,087	-
Principal paid on debt	-	(649,600)	(575,400)	(1,225,000)	-
Interest paid on debt	-	(174,044)	(211,239)	(385,283)	-
Proceeds from sale of capital assets	-	15,500	-	15,500	121,888
Acquisition of capital assets	(69,659)	(1,765,658)	(50,096)	(1,885,413)	(1,859,094)
Net cash flows					
- capital and related financing activities	<u>(69,659)</u>	<u>(2,542,715)</u>	<u>(836,735)</u>	<u>(3,449,109)</u>	<u>(1,737,206)</u>
Cash Flows - Investing Activities					
Interest and dividends received	<u>113,091</u>	<u>117,590</u>	<u>89,554</u>	<u>320,235</u>	<u>422,775</u>
Net change in cash and cash equivalents	524,266	152,870	(427,717)	249,419	548,614
Cash and Cash Equivalents					
January 1	<u>2,971,894</u>	<u>3,133,670</u>	<u>2,970,771</u>	<u>9,076,335</u>	<u>11,933,591</u>
December 31	<u>\$ 3,496,160</u>	<u>\$ 3,286,540</u>	<u>\$ 2,543,054</u>	<u>\$ 9,325,754</u>	<u>\$ 12,482,205</u>

City of Richfield
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2025

	Business-Type Activities - Enterprise Funds				Governmental Activities -
	Municipal Liquor	Water and Sewer Utility	Storm Sewer	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities					
Operating income (loss)	\$ 1,194,189	\$ 885,131	\$ (810,504)	\$ 1,268,816	\$ 54,139
Adjustments to reconcile operating income (loss) to net cash flows - operating activities					
Other revenues	10,965	688,148	162,164	861,277	2,307
Depreciation expense	200,422	1,596,829	893,135	2,690,386	1,209,732
Net pension liability expense	(105,815)	(183,899)	(14,318)	(304,032)	(132,758)
OPEB liability expense	2,611	2,277	186	5,074	887
Accounts receivable	(97)	(97,446)	(10,205)	(107,748)	(12,551)
Special assessments receivable	-	(174,796)	-	(174,796)	-
Due from other governments	41	-	15,000	15,041	-
Prepaid items	13,023	(40,153)	(2,550)	(29,680)	(52,873)
Inventory	(60,073)	-	-	(60,073)	-
Accounts payable	67,474	107,861	(47,625)	127,710	171,034
Due to other governmental units	4,232	(206,266)	8,020	(194,014)	156,164
Salaries payable	8,661	23,188	2,042	33,891	9,837
Compensated absences payable	-	-	-	-	(42,993)
Estimated payable for outstanding claims	(5,309)	(32,879)	(2,203)	(40,391)	(1,601,387)
Total adjustments	<u>136,135</u>	<u>1,682,864</u>	<u>1,003,646</u>	<u>2,822,645</u>	<u>(292,601)</u>
Net cash flows - operating activities	<u>\$ 1,330,324</u>	<u>\$ 2,567,995</u>	<u>\$ 193,142</u>	<u>\$ 4,091,461</u>	<u>\$ (238,462)</u>
Acquisition of capital assets on account	\$ -	\$ 17,661	\$ 12,770	\$ 30,431	\$ -

City of Richfield
Statement of Fiduciary Net Position
December 31, 2025

	Custodial Funds
Assets	
Cash and temporary investments	\$ 161,086
Total assets	\$ 161,086
Liabilities	
Due to other governments	\$ 158,270
Total liabilities	158,270
Net Position	
Restricted for Individuals, Organizations, and other Governments	\$ 2,816

City of Richfield
Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2025

	Custodial Funds
Additions	
License fee collections for State of Minnesota	\$ 22,091,919
Total additions	22,091,919
Deductions	
Payments to State of Minnesota	22,091,919
Total deductions	22,091,919
Change in net position	-
Net Position	
Beginning of year	2,816
End of year	\$ 2,816

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Summary of Significant Accounting Policies

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

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

B. Reporting Entity

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

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

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

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

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

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

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

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

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

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

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

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

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

- Related Organizations - The City has no related organizations.

C. Government-Wide and Fund Financial Statements

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

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

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

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

The government reports the following major governmental funds:

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

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

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

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

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

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Park Capital Projects Fund - This fund is used to account for projects related to parks and recreation within the City.

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects Funds. Encumbrances outstanding at year-end are reported within restrictions, commitments, or assignments of fund balance, as appropriate, since they do not constitute expenditures or liabilities. At December 31, 2025 there are no significant encumbrances outstanding in any major or nonmajor fund.

F. Legal Compliance - Budgets

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

1. The City Manager shall, at a special budget meeting of the Council on or before September 15, submit to the Council a proposed budget and an explanatory budget message in a form and manner as prescribed by the City Charter.
2. At the City Council meeting, where the proposed budget and tax levy is submitted for adoption, the Council shall determine the place and time of the public hearing on the budget. Public hearings are conducted to obtain taxpayer comments.
3. The Council shall adopt the budget no later than the last date established by law for the County Auditor to levy taxes. The budget shall set forth the total for each budgeted fund and each department with such segregation as to objects and purposes of expenditures as the Council deems necessary for purposes of budget control for the General and Special Revenue Funds.
4. Reported budget amounts are as originally adopted or as amended by Council-approved budget transfers. During 2025 the General Fund budget was amended to increase budgeted revenues by \$360,648, decrease budgeted expenditures by \$297,852 and decrease budgeted net transfers by \$658,500. The City Manager is authorized to transfer budgeted amounts between divisions within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council with formal adoption by resolution. All budgeted appropriations lapse at the end of the year.
5. Expenditures may not legally exceed budgeted appropriations at the total department level. Monitoring of budgets is maintained at the expenditure category (i.e., salaries, wages, and benefits; material, supplies, and services; and capital outlay) within each activity. Budgetary monitoring, by departments or divisions and by category, is required by the City Charter.

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations (budget) in the following individual funds for the year ended December 31, 2025:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Major			
Ice arena	\$ 1,379,050	\$ 1,536,785	\$ 157,735
Nonmajor			
Tourism Admin	5,440	5,441	1
Public safety compliance	24,650	53,284	28,634
Recreation contribution	146,000	232,860	86,860
Public health grants	110,000	183,989	73,989
Utility franchis fees	110,000	120,003	10,003
Opioid settlement	12,000	32,299	20,299

H. Deficit Fund Equity

The following funds had fund equity deficits as December 31, 2025:

Fund	Amount
Major	
Ice arena	\$ 1,148,870

I. Cash, Cash Equivalents, and Investments

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

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

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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

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

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

J. Property Tax Revenue Recognition

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

1. Government-Wide Financial Statements

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

2. Governmental Fund Financial Statements

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

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Special Assessment Revenue Recognition

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

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

1. Government-Wide Financial Statements

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

2. Governmental Fund Financial Statements

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

L. Inventories

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

M. Prepaid Items

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

N. Lease Receivable

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

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

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Land Held for Resale

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

P. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets that are reported within the government-wide financial statements include assets that were acquired on or after 1960. Capital assets are defined by the government as assets with an initial, individual cost of more than \$25,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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

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

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

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

Q. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and personal leave pay benefits. In addition, the fire employees are paid one-third of their unused sick pay upon termination. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The liability for compensated absences reported in the Statement of Net Position consists of leave that has not been used that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. Compensated absences for governmental funds are accounted for in the Compensated Absences Internal Service Fund.

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Long-Term Obligations

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

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

S. Pensions

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

T. Fund Balance

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

- **Nonspendable Fund Balances** - Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted Fund Balances** - Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed Fund Balances** - Consists of internally imposed constraints that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned Fund Balances** - Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to City Council resolution, the City's Finance Manager is authorized to establish assignments of fund balance.
- **Unassigned Fund Balances** - The residual classification for the General Fund which also reflects negative residual amounts in other funds.

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Fund Balance (Continued)

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

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

U. Deferred Outflows/Inflows of Resources

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

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

V. Net Position

In the government-wide and proprietary fund financial statements, net position and fund net position, respectively, represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. A reclassification of \$6,311,650 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 shown on the following page:

Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets. Unspent bond proceeds are added back to the calculation.

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.

City of Richfield
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Net Position (Continued)

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

W. Targeted Fund Balance

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

X. Interfund Transactions

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

Y. Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk - Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. *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. As of December 31, 2025, the City's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institutions trust department or agent and in the City's name. The book balance as of December 31, 2025 was \$83,898 for deposits.

B. Investments

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in a) above.
3. General obligations of the State of Minnesota or any of its municipalities.
4. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.

City of Richfield
Notes to Basic Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

5. Commercial paper, issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
6. Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities in the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
7. Guaranteed investment contracts (GIC) issued or guaranteed by a United States commercial bank or domestic branch of a foreign bank or a United States insurance company or its Canadian or United States subsidiary.
8. Mortgage-backed securities that are direct obligations or guaranteed or insured issues of the United States, its agencies, and its instrumentalities, 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: This is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policies do not formally address this risk, but the City typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities. To protect against potential fraud and embezzlement, the investments of the City, HRA and EDA are secured through a third party custody and safekeeping arrangement.

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

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

Concentration of Credit Risk: The City's investment policy places no limit on the amount the City may invest in any one issuer.

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.

City of Richfield
Notes to Basic Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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

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

Money market mutual funds invested as part of the City's trust arrangement at Principal consist entirely of money market funds and are unrated.

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

As of December 31, 2025, the City, HRA and EDA had the following investments and maturities (in years):

Types of Investments	S&P's Ratings	Percent of Total	Fair Value	Less Than 1 Year
Pooled Investments				
Money Markets	NR	17.74%	\$ 16,579,100	\$ 16,579,100
U.S. Treasury Securities	AA+	10.49%	9,807,153	9,807,153
Other government backed securities	AA+	0.00%	-	-
4M	NR	59.54%	55,663,077	55,663,077
4M Plus	NR	12.23%	11,431,593	11,431,593
Total Pooled Investments		<u>100.00%</u>	<u>93,480,923</u>	<u>93,480,923</u>
Non-pooled Investment				
4M Plus	NR	<u>100.00%</u>	<u>298,685</u>	<u>298,685</u>
Total Investments			<u>\$ 93,779,608</u>	<u>\$ 93,779,608</u>

The City has the following recurring fair value measurements as of December 31, 2025:

- \$16,579,100 of investments are valued using a quoted market prices (Level 1 inputs)
- \$9,807,153 of investments are valued using a matrix pricing model (Level 2 inputs)

City of Richfield
Notes to Basic Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Summary of cash deposits and investments as of December 31, 2025, were as follows:

Deposits	\$ 83,898
Petty Cash	15,570
Investments	93,779,608
Total	\$ 93,879,076

Deposits and investments are presented in the December 31, 2025, basic financial statements as follows:

Statement of Net Position	\$ 93,717,990
Statement of Fiduciary Net Position	161,086
Total	\$ 93,879,076

NOTE 3 - LEASE RECEIVABLE

As of December 31, 2025 the City had the following lease receivable:

Description	Issue Date	Discount Rate	Deferred Inflows of Resources	Balance at Year End
Woodlawn Terrace Cooperative - Property Lease	1/1/2022	1.55 %	\$ 92,712	\$ 97,146
Wheel Fun Rentals, LLC - Management Services Agreement	1/1/2022	1.27	103,339	117,909
E-Clan Inc (B&J Trees) - Property Lease	11/1/2022	3.24	-	-
Sprint - Site Lease Agreement (City Hall)	1/1/2022	0.69	247,589	290,489
T-Mobile - Site Lease Agreement (Penn)	1/1/2022	0.98	100,584	147,257
T-Mobile - Site Lease Agreement (Logan)	1/1/2022	1.52	673,713	702,991
AT&T - Site Lease Agreement (Penn)	1/1/2022	1.41	579,461	615,883
Verizon - Site Lease Agreement (City Hall)	1/1/2022	1.41	610,974	652,277
Verizon - Site Lease Agreement (Penn)	1/1/2022	1.59	1,189,542	1,225,482
American - Site Lease Agreement (66th)	1/1/2022	1.31	346,371	379,791
Fortis Academy - Training Room Lease	11/1/2023	3.53	53,341	70,379
Total lease receivables			\$ 3,997,626	\$ 4,299,604

For the Woodlawn Terrace Cooperative lease, the vendor paid the City \$5,776 in 2025 and this will increase by 3% each year to lease ten feet of the City's property. This lease can be renewed for up to two successive five-year terms.

City of Richfield
Notes to Basic Financial Statements

NOTE 3 - LEASE RECEIVABLE (CONTINUED)

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

For the E-Clan Inc. (B&J Trees) lease, the vendor paid the City \$9,839 in 2025 and will increase by 5% each year to use property owned by the City for storing, displaying and selling of Christmas trees. The City may terminate this agreement without cause by giving notice of termination.

For the Sprint lease, the vendor paid the City \$43,155 in 2025 and will increase by 4% each year to use property owned by the City for operating cell towers. Each term of five years and can be extend for three additional five-year periods.

For the T-Mobile lease, the vendor paid the City \$84,687 in 2025 and will increase by 4% each year to use property owned by the City for operating cell towers. Each term of five years and can be extend for three additional five-year periods.

For the AT&T lease, the vendor paid the City \$43,426 in 2025 and will increase by 4% each year to use property owned by the City for operating cell towers. Each term of five years and can be extend for three additional five-year periods.

For the Verizon lease, the vendor paid the City \$102,009 in 2025 and will increase by 3% each year to use property owned by the City for operating cell towers. Each term of five years and can be extend for three additional five-year periods.

For the American lease, the vendor paid the City \$36,947 in 2025 and will increase by 4% each year to use property owned by the City for operating cell towers. Each term of five years and can be extend for two additional five-year periods.

For the Fortis Academy lease, the vendor paid the City \$1,550 monthly to lease office space from the City. The monthly fee will increase \$50 annually during the three-year agreement. This lease can be renewed for an additional three-year term.

City of Richfield
Notes to Basic Financial Statements

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated/amortized				
Land	\$ 9,353,605	\$ -	\$ -	\$ 9,353,605
Construction in progress	6,677,256	16,114,307	(2,864,846)	19,926,717
Total capital assets not being depreciated/amortized	<u>16,030,861</u>	<u>16,114,307</u>	<u>(2,864,846)</u>	<u>29,280,322</u>
Capital assets being depreciated/amortized				
Leased equipment (intangible right to use asset)	123,705	-	-	123,705
Buildings and structures	50,147,703	-	-	50,147,703
Machinery and equipment	21,174,115	1,888,041	(664,049)	22,398,107
Other improvements	10,967,452	1,396,728	-	12,364,180
Streets (infrastructures)	113,342,997	2,381,889	-	115,724,886
Total capital assets being depreciated/amortized	<u>195,755,972</u>	<u>5,666,658</u>	<u>(664,049)</u>	<u>200,758,581</u>
Less accumulated depreciation/amortization for				
Leased equipment (intangible right to use asset)	(75,481)	(25,161)	-	(100,642)
Buildings and structures	(21,633,394)	(1,163,099)	-	(22,796,493)
Machinery and equipment	(13,106,543)	(1,445,830)	664,049	(13,888,324)
Other improvements	(6,018,030)	(522,884)	-	(6,540,914)
Streets (Infrastructures)	(69,001,362)	(2,381,958)	-	(71,383,320)
Total accumulated depreciation/amortization	<u>(109,834,810)</u>	<u>(5,538,932)</u>	<u>664,049</u>	<u>(114,709,693)</u>
Total capital assets being depreciated/amortized, net	<u>85,921,162</u>	<u>127,726</u>	<u>-</u>	<u>86,048,888</u>
Governmental activities capital assets, net	<u>\$ 101,952,023</u>	<u>\$ 16,242,033</u>	<u>\$ (2,864,846)</u>	<u>\$ 115,329,210</u>

City of Richfield
Notes to Basic Financial Statements

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 638,673	\$ -	\$ -	\$ 638,673
Construction in progress	489,882	1,649,351	(117,696)	2,021,537
Total capital assets not being depreciated	<u>1,128,555</u>	<u>1,649,351</u>	<u>(117,696)</u>	<u>2,660,210</u>
Capital assets being depreciated				
Buildings and structures	10,496,345	-	-	10,496,345
Machinery and equipment	16,137,818	131,040	(10,435)	16,258,423
Other improvements	62,909,061	213,156	-	63,122,217
Total capital assets being depreciated	<u>89,543,224</u>	<u>344,196</u>	<u>(10,435)</u>	<u>89,876,985</u>
Less accumulated depreciation for				
Buildings and structures	(8,110,060)	(184,411)	-	(8,294,471)
Machinery and equipment	(11,523,706)	(605,014)	10,435	(12,118,285)
Other improvements	(30,360,518)	(1,900,961)	-	(32,261,479)
Total accumulated depreciation	<u>(49,994,284)</u>	<u>(2,690,386)</u>	<u>10,435</u>	<u>(52,674,235)</u>
Total capital assets being depreciated, net	<u>39,548,940</u>	<u>(2,346,190)</u>	<u>-</u>	<u>37,202,750</u>
Business-type activities capital assets, net	<u>\$ 40,677,495</u>	<u>\$ (696,839)</u>	<u>\$ (117,696)</u>	<u>\$ 39,862,960</u>

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

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

Governmental activities	
General government	\$ 525,418
Public safety	94,117
Public works	2,816,994
Culture and recreation	892,671
Internal service funds	<u>1,209,732</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 5,538,932</u>

City of Richfield
Notes to Basic Financial Statements

NOTE 4 - CAPITAL ASSETS (CONTINUED)

At December 31, 2025, the City had construction project contracts in progress. The commitments related to the remaining contract balances are summarized as follows:

Project	Contract Amount	Remaining Commitment
Wood Lake Nature Center Building	\$ 22,330,346	\$ 12,900,798
Vets Park Projects	619,216	116,269
73rd Street Trail	930,174	4,754
77th Street Underpass	25,147,999	1,720,410
Total	<u>\$ 49,027,735</u>	<u>\$ 14,742,231</u>

NOTE 5 - RISK MANAGEMENT

The City is exposed to various risks such as loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the City's policy to be self-insured for workers' compensation, dental insurance and short-term disability insurance. Additionally, the City maintains a risk retention program for property, general liability, and auto liability insurance coverage by maintaining high deductibles. Accordingly, a Self-Insurance Fund (an Internal Service Fund) was established to account for and finance the City's uninsured risk of loss. Under this program, the Self Insurance Fund provides coverage for up to a maximum of \$500,000 for each Workers' Compensation claim, and \$50,000 (\$300,000 aggregate) for each general liability and property damage claim. The City purchases insurance from the League of Minnesota Cities Insurance Trust (LMCIT) for property and municipal liability and the Workers' Compensation Reinsurance Association for claims in excess of coverage provided by the Fund and for all other risks of loss. The City has realized no significant reductions in insurance coverage during 2025. Finally, settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Insurance reimbursements to the Self-Insurance Fund are charged back to the affected Governmental and Proprietary funds in the form of an insurance charge to fund future premiums and estimated prior and current year claims. The claims and judgments liability of \$1,287,564 reported in the fund at December 31, 2025 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires a liability for claims reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

City of Richfield
Notes to Basic Financial Statements

NOTE 5 - RISK MANAGEMENT (CONTINUED)

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

A summary of the claims and judgments liability amount at December 31, 2025 and 2024 are as follows:

Years Ended December 31,	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments-Net	Balance at Fiscal Year End
2024	\$ 1,183,616	\$ 2,006,608	\$ (301,273)	\$ 2,888,951
2025	2,888,951	(1,268,599)	(332,788)	1,287,564

NOTE 6 - LONG-TERM LIABILITIES

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

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

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

Description	Total Lease Liability	Interest Rate	Issue Date	Payment Terms	Payment Amount	Current Year Additional Outflows
Connect Services Agreement - hardware/ software for public works department	\$ 23,370	0.69 %	1/1/2022	59 months	\$2,132 monthly	\$ -

City of Richfield
Notes to Basic Financial Statements

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

A. Components of Long-Term Liabilities

As of December 31, 2025, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

	Net Interest Rate	Issue Date	Maturity Date	Authorized and Issued	Balance at Year End
Improvement Bonds					
G.O. Improvement Bonds, Series 2013A	2.18	03/21/13	02/01/34	\$ 3,120,000	\$ 1,185,000
G.O. Street Reconstruction Bonds, Series 2015A	2.71	06/04/15	02/01/36	9,100,000	5,340,000
G.O. Refunding Bonds, Series 2016B	1.58	11/17/16	02/01/28	5,085,000	1,550,000
G.O. Refunding Bonds, Series 2016C	2.04	12/15/16	02/01/29	6,130,000	2,655,000
G.O. Street Reconstruction Bonds, Series 2017A	2.49	04/20/17	02/01/38	9,130,000	6,475,000
G.O. Capital Improvement Refunding Bonds, Series 2017B	2.17	12/14/17	02/01/29	3,045,000	1,285,000
G.O. Street Reconstruction Bonds, Series 2018A	3.10	05/31/18	02/01/39	9,770,000	7,425,000
G.O. Bonds, Series 2019A	2.63	06/06/19	02/01/40	5,290,000	4,280,000
G.O. Bonds, Series 2020A	1.91	05/14/20	02/01/41	2,995,000	2,515,000
G.O. Refunding Bonds, Series 2020B	1.09	11/19/20	02/01/33	1,370,000	950,000
G.O. Bonds, Series 2022A	4.00	07/07/22	02/01/43	5,565,000	5,185,000
Unamortized bond premiums					910,209
Total improvement bonds					<u>39,755,209</u>
Revenue Bonds					
G.O. Sales Tax Revenue Bond, Series 2024A	5.00	12/30/24	02/01/30	10,000,000	10,000,000
G.O. Sales Tax Revenue Bond, Series 2025A	3.07	12/18/25	02/01/31	6,160,000	6,160,000
Unamortized bond premiums					673,489
Total improvement bonds					<u>16,833,489</u>
Lease Payable					
Connect services agreement - hardware/ software for public works department	0.68	01/01/22	11/19/26	123,705	23,370
Total governmental indebtedness					<u>\$ 56,612,068</u>
Enterprise Bonds					
G.O. Refunding Bonds, Series 2015B	1.74	11/10/15	02/01/27	5,360,000	\$ 1,115,000
G.O. Storm Water Bonds, Series 2016A	2.18	05/19/16	02/01/37	2,970,000	1,955,000
G.O. Bonds, Series 2019A	2.63	06/06/19	02/01/40	3,035,000	2,465,000
G.O. Bonds, Series 2020A	1.91	05/14/20	02/01/41	2,125,000	1,570,000
G.O. Refunding Bonds, Series 2020B	1.09	11/19/20	02/01/33	1,740,000	1,210,000
G.O. Bonds, Series 2022A	4.00	07/07/22	02/01/43	4,435,000	4,130,000
Unamortized bond premiums					398,831
Total enterprise bonds					<u>12,843,831</u>
Total city indebtedness					<u>\$ 69,455,899</u>

City of Richfield
Notes to Basic Financial Statements

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments

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

<u>Year Ended</u> <u>December 31,</u>	Improvement Bonds		
	Principal	Interest	Total
2026	\$ 3,540,000	\$ 1,090,054	\$ 4,630,054
2027	3,645,000	992,729	4,637,729
2028	3,750,000	891,961	4,641,961
2029	3,325,000	793,693	4,118,693
2030	2,340,000	713,414	3,053,414
2031-2035	12,395,000	2,508,536	14,903,536
2036-2040	8,525,000	833,213	9,358,213
2041-2043	1,325,000	71,681	1,396,681
Total	\$ 38,845,000	\$ 7,895,281	\$ 46,740,281

<u>Year Ended</u> <u>December 31,</u>	G.O. Revenue Bonds		
	Principal	Interest	Total
2026	\$ 2,225,000	\$ 580,219	\$ 2,805,219
2027	3,030,000	538,175	3,568,175
2028	2,645,000	405,850	3,050,850
2029	2,735,000	278,825	3,013,825
2030	2,815,000	147,775	2,962,775
2031	2,710,000	40,650	2,750,650
Total	\$ 16,160,000	\$ 1,991,494	\$ 18,151,494

City of Richfield
Notes to Basic Financial Statements

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

B. Minimum Debt Payments (Continued)

<u>Year Ended December 31,</u>	Lease Payable		
	Principal	Interest	Total
2026	\$ 23,370	\$ 80	\$ 23,450
Total	\$ 23,370	\$ 80	\$ 23,450
<u>Year Ended December 31,</u>	Water and Sewer		
	Principal	Interest	Total
2026	\$ 661,200	\$ 156,540	\$ 817,740
2027	682,800	138,835	821,635
2028	296,000	124,584	420,584
2029	302,600	114,512	417,112
2030	320,800	104,569	425,369
2031-2035	1,429,200	390,808	1,820,008
2036-2040	1,459,400	181,220	1,640,620
2041-2043	360,112	18,484	378,596
Total	\$ 5,512,112	\$ 1,229,552	\$ 6,741,664
<u>Year Ended December 31,</u>	Storm Sewer		
	Principal	Interest	Total
2026	\$ 588,800	\$ 195,155	\$ 783,955
2027	607,200	180,280	787,480
2028	454,000	166,661	620,661
2029	467,400	154,483	621,883
2030	474,200	142,826	617,026
2031-2035	2,240,800	534,397	2,775,197
2036-2040	1,485,600	242,143	1,727,743
2041-2043	614,888	37,604	652,492
Total	\$ 6,932,888	\$ 1,653,549	\$ 8,586,437

City of Richfield
Notes to Basic Financial Statements

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

C. Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
Redevelopment bonds	\$ 260,000	\$ -	\$ (260,000)	\$ -	\$ -
Improvement bonds	42,295,000	-	(3,450,000)	38,845,000	3,540,000
Revenue bonds	10,000,000	6,160,000	-	16,160,000	2,225,000
Bond premium	1,724,358	101,579	(242,239)	1,583,698	-
Total bonds payable	<u>54,279,358</u>	<u>6,261,579</u>	<u>(3,952,239)</u>	<u>56,588,698</u>	<u>5,765,000</u>
Lease payable	48,696	-	(25,326)	23,370	23,370
Claims and judgements	2,888,951	(1,268,599)	(332,788)	1,287,564	-
Compensated absences payable	<u>2,880,730</u>	<u>-</u>	<u>(42,993)</u>	<u>2,837,737</u>	<u>737,812</u>
 Governmental activity long-term liabilities	 <u>\$ 60,097,735</u>	 <u>\$ 4,992,980</u>	 <u>\$ (4,353,346)</u>	 <u>\$ 60,737,369</u>	 <u>\$ 6,526,182</u>
 Business-type activities					
Bonds payable					
Storm sewer revenue bonds	\$ 2,095,000	\$ -	\$ (140,000)	\$ 1,955,000	\$ 145,000
G.O. Bonds	8,570,000	-	(405,000)	8,165,000	415,000
G.O. Refunding Bonds	3,005,000	-	(680,000)	2,325,000	690,000
Bond premium	458,394	-	(59,563)	398,831	-
Total bonds payable	<u>14,128,394</u>	<u>-</u>	<u>(1,284,563)</u>	<u>12,843,831</u>	<u>1,250,000</u>
Compensated absences payable	<u>385,058</u>	<u>-</u>	<u>(40,391)</u>	<u>344,667</u>	<u>106,847</u>
 Business-type activity long-term liabilities	 <u>\$ 14,513,452</u>	 <u>\$ -</u>	 <u>\$ (1,324,954)</u>	 <u>\$ 13,188,498</u>	 <u>\$ 1,356,847</u>

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, 2025 is backed by the full faith and credit of the City, including special assessment and revenue bond issues. Special assessment receivable at December 31, 2025 totaled \$529,941.

The change in the compensated absences liability is presented as a net change.

City of Richfield
Notes to Basic Financial Statements

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

D. Revenue Pledged

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

Bond Issue	Use of Proceeds	Type	Revenue Pledged		Remaining Principal and Interest	Current Year	
			Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
G.O. Refunding Bonds, Series 2015B	Utility Infrastructure	Utility Charges	100 %	2016-2027	\$ 1,137,450	\$ 567,700	\$ 7,163,763
G.O. Storm Water Bonds, Series 2016A	Utility Infrastructure	Utility Charges	100	2017-2037	2,246,612	186,115	2,251,735
G.O. Bonds Series 2019A	Utility Infrastructure	Utility Charges	100	2020-2040	3,066,600	205,500	12,278,327
G.O. Bonds, Series 2020A	Utility Infrastructure	Utility Charges	100	2021-2041	1,840,518	165,550	4,912,028
G.O. Refunding Bonds, Series 2020B	Utility Infrastructure	Utility Charges	100	2021-2033	1,281,725	160,930	2,251,735
G.O. Refunding Bonds, Series 2022A	Utility Infrastructure	Utility Charges	100	2023-2043	5,791,200	323,300	12,278,327

NOTE 7 - INTERFUND BALANCES AND TRANSACTIONS

Interfund transfers as of December 31, 2025 are as follows:

Fund	Transfer In							Total
	General	Ice Arena	Improvement Bond	Capital Improvements	Park Capital Projects	Nonmajor Governmental	Internal Service Funds	
Transfer out								
General	\$ -	\$ 220,000	\$ -	\$ -	\$ -	\$ 132,250	\$ -	\$ 352,250
Election	-	-	-	1,800,000	-	-	-	1,800,000
Capital Improvements	-	837,170	-	-	-	-	1,728,800	2,565,970
Nonmajor Governmental	134,000	-	746,793	1,157,000	475,000	50,000	-	2,562,793
Municipal Liquor	374,490	-	-	-	-	475,000	-	849,490
Total	\$ 508,490	\$ 1,057,170	\$ 746,793	\$ 2,957,000	\$ 475,000	\$ 657,250	\$ 1,728,800	\$ 8,130,503

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.

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, 2025 the portion due in more than one year is \$148,040.

City of Richfield
Notes to Basic Financial Statements

NOTE 7 - INTERFUND BALANCES AND TRANSACTIONS (CONTINUED)

At the end of 2025, the Ice Arena has overdrawn its cash position. As a result, the General Fund has advanced to the Ice Arena fund to cover the overdrawn cash position as of December 31, 2025. These advances are reflected in the financial statements as due to and due from other funds.

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

Advances to Other Funds	Advances from Other Funds	Amount
Park Capital Projects	Park Capital Projects	\$ 148,040
Total		\$ 148,040

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

Receivable Fund	Payable Fund	Amount
General	Ice Arena	\$ 1,170,494

NOTE 8 - FUND BALANCES

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

City of Richfield
Notes to Basic Financial Statements

NOTE 8 - FUND BALANCES (CONTINUED)

At December 31, 2025, a summary of the City's governmental fund balance classifications are as follows:

	General	Ice Arena	Elections	Improvement Bonds	Capital Improvements	Park Capital Projects	Other Governmental	Total
Nonspendable								
Prepaid items	\$ 72,867	\$ -	\$ 5,989	\$ -	\$ -	\$ -	\$ -	\$ 78,856
Restricted for								
Future debt service	-	-	-	9,250,848	-	-	-	9,250,848
Park and recreation capital projects	-	-	-	-	-	8,709,745	-	8,709,745
Law enforcement drug forfeitures	-	-	-	-	-	-	312,155	312,155
Recreation services donations	-	-	-	-	-	-	100,132	100,132
Wood Lake Nature Center donations	-	-	-	-	-	-	499,427	499,427
Public health assessment	-	-	-	-	-	-	145,850	145,850
Public safety aid	-	-	-	-	-	-	1,430,578	1,430,578
Public health - opioid settlement	-	-	-	-	-	-	336,294	336,294
Wood Lake endowment	-	-	-	-	-	-	268,695	268,695
Total Restricted	-	-	-	9,250,848	-	8,709,745	3,093,131	21,053,724
Committed to								
Street light maintenance	-	-	-	-	-	-	236,446	236,446
Park improvement projects	-	-	-	-	-	-	160,445	160,445
Tourism administration	-	-	-	-	-	-	62,815	62,815
Public cable TV and information activities	-	-	-	-	-	-	1,850,127	1,850,127
National, state and local elections	-	-	863,697	-	-	-	-	863,697
Alcohol and tobacco compliance	-	-	-	-	-	-	413,194	413,194
Wood Lake half marathon	-	-	-	-	-	-	128,746	128,746
Street maintenance and forestry programs	-	-	-	-	-	-	2,988,358	2,988,358
Special facilities	-	-	-	-	-	-	79,206	79,206
Recreation special program	-	-	-	-	-	-	303,928	303,928
Swimming pool	-	-	-	-	-	-	208,842	208,842
Capital improvements	-	-	-	-	5,983,744	-	-	5,983,744
Total Committed	-	-	863,697	-	5,983,744	-	6,432,107	13,279,548
Unassigned	13,693,552	(1,148,870)	-	-	-	-	-	12,544,682
Total	\$ 13,766,419	\$ (1,148,870)	\$ 869,686	\$ 9,250,848	\$ 5,983,744	\$ 8,709,745	\$ 9,525,238	\$ 46,956,810

NOTE 9 - CONTINGENCIES AND LITIGATION

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

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

City of Richfield
Notes to Basic Financial Statements

NOTE 10 - DEFINED BENEFIT PENSION PLANS

The City participates in various pension plans. For the year ended December 31, 2025 total pension expense was \$1,622,118 and the total net pension liability was \$12,407,802. The components of pension expense and net pension liability are noted in the following plan summaries.

Public Employees Retirement Association

A. Plan Description

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

General Employees Retirement Plan

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

Public Employees Police and Fire Plan

Membership in the Police and Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in *Minnesota Statutes* § 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police and Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the City's governing body. The resolution must state that the position meets plan requirements.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service. When a member is vested, they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

City of Richfield
Notes to Basic Financial Statements

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any 5 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first 10 years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of the highest average salary for all years of service. For members hired prior to July 1, 1989, a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.25%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after 10 years. After five years, vesting increase by 10% each full year of service until members are 100% vested after 10 years. Police and Fire Plan members receive 3% of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

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

City of Richfield
Notes to Basic Financial Statements

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

C. Contributions

Minnesota Statutes Chapter 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

General Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2025, and the City was required to contribute 7.5% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2025, were \$1,076,127. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2025, and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2025, were \$1,630,426. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2025, the City reported a liability of \$5,220,749 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$125,941.

City's proportionate share of the net pension liability	\$ 5,220,749
State of Minnesota's proportionate share of the net pension liability associated with the City	125,941
Total	\$ 5,346,690

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024, through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1575% at the end of the measurement period and 0.1540% for the beginning of the period.

City of Richfield
Notes to Basic Financial Statements

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

For the year ended December 31, 2025, the City recognized pension expense of (\$171,533) for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$19,318 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2025, the City of Richfield reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 488,343	\$ -
Changes in actuarial assumptions	125,788	1,152,398
Net difference between projected and actual investment earnings	-	2,049,632
Changes in proportion	218,401	97,020
Contributions paid to PERA subsequent to the measurement date	538,064	-
Total	\$ 1,370,596	\$ 3,299,050

City of Richfield
Notes to Basic Financial Statements

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The \$538,064 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Pension</u> <u>Expense</u> <u>Amount</u>
2026	\$ (553,524)
2027	(868,643)
2028	(673,253)
2029	<u>(371,098)</u>
Total	<u>\$ (2,466,518)</u>

Police and Fire Fund Pension Costs

At December 31, 2025, the City reported a liability of \$7,187,053 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024, through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.6134% at the end of the measurement period and 0.6347% for the beginning of the period.

City of Richfield
Notes to Basic Financial Statements

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2025. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2024. The direct state aid payment will increase by \$17.7 million, which was paid on October 1, 2025. Thereafter, by October 1 of each year, the State will pay \$26.7 million to the Police and Fire Fund until the fund is 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis). The \$9 million in supplemental state aid will continue until the fund and the State Patrol Plan (administered by the Minnesota State Retirement System) are 100% funded for three consecutive years (on an actuarial value of assets basis). The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$249,139.

City's proportionate share of the net pension liability	\$ 7,187,053
State of Minnesota's proportionate share of the net pension liability associated with the City	249,139
Total	\$ 7,436,192

For the year ended December 31, 2025, the City recognized pension expense of \$1,792,030 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$120,546 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$55,207 for the year ended December 31, 2025, 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 Police and Fire Fund.

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

At December 31, 2025, the City of Richfield reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,272,342	\$ -
Changes in actuarial assumptions	5,513,560	8,938,272
Net difference between projected actual investment earnings	-	3,051,619
Changes in proportion	429,546	795,563
Contributions paid to PERA subsequent to the measurement date	815,213	-
Total	\$ 10,030,661	\$ 12,785,454

The \$815,213 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, 2026. 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
2026	\$ 1,617,877
2027	(1,607,517)
2028	(3,617,109)
2029	(216,082)
2030	259,888
Total	\$ (3,562,943)

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

E. Long-Term Expected Return on Investment

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	<u>100.0 %</u>	

F. Actuarial Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine of the total liability is 7.0%. The 7% assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7.0% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.5% for the General Employees Plan and 1% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 10.75% after one year of service to 3.0% after 23 years of service.

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

City of Richfield
Notes to Basic Financial Statements

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

F. Actuarial Assumptions (Continued)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation. The Police and Fire Plan was reviewed in 2024. The assumption changes were adopted by the board and became effective with the July 1, 2025, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

General Employees Fund

Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15% to 19% for vested, terminated members and from 3% to 44% for non-vested members, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions

- The post retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ration (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

Police and Fire Fund

Changes in Actuarial Assumptions

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued used of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

City of Richfield
Notes to Basic Financial Statements

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

F. Actuarial Assumptions (Continued)

Police and Fire Fund (Continued)

Changes in Plan Provisions

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026, benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048, or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025, through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

G. Discount Rate

The discount rate used to measure the total pension liability in 2025 was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net positions of the General Employees and Police and Fire Plans were projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Richfield
Notes to Basic Financial Statements

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Public Employees Retirement Association (Continued)

H. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6%)	Current Discount Rate (7%)	1% Increase in Discount Rate (8%)
City's proportionate share of the General Employees Fund net pension liability	\$ 12,680,380	\$ 5,220,749	\$ (830,691)
	1% Decrease in Discount Rate (6%)	Current Discount Rate (7%)	1% Increase in Discount Rate (8%)
City's proportionate share of the Police and Fire Fund net pension liability	\$ 18,831,608	\$ 7,187,053	\$ (2,374,960)

I. Pension Plan Fiduciary Net Position

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

Public Employees Defined Contribution Plan (Defined Contribution Plan)

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

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

J. Pension Plan Fiduciary Net Position (Continued)

The defined contribution plan consists of individual accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses; therefore, there is no future liability to the City. *Minnesota Statutes* Chapter 353D and 356, 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 percent 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% (.25%) of the assets in each member's account annually.

Pension expense for the year is equal to the contributions made. Total contributions made by the City during fiscal year 2025 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required Rate</u>
<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	
\$ 1,621	\$ 1,621	5%	5%	5%

NOTE 11 - OTHER POST EMPLOYMENTS BENEFITS

A. Plan Description

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

B. Benefits Provided

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

City of Richfield
Notes to Basic Financial Statements

NOTE 11 - OTHER POST EMPLOYMENTS BENEFITS (CONTINUED)

C. Members

As of December 31, 2023, the following were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	14
Active Plan Members	208
Total	222

D. Contributions

Retirees and their spouses contribute to the health care plan at the same rate as City employees. This results in retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with BlueCross BlueShield. The required contributions are based on projected pay-as-you-go financing requirements. For 2025, the City contributed \$236,863 to the plan.

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount Rate	4.08%
Expected Long-Term investment Return	N/A
20-Year Municipal Bond Yield	4.05%
Inflation Rate	2.60%
Salary Increases	N/A
Medical Trend Rate	7.45% in 2025 grading to 4.0% in 2043

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

1. Coordinated

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

City of Richfield
Notes to Basic Financial Statements

NOTE 11 - OTHER POST EMPLOYMENTS BENEFITS (CONTINUED)

E. Actuarial Assumptions (Continued)

1. Coordinated (Continued)

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

2. Police and Fire

- Healthy Pre-Retirement
 RP-2014 employee generational mortality table projected with mortality improvement scale MP-2018, from a base year of 2006.
- Healthy Post-Retirement
 RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2018 from a base year of 2006. Male rates are adjusted by a factor of 0.96.
- Disabled
 RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2018 from a base year of 2006. Male rates are adjusted by a factor of 0.96

The discount rate used to measure the total OPEB liability was 4.08%.

F. Total OPEB Liability

The City's total OPEB liability of \$2,216,933 was measured as of December 31, 2024 and was determined by an actuarial analysis as of that date.

	<u>Total OPEB Liability</u>
Balances at December 31, 2024	<u>\$ 2,137,939</u>
Changes for the year	
Service cost	231,212
Interest	84,852
Differences between expected and actual economic experience	41,631
Changes of assumptions	(41,838)
Benefit payments	(236,863)
Net changes	<u>78,994</u>
Balances at December 31, 2025	<u><u>\$ 2,216,933</u></u>

City of Richfield
Notes to Basic Financial Statements

NOTE 11 - OTHER POST EMPLOYMENTS BENEFITS (CONTINUED)

F. Total OPEB Liability (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 3.77% as of December 31, 2024 to 4.08% as of December 31, 2025.

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 4.08% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability		
1% Decrease in Discount Rate (3.08%)	Current Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
\$ 2,352,988	\$ 2,216,933	\$ 2,085,072

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

Total OPEB Liability		
1% Decrease in Trend Rate 6.45% Decreasing to 3%)	Current Trend Rate (7.45% Decreasing to 4%)	1% Increase in Trend Rate (8.45% Decreasing to 5%)
\$ 1,970,916	\$ 2,216,933	\$ 2,509,942

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

For the year ended December 31, 2025 the City recognized OPEB expense of \$213,527. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 476,278	\$ 321,904
Changes of assumptions	77,286	559,510
Contributions subsequent to the measurement date	123,333	-
Total	\$ 676,897	\$ 881,414

City of Richfield
Notes to Basic Financial Statements

NOTE 11 - OTHER POST EMPLOYMENTS BENEFITS (CONTINUED)

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

The \$123,333 reported as deferred outflows of resources related to OPEB resulting from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2026.

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

Year Ended December 31,	Total
2026	\$ (104,700)
2027	(104,203)
2028	(86,464)
2029	(2,050)
2030	(9,985)
Thereafter	(20,448)
Total	\$ (327,850)

NOTE 12 - RIGHT-OF-WAY

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

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

NOTE 13 - CONDUIT DEBT

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

As of December 31, 2025 there was one bond issue outstanding with an estimated aggregate principal amount outstanding of approximately \$10,000,000.

City of Richfield
Notes to Basic Financial Statements

NOTE 14 - TAX INCREMENT FINANCING

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

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the HRA through tax revenues from additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" note is established for this amount, on which the HRA makes payments for a fixed period of time with available tax increment after deducting for certain administrative costs. The HRA has determined through its agreements with developers and state law to grant abatements of up to 90% of annual property taxes through a direct reduction of the entity's property tax bill. There were no agreements in 2025 that exceeded this 90% threshold.

During the year ended December 31, 2025, the HRA generated \$6,885,215 in tax increment revenue and made \$5,066,273 in payments to developer.

The tax abatement agreements that the HRA has outstanding as of December 31, 2025 are the following:

Purpose	Percentage of Taxes Abated During the Year	Amount of Taxes Abated During the Year
Senior housing and townhomes	71 %	\$ 445,246
Business redevelopment	75	893,962
Rental housing	36	84,218
Mixed-use housing and retail	75	770,534
Mixed-use housing and retail	80	430,706
Mixed-use housing and retail	75	529,466
Senior Housing	75	146,302
Rental housing	90	667,190
Townhomes	70	137,748
Rental housing	61	510,089
Rental housing	90	215,645
Rental housing	90	235,167

City of Richfield
Notes to Basic Financial Statements

NOTE 15 - FEDERAL AND STATE FUNDS

The City received financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2025.

NOTE 16 - NATURE AND AMOUNT OF SIGNIFICANT TRANSACTIONS BETWEEN CITY - HRA

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

During 2025, the HRA transferred to the City \$263,738 of tax increment receipts to fund debt service requirements for debt issued on behalf of the HRA.

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

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

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

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

City of Richfield
Notes to Basic Financial Statements

NOTE 17 - JOINT VENTURE

A. Local Government Information Systems Association (LOGIS)

This consortium of approximately 30 government entities provides computerized data processing and support services to its members. LOGIS is legally separate; the City does not appoint a voting majority of its board, and the Consortium is fiscally independent of the City. The total amount recorded within the 2025 financial statements of the City was \$804,248 for services provided, which is allocated to the various funds based on applications. Complete financial statements may be obtained at the LOGIS offices located at 5750 Duluth Street, Golden Valley, Minnesota 55422.

NOTE 18 - RESTATEMENTS AND ADJUSTMENTS OF BEGINNING NET POSITION AND FUND BALANCES

For the year ended December 31, 2025, a correction of error was required to adjust beginning fund balance for the Capital Improvements Fund. Beginning fund balance was adjusted to correct overstatement of unearned revenue.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	Governmental Funds	Government- Wide
	Capital Improvements	Governmental Activities
12/31/2024, as previously reported	\$ 3,540,667	\$ 81,325,363
Correction of error	147,487	147,487
12/31/2024, as adjusted or restated	\$ 3,688,154	\$ 81,472,850

NOTE 19 - NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 103, *Financial Reporting Model Improvements*. The changes required by this Statement provide clarity, enhance the relevance of information, provide more useful information for decision-making, and provide for greater comparability amongst government entities. This Statement will be effective for the year ending December 31, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The disclosures required by this Statement provide users of the financial statements with essential information about certain types of capital assets. This Statement will be effective for the year ending December 31, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF RICHFIELD
RICHFIELD, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2025**

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

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

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

December 31, 2022	December 31, 2023	December 31, 2024	December 31, 2025
\$ 214,592	\$ 254,038	\$ 196,483	\$ 231,212
43,201	47,246	85,277	84,852
585,621	-	116,167	41,631
(468,540)	(255,608)	(70,023)	(41,838)
(163,225)	(153,951)	(198,165)	(236,863)
<u>211,649</u>	<u>(108,275)</u>	<u>129,739</u>	<u>78,994</u>
<u>1,904,826</u>	<u>2,116,475</u>	<u>2,008,200</u>	<u>2,137,939</u>
<u>\$ 2,116,475</u>	<u>\$ 2,008,200</u>	<u>\$ 2,137,939</u>	<u>\$ 2,216,933</u>
\$ 18,800,000	\$ 19,500,000	\$ 20,300,000	\$ 21,900,000
11.3%	10.3%	10.5%	10.1%

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

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City'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	130.9%	68.9%
2017	0.1507%	9,620,589	121,007	9,741,596	9,711,387	99.1%	75.9%
2018	0.1520%	8,432,337	276,621	8,708,958	10,214,587	82.6%	79.5%
2019	0.1491%	8,243,405	256,322	8,499,727	10,555,547	78.1%	80.2%
2020	0.1530%	9,173,049	282,832	9,455,881	10,910,907	84.1%	79.1%
2021	0.1563%	6,674,710	203,866	6,878,576	11,253,880	59.3%	87.0%
2022	0.1546%	12,244,371	359,121	12,603,492	11,581,413	105.7%	76.7%
2023	0.1497%	8,371,056	230,721	8,601,777	11,903,267	70.3%	83.1%
2024	0.1540%	5,694,579	147,250	5,841,829	13,036,840	43.7%	89.1%
2025	0.1575%	5,220,749	125,941	5,346,690	14,268,213	36.6%	90.8%

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

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City'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	0.6560%	\$ 26,326,421	\$ -	\$ 26,326,421	\$ 6,317,469	416.7%	63.9%
2017	0.5910%	7,979,203	-	7,979,203	6,070,907	131.4%	85.4%
2018	0.6046%	6,389,999	-	6,389,999	6,371,512	100.3%	88.8%
2019	0.6387%	6,713,383	-	6,713,383	6,587,723	101.9%	89.3%
2020	0.6287%	8,230,357	195,222	8,425,579	7,092,654	116.0%	87.2%
2021	0.6000%	4,577,363	208,222	4,785,585	7,091,288	64.5%	93.7%
2022	0.6276%	27,310,672	1,193,051	28,503,723	7,624,186	358.2%	70.5%
2023	0.6088%	10,513,185	423,463	10,936,648	7,995,051	131.5%	86.5%
2024	0.5807%	7,639,781	291,225	7,931,006	8,041,226	95.0%	90.2%
2025	0.6134%	7,187,053	249,139	7,436,192	9,309,497	77.2%	91.8%

See notes to required supplementary information.

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

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 726,143	\$ 726,143	\$ -	\$ 9,681,907	7.50%
2017	742,606	742,606	-	9,901,413	7.50%
2018	783,227	783,227	-	10,443,027	7.50%
2019	812,029	812,029	-	10,827,053	7.50%
2020	837,463	837,463	-	11,166,173	7.50%
2021	861,454	861,454	-	11,486,053	7.50%
2022	869,515	869,515	-	11,593,533	7.50%
2023	935,761	935,761	-	12,476,813	7.50%
2024	1,025,949	1,025,949	-	13,679,320	7.50%
2025	1,076,127	1,076,127	-	14,348,360	7.50%

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

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 1,000,004	\$ 1,000,004	\$ -	\$ 6,172,864	16.20%
2017	1,004,300	1,004,300	-	6,199,383	16.20%
2018	1,048,095	1,048,095	-	6,469,722	16.20%
2019	1,217,879	1,217,879	-	7,185,127	16.95%
2020	1,262,187	1,262,187	-	7,131,000	17.70%
2021	1,343,767	1,343,767	-	7,591,904	17.70%
2022	1,383,252	1,383,252	-	7,814,983	17.70%
2023	1,432,678	1,432,678	-	8,094,226	17.70%
2024	1,529,296	1,529,296	-	8,640,090	17.70%
2025	1,630,426	1,630,426	-	9,211,446	17.70%

See notes to required supplementary information.

City of Richfield
Notes to Required Supplementary Information

General Employees Fund

2025 Changes

Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15% to 19% for vested, terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024 Changes

Changes in Actuarial Assumptions

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2022 Changes

Changes in Actuarial Assumptions

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

City of Richfield
Notes to Required Supplementary Information

General Employees Fund (Continued)

2022 Changes (Continued)

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

City of Richfield
Notes to Required Supplementary Information

General Employees Fund (Continued)

2019 (Changes)

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

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

City of Richfield
Notes to Required Supplementary Information

General Employees Fund (Continued)

2016 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of Richfield
Notes to Required Supplementary Information

Police and Fire Fund

2025 Changes

Changes in Actuarial Assumptions

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026, benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048, or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025, through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

2024 Changes

Changes in Plan Provisions

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

City of Richfield
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.0%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes resulted in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes resulted in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.

City of Richfield
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2021 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Annual increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019, and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019, and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

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

City of Richfield
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- 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% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed annual benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

(THIS PAGE LEFT BLANK INTENTIONALLY)

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

**CITY OF RICHFIELD
RICHFIELD, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2025**

City of Richfield
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2025

	<u>Special Revenue</u>	<u>Redevelopment Bonds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and investments	\$ 8,761,250	\$ -	\$ 8,761,250
Interest receivable	6,620	-	6,620
Accounts receivable	816,241	-	816,241
Lease receivable	215,054	-	215,054
Due from other governments	179,083	-	179,083
Special assessment receivable			
Delinquent	13,618	-	13,618
Deferred	147,788	-	147,788
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 10,139,654</u>	<u>\$ -</u>	<u>\$ 10,139,654</u>
Liabilities			
Accounts and contracts payable	\$ 144,555	\$ -	\$ 144,555
Accrued salaries payable	19,022	-	19,022
Due to other governments	83,474	-	83,474
Total liabilities	<u>247,051</u>	<u>-</u>	<u>247,051</u>
Deferred Inflows of Resources			
Unavailable revenue - special assessments	161,406	-	161,406
Deferred inflows of resources related to leases receivable	205,959	-	205,959
Total deferred inflows of resources	<u>367,365</u>	<u>-</u>	<u>367,365</u>
Fund Balances			
Restricted	3,093,131	-	3,093,131
Committed	6,432,107	-	6,432,107
Total fund balances	<u>9,525,238</u>	<u>-</u>	<u>9,525,238</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,139,654</u>	<u>\$ -</u>	<u>\$ 10,139,654</u>

City of Richfield
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2025

	Special Revenue	Redevelopment Bonds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 2,789,399	\$ -	\$ 2,789,399
Special assessments	136,430	-	136,430
Intergovernmental	728,729	263,738	992,467
Charges for services	993,491	-	993,491
Fines and forfeitures	81,194	-	81,194
Interest earnings (loss)	333,377	-	333,377
Miscellaneous	511,660	-	511,660
Total revenues	<u>5,574,280</u>	<u>263,738</u>	<u>5,838,018</u>
Expenditures			
Current			
Administrative services	508,759	-	508,759
Public safety	297,680	-	297,680
Public works	328,826	-	328,826
Recreation services	1,632,856	-	1,632,856
Debt service			
Principal	-	260,000	260,000
Interest and other charges	-	3,738	3,738
Total expenditures	<u>2,768,121</u>	<u>263,738</u>	<u>3,031,859</u>
Excess of revenues over (under) expenditures	2,806,159	-	2,806,159
Other Financing Sources (Uses)			
Transfers in	657,250	-	657,250
Transfers out	(2,562,793)	-	(2,562,793)
Total other financing sources (uses)	<u>(1,905,543)</u>	<u>-</u>	<u>(1,905,543)</u>
Net change in fund balances	900,616	-	900,616
Fund Balances			
Beginning of year	<u>8,624,622</u>	<u>-</u>	<u>8,624,622</u>
End of year	<u>\$ 9,525,238</u>	<u>\$ -</u>	<u>\$ 9,525,238</u>

City of Richfield
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2025

	Special Revenue			
	Liquor Contributions Fund	Tourism Admin	Communications	Public Safety Aid
Assets				
Cash and temporary investments	\$ 160,348	\$ 69,079	\$ 1,800,300	\$ 1,429,643
Interest receivable	97	43	983	935
Accounts receivable	-	6,422	67,184	-
Lease receivable	-	-	-	-
Due from other governments	-	-	-	-
Special assessment receivable				
Delinquent	-	-	-	-
Deferred	-	-	-	-
Total assets	<u>\$ 160,445</u>	<u>\$ 75,544</u>	<u>\$ 1,868,467</u>	<u>\$ 1,430,578</u>
Liabilities				
Accounts and contracts payable	\$ -	\$ -	\$ 6,991	\$ -
Accrued salaries payable	-	-	11,349	-
Due to other governments	-	12,729	-	-
Total liabilities	<u>-</u>	<u>12,729</u>	<u>18,340</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue				
- special assessments	-	-	-	-
Deferred inflows of resources related to leases receivable	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted	-	-	-	1,430,578
Committed	160,445	62,815	1,850,127	-
Total fund balances	<u>160,445</u>	<u>62,815</u>	<u>1,850,127</u>	<u>1,430,578</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 160,445</u>	<u>\$ 75,544</u>	<u>\$ 1,868,467</u>	<u>\$ 1,430,578</u>

(Continued)

Special Revenue

<u>Drug/ Forfeiture</u>	<u>Public Safety Compliance</u>	<u>Recreation Contribution</u>	<u>Nature Center Contribution</u>	<u>Public Health Grants</u>	<u>Wood Lake Half Marathon</u>
\$ 313,632	\$ 406,530	\$ 94,523	\$ 487,804	\$ 131,631	\$ 128,716
178	197	665	226	85	70
-	1,508	-	10	-	-
-	-	97,145	-	-	-
-	4,959	-	15,578	69,595	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 313,810</u>	<u>\$ 413,194</u>	<u>\$ 192,333</u>	<u>\$ 503,618</u>	<u>\$ 201,311</u>	<u>\$ 128,786</u>
\$ 1,103	\$ -	\$ 2,040	\$ 4,191	\$ -	\$ 40
-	-	-	-	-	-
552	-	-	-	55,461	-
<u>1,655</u>	<u>-</u>	<u>2,040</u>	<u>4,191</u>	<u>55,461</u>	<u>40</u>
-	-	-	-	-	-
-	-	90,161	-	-	-
-	-	90,161	-	-	-
312,155	-	100,132	499,427	145,850	-
-	413,194	-	-	-	128,746
<u>312,155</u>	<u>413,194</u>	<u>100,132</u>	<u>499,427</u>	<u>145,850</u>	<u>128,746</u>
<u>\$ 313,810</u>	<u>\$ 413,194</u>	<u>\$ 192,333</u>	<u>\$ 503,618</u>	<u>\$ 201,311</u>	<u>\$ 128,786</u>

City of Richfield
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2025

	Special Revenue Fund			
	Utility Franchise Fees	Opioid Settlement	Recreation Special Program	Swimming Pool
Assets				
Cash and temporary investments	\$ 2,415,783	\$ 344,690	\$ 256,645	\$ 217,522
Interest receivable	1,832	196	225	147
Accounts receivable	632,302	-	-	-
Lease receivable	-	-	-	-
Due from other governments	-	-	88,951	-
Special assessment receivable				
Delinquent	-	-	13,618	-
Deferred	-	-	147,788	-
	<u>\$ 3,049,917</u>	<u>\$ 344,886</u>	<u>\$ 507,227</u>	<u>\$ 217,669</u>
Liabilities				
Accounts and contracts payable	\$ 61,559	\$ -	\$ 34,220	\$ 2,687
Accrued salaries payable	-	-	7,673	-
Due to other governments	-	8,592	-	6,140
Total liabilities	<u>61,559</u>	<u>8,592</u>	<u>41,893</u>	<u>8,827</u>
Deferred Inflows of Resources				
Unavailable revenue				
- special assessments	-	-	161,406	-
Deferred inflows of resources related to leases receivable	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>161,406</u>	<u>-</u>
Fund Balances				
Restricted	-	336,294	-	-
Committed	2,988,358	-	303,928	208,842
Total fund balances	<u>2,988,358</u>	<u>336,294</u>	<u>303,928</u>	<u>208,842</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 3,049,917</u>	 <u>\$ 344,886</u>	 <u>\$ 507,227</u>	 <u>\$ 217,669</u>

(Continued)

Special Revenue Fund			Total Nonmajor Special Revenue Funds
Street Light User Fee	Special Facility	Wood Lake Endowment	
\$ 156,930	\$ 78,941	\$ 268,533	\$ 8,761,250
145	434	162	6,620
108,815	-	-	816,241
-	117,909	-	215,054
-	-	-	179,083
-	-	-	13,618
-	-	-	147,788
<u>\$ 265,890</u>	<u>\$ 197,284</u>	<u>\$ 268,695</u>	<u>\$ 10,139,654</u>
\$ 29,444	\$ 2,280	\$ -	\$ 144,555
-	-	-	19,022
-	-	-	83,474
<u>29,444</u>	<u>2,280</u>	<u>-</u>	<u>247,051</u>
-	-	-	161,406
-	115,798	-	205,959
-	115,798	-	367,365
-	-	268,695	3,093,131
236,446	79,206	-	6,432,107
<u>236,446</u>	<u>79,206</u>	<u>268,695</u>	<u>9,525,238</u>
<u>\$ 265,890</u>	<u>\$ 197,284</u>	<u>\$ 268,695</u>	<u>\$ 10,139,654</u>

City of Richfield
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2025

	Special Revenue			
	Liquor Contributions Fund	Tourism Admin	Communications	Public Safety Aid
Revenues				
Taxes				
Franchise	\$ -	\$ -	\$ 287,129	\$ -
Lodging	-	7,316	-	-
Special assessments	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest earnings (loss)	5,618	2,510	57,151	54,269
Miscellaneous	-	-	-	-
Total revenues	<u>5,618</u>	<u>9,826</u>	<u>344,280</u>	<u>54,269</u>
Expenditures				
Current				
Administrative services	-	5,441	383,315	-
Public safety	-	-	-	-
Public works	-	-	-	-
Recreation services	-	-	-	-
Total expenditures	<u>-</u>	<u>5,441</u>	<u>383,315</u>	<u>-</u>
Excess of revenues over (under) expenditures	5,618	4,385	(39,035)	54,269
Other Financing Sources (Uses)				
Transfers in	475,000	-	-	-
Transfers out	<u>(475,000)</u>	<u>-</u>	<u>-</u>	<u>(134,000)</u>
Total other financing sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(134,000)</u>
Net change in fund balances	5,618	4,385	(39,035)	(79,731)
Fund Balances				
Beginning of year	<u>154,827</u>	<u>58,430</u>	<u>1,889,162</u>	<u>1,510,309</u>
End of year	<u>\$ 160,445</u>	<u>\$ 62,815</u>	<u>\$ 1,850,127</u>	<u>\$ 1,430,578</u>

(Continued)

Speical Revenue

<u>Drug/ Forfeiture</u>	<u>Public Safety Compliance</u>	<u>Recreation Contribution</u>	<u>Nature Center Contribution</u>	<u>Public Health Grants</u>	<u>Wood Lake Half Marathon</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	121,903	116,961	15,578	185,489	-
-	-	-	-	-	-
81,194	-	-	-	-	-
10,346	11,584	3,586	13,391	5,002	4,049
889	32,886	107,673	253,069	-	61,060
<u>92,429</u>	<u>166,373</u>	<u>228,220</u>	<u>282,038</u>	<u>190,491</u>	<u>65,109</u>
-	-	-	-	-	-
60,407	53,284	-	-	183,989	-
-	-	-	-	-	-
-	-	232,860	45,138	-	28,241
<u>60,407</u>	<u>53,284</u>	<u>232,860</u>	<u>45,138</u>	<u>183,989</u>	<u>28,241</u>
32,022	113,089	(4,640)	236,900	6,502	36,868
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
32,022	113,089	(4,640)	236,900	6,502	36,868
280,133	300,105	104,772	262,527	139,348	91,878
<u>\$ 312,155</u>	<u>\$ 413,194</u>	<u>\$ 100,132</u>	<u>\$ 499,427</u>	<u>\$ 145,850</u>	<u>\$ 128,746</u>

City of Richfield
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2025

	Special Revenue			
	Utility Franchise Fees	Opioid Settlement	Recreation Special Program	Swimming Pool
Revenues				
Taxes				
Franchise	\$ 2,494,954	\$ -	\$ -	\$ -
Lodging	-	-	-	-
Special assessments	-	-	136,430	-
Intergovernmental	-	-	288,798	-
Charges for services	-	-	-	557,923
Fines and forfeitures	-	-	-	-
Interest earnings (loss)	108,594	11,616	13,272	8,845
Miscellaneous	8,275	56,152	-	(9,827)
Total revenues	<u>2,611,823</u>	<u>67,768</u>	<u>438,500</u>	<u>556,941</u>
Expenditures				
Current				
Administrative services	120,003	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Recreation services	-	32,299	589,658	638,056
Total expenditures	<u>120,003</u>	<u>32,299</u>	<u>589,658</u>	<u>638,056</u>
Excess of revenues over (under) expenditures	2,491,820	35,469	(151,158)	(81,115)
Other Financing Sources (Uses)				
Transfers in	-	-	102,250	80,000
Transfers out	(1,953,793)	-	-	-
Total other financing sources (Uses)	<u>(1,953,793)</u>	<u>-</u>	<u>102,250</u>	<u>80,000</u>
Net change in fund balances	538,027	35,469	(48,908)	(1,115)
Fund Balances				
Beginning of year	<u>2,450,331</u>	<u>300,825</u>	<u>352,836</u>	<u>209,957</u>
End of year	<u>\$ 2,988,358</u>	<u>\$ 336,294</u>	<u>\$ 303,928</u>	<u>\$ 208,842</u>

(Continued)

Special Revenue			Total Nonmajor Special Revenue Funds
Street Light User Fee	Special Facility	Wood Lake Endowment	
\$ -	\$ -	\$ -	\$ 2,782,083
-	-	-	7,316
-	-	-	136,430
-	-	-	728,729
371,917	63,651	-	993,491
-	-	-	81,194
8,908	5,271	9,365	333,377
-	1,233	250	511,660
<u>380,825</u>	<u>70,155</u>	<u>9,615</u>	<u>5,574,280</u>
-	-	-	508,759
-	-	-	297,680
328,826	-	-	328,826
-	66,604	-	1,632,856
<u>328,826</u>	<u>66,604</u>	<u>-</u>	<u>2,768,121</u>
51,999	3,551	9,615	2,806,159
-	-	-	657,250
-	-	-	(2,562,793)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,905,543)</u>
51,999	3,551	9,615	900,616
<u>184,447</u>	<u>75,655</u>	<u>259,080</u>	<u>8,624,622</u>
<u>\$ 236,446</u>	<u>\$ 79,206</u>	<u>\$ 268,695</u>	<u>\$ 9,525,238</u>

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Liquor Contributions Special Revenue Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Interest earnings (loss)	\$ 1,000	\$ 1,000	\$ 5,618	\$ 4,618
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>5,618</u>	<u>4,618</u>
Other Financing Sources (Uses)				
Transfers in	475,000	475,000	475,000	-
Transfers out	(475,000)	(475,000)	(475,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,000</u>	<u>\$ 1,000</u>	5,618	<u>\$ 4,618</u>
Fund Balances				
Beginning of year			<u>154,827</u>	
End of year			<u>\$ 160,445</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Tourism Admin Special Revenue Fund
Year Ended December 31, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Over (Under)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Lodging	\$ 7,000	\$ 7,000	\$ 7,316	\$ 316
Interest earnings (loss)	150	150	2,510	2,360
Total revenues	<u>7,150</u>	<u>7,150</u>	<u>9,826</u>	<u>2,676</u>
Expenditures				
Current				
Administrative services	5,440	5,440	5,441	1
Total expenditures	<u>5,440</u>	<u>5,440</u>	<u>5,441</u>	<u>1</u>
Net change in fund balances	<u>\$ 1,710</u>	<u>\$ 1,710</u>	4,385	<u>\$ 2,675</u>
Fund Balances				
Beginning of year			<u>58,430</u>	
End of year			<u>\$ 62,815</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Communications Special Revenue Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes				
Franchise	\$ 235,000	\$ 280,000	\$ 287,129	\$ 7,129
Interest earnings (loss)	5,000	5,000	57,151	52,151
Total revenues	240,000	285,000	344,280	59,280
Expenditures				
Current				
Administrative services	422,220	388,840	383,315	(5,525)
Total expenditures	422,220	388,840	383,315	(5,525)
Net change in fund balances	\$ (182,220)	\$ (103,840)	(39,035)	\$ 64,805
Fund Balances				
Beginning of year			1,889,162	
End of year			\$ 1,850,127	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Public Safety Aid Special Revenue Fund
Year Ended December 31, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest earnings (loss)	\$ 5,000	\$ 50,000	\$ 54,269	\$ 4,269
Other Financing Uses				
Transfers out	(438,110)	(134,000)	(134,000)	-
Net change in fund balances	<u>\$ (433,110)</u>	<u>\$ (84,000)</u>	(79,731)	<u>\$ 4,269</u>
Fund Balances				
Beginning of year			<u>1,510,309</u>	
End of year			<u>\$ 1,430,578</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Drug/Forfeiture Special Revenue Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 500	\$ 1,500	\$ 81,194	\$ 79,694
Interest earnings (loss)	35,000	35,000	10,346	(24,654)
Miscellaneous	400	2,000	889	(1,111)
Total revenues	<u>35,900</u>	<u>38,500</u>	<u>92,429</u>	<u>53,929</u>
Expenditures				
Current				
Public safety	30,000	94,900	60,407	(34,493)
Total expenditures	<u>30,000</u>	<u>94,900</u>	<u>60,407</u>	<u>(34,493)</u>
Net change in fund balances	<u>\$ 5,900</u>	<u>\$ (56,400)</u>	32,022	<u>\$ 88,422</u>
Fund Balances				
Beginning of year			<u>280,133</u>	
End of year			<u>\$ 312,155</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Public Safety Compliance Special Revenue Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ 20,100	\$ 77,300	\$ 121,903	\$ 44,603
Interest earnings (loss)	400	-	11,584	11,584
Miscellaneous	15,000	20,300	32,886	12,586
Total revenues	<u>35,500</u>	<u>97,600</u>	<u>166,373</u>	<u>68,773</u>
Expenditures				
Current				
Public safety	17,600	24,650	53,284	28,634
Total expenditures	<u>17,600</u>	<u>24,650</u>	<u>53,284</u>	<u>28,634</u>
Net change in fund balances	<u>\$ 17,900</u>	<u>\$ 72,950</u>	113,089	<u>\$ 40,139</u>
Fund Balances				
Beginning of year			<u>300,105</u>	
End of year			<u>\$ 413,194</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Recreation Contribution Special Revenue Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 116,961	\$ 116,961
Interest earnings (loss)	-	-	3,586	3,586
Miscellaneous	120,000	165,000	107,673	(57,327)
Total revenues	<u>120,000</u>	<u>165,000</u>	<u>228,220</u>	<u>63,220</u>
Expenditures				
Current				
Recreation services	145,500	146,000	232,860	86,860
Total expenditures	<u>145,500</u>	<u>146,000</u>	<u>232,860</u>	<u>86,860</u>
Net change in fund balances	<u>\$ (25,500)</u>	<u>\$ 19,000</u>	(4,640)	<u>\$ (23,640)</u>
Fund Balances				
Beginning of year			<u>104,772</u>	
End of year			<u>\$ 100,132</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Nature Center Contribution Special Revenue Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 15,578	\$ 10,578
Interest earnings (loss)	7,000	7,000	13,391	6,391
Miscellaneous	75,000	75,000	253,069	178,069
Total revenues	<u>87,000</u>	<u>87,000</u>	<u>282,038</u>	<u>195,038</u>
Expenditures				
Current				
Recreation services	75,000	78,953	45,138	(33,815)
Total expenditures	<u>75,000</u>	<u>78,953</u>	<u>45,138</u>	<u>(33,815)</u>
Net change in fund balances	<u>\$ 12,000</u>	<u>\$ 8,047</u>	236,900	<u>\$ 228,853</u>
Fund Balances				
Beginning of year			<u>262,527</u>	
End of year			<u>\$ 499,427</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Public Health Grants Special Revenue Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ 230,467	\$ 57,327	\$ 185,489	\$ 128,162
Interest earnings (loss)	500	500	5,002	4,502
Total revenues	<u>230,967</u>	<u>57,827</u>	<u>190,491</u>	<u>132,664</u>
Expenditures				
Current				
Public safety	177,835	110,000	183,989	73,989
Total expenditures	<u>177,835</u>	<u>110,000</u>	<u>183,989</u>	<u>73,989</u>
Net change in fund balances	<u>\$ 53,132</u>	<u>\$ (52,173)</u>	6,502	<u>\$ 58,675</u>
Fund Balances				
Beginning of year			<u>139,348</u>	
End of year			<u>\$ 145,850</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Wood Lake Half Marathon Special Revenue Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Interest earnings (loss)	\$ -	\$ -	\$ 4,049	\$ 4,049
Miscellaneous	73,000	69,000	61,060	(7,940)
Total revenues	<u>73,000</u>	<u>69,000</u>	<u>65,109</u>	<u>(3,891)</u>
Expenditures				
Current				
Recreation services	66,000	85,000	28,241	(56,759)
Total expenditures	<u>66,000</u>	<u>85,000</u>	<u>28,241</u>	<u>(56,759)</u>
Net change in fund balances	<u>\$ 7,000</u>	<u>\$ (16,000)</u>	36,868	<u>\$ 52,868</u>
Fund Balances				
Beginning of year			<u>91,878</u>	
End of year			<u>\$ 128,746</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Utility Franchise Fees Special Revenue Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes				
Franchise	\$ 2,450,000	\$ 2,450,000	\$ 2,494,954	\$ 44,954
Interest earnings (loss)	50,000	50,000	108,594	58,594
Miscellaneous	-	-	8,275	8,275
Total revenues	2,500,000	2,500,000	2,611,823	111,823
Expenditures				
Current				
Administrative services	435,000	110,000	120,003	10,003
Total expenditures	435,000	110,000	120,003	10,003
Excess of revenues over (under) expenditures	2,065,000	2,390,000	2,491,820	101,820
Other Financing Uses				
Transfers out	(2,523,000)	(1,953,000)	(1,953,793)	(793)
Net change in fund balances	\$ (458,000)	\$ 437,000	538,027	\$ 101,027
Fund Balances				
Beginning of year			2,450,331	
End of year			\$ 2,988,358	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Opioid Settlement Special Revenue Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Interest earnings (loss)	\$ 500	\$ 500	\$ 11,616	\$ 11,116
Miscellaneous	56,613	56,613	56,152	(461)
Total revenues	<u>57,113</u>	<u>57,113</u>	<u>67,768</u>	<u>10,655</u>
Expenditures				
Current				
Recreation services	150,000	12,000	32,299	20,299
Total expenditures	<u>150,000</u>	<u>12,000</u>	<u>32,299</u>	<u>20,299</u>
Net change in fund balances	<u>\$ (92,887)</u>	<u>\$ 45,113</u>	35,469	<u>\$ (9,644)</u>
Fund Balances				
Beginning of year			<u>300,825</u>	
End of year			<u>\$ 336,294</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Recreation Special Program Special Revenue Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Special assessments	\$ 198,751	\$ 130,361	\$ 136,430	\$ 6,069
Intergovernmental	140,000	127,405	288,798	161,393
Interest earnings (loss)	-	-	13,272	13,272
Miscellaneous	-	211,916	-	(211,916)
Total revenues	<u>338,751</u>	<u>469,682</u>	<u>438,500</u>	<u>(31,182)</u>
Expenditures				
Current				
Recreation services	393,354	639,017	589,658	(49,359)
Total expenditures	<u>393,354</u>	<u>639,017</u>	<u>589,658</u>	<u>(49,359)</u>
Excess of revenues over (under) expenditures	(54,603)	(169,335)	(151,158)	18,177
Other Financing Sources				
Transfers in	102,250	102,250	102,250	-
Total other financing sources	<u>102,250</u>	<u>102,250</u>	<u>102,250</u>	<u>-</u>
Net change in fund balances	<u>\$ 47,647</u>	<u>\$ (67,085)</u>	(48,908)	<u>\$ 18,177</u>
Fund Balances				
Beginning of year			<u>352,836</u>	
End of year			<u>\$ 303,928</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Swimming Pool Special Revenue Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$ 23,300	\$ 23,300	\$ -	\$ (23,300)
Charges for services	567,750	567,750	557,923	(9,827)
Interest earnings (loss)	-	-	8,845	8,845
Miscellaneous	-	-	(9,827)	(9,827)
Total revenues	<u>591,050</u>	<u>591,050</u>	<u>556,941</u>	<u>(34,109)</u>
Expenditures				
Current				
Recreation services	643,850	643,850	638,056	(5,794)
Total expenditures	<u>643,850</u>	<u>643,850</u>	<u>638,056</u>	<u>(5,794)</u>
Excess of revenues over (under) expenditures	(52,800)	(52,800)	(81,115)	(28,315)
Other Financing Sources				
Transfers in	80,000	80,000	80,000	-
Net change in fund balances	<u>\$ 27,200</u>	<u>\$ 27,200</u>	(1,115)	<u>\$ (28,315)</u>
Fund Balances				
Beginning of year			<u>209,957</u>	
End of year			<u>\$ 208,842</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Street Light User Fee Special Revenue Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Charges for services	\$ 332,000	\$ 380,000	\$ 371,917	\$ (8,083)
Interest earnings (loss)	-	-	8,908	8,908
Total revenues	<u>332,000</u>	<u>380,000</u>	<u>380,825</u>	<u>825</u>
Expenditures				
Current				
Public works	332,000	332,000	328,826	(3,174)
Total expenditures	<u>332,000</u>	<u>332,000</u>	<u>328,826</u>	<u>(3,174)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 48,000</u>	51,999	<u>\$ 3,999</u>
Fund Balances				
Beginning of year			<u>184,447</u>	
End of year			<u>\$ 236,446</u>	

City of Richfield
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Specialty Facility Special Revenue Fund
Year Ended December 31, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Charges for services	\$ 67,510	\$ 67,510	\$ 63,651	\$ (3,859)
Interest earnings (loss)	-	-	5,271	5,271
Miscellaneous	-	-	1,233	1,233
Total revenues	<u>67,510</u>	<u>67,510</u>	<u>70,155</u>	<u>2,645</u>
Expenditures				
Current				
Recreation services	<u>67,690</u>	<u>67,690</u>	<u>66,604</u>	<u>(1,086)</u>
Net change in fund balances	<u>\$ (180)</u>	<u>\$ (180)</u>	3,551	<u>\$ 3,731</u>
Fund Balances				
Beginning of year			<u>75,655</u>	
End of year			<u>\$ 79,206</u>	

City of Richfield
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2025

(Continued)

	2025			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 23,419,852	\$ 23,419,852	\$ 19,465,675	\$ (3,954,177)
Fiscal disparities	-	-	3,840,369	3,840,369
Total taxes	<u>23,419,852</u>	<u>23,419,852</u>	<u>23,306,044</u>	<u>(113,808)</u>
Special assessments	-	-	6,889	6,889
Licenses and permits				
Business	270,150	245,750	314,684	68,934
Non-business	909,600	878,100	979,071	100,971
Total licenses and permits	<u>1,179,750</u>	<u>1,123,850</u>	<u>1,293,755</u>	<u>169,905</u>
Intergovernmental revenue				
Federal grants	160,800	160,000	158,483	(1,517)
Local government aid	3,410,633	3,410,633	3,410,633	-
Fire aid	238,000	250,000	307,418	57,418
Police aid	475,000	483,000	613,750	130,750
MSA	315,000	315,000	315,000	-
Communitay health services	177,835	177,835	177,835	-
Other state grants and aids	473,900	662,515	658,243	(4,272)
County grants	21,040	-	-	-
Other local grants and aids	2,000	33,460	33,431	(29)
Total intergovernmental revenue	<u>5,274,208</u>	<u>5,492,443</u>	<u>5,674,793</u>	<u>182,350</u>
Charges for services				
General government	35,000	38,000	37,961	(39)
Deputy registrat	710,000	700,000	706,581	6,581
Public safety	20,700	37,338	23,367	(13,971)
Public works	38,500	168,500	428,639	260,139
Park and recreation	250,650	293,540	345,020	51,480
Nature center	97,650	58,010	53,465	(4,545)
Community development	612,300	600,500	758,307	157,807
Total charges for services	<u>1,764,800</u>	<u>1,895,888</u>	<u>2,353,340</u>	<u>457,452</u>
Fines and forfeitures	200,000	215,000	221,454	6,454
Miscellaneous revenues				
Investment income	50,000	100,000	222,216	122,216
Refunds and reimbursements	-	-	4,320	4,320
Other	28,750	30,975	18,328	(12,647)
Total miscellaneous revenues	<u>78,750</u>	<u>130,975</u>	<u>244,864</u>	<u>113,889</u>
Total revenues	<u>31,917,360</u>	<u>32,278,008</u>	<u>33,101,139</u>	<u>823,131</u>

City of Richfield
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2025

(Continued)

	2025			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Expenditures				
Current				
Legislative/executive				
Mayor and city council				
Personnel services	\$ 61,170	\$ 61,170	\$ 62,152	\$ 982
Other services and charges	259,800	249,800	241,973	(7,827)
Total mayor and city council	<u>320,970</u>	<u>310,970</u>	<u>304,125</u>	<u>(6,845)</u>
Other agencies				
Personnel services	24,340	24,310	24,310	-
Other services and charges	91,800	91,800	91,800	-
Total other agencies	<u>116,140</u>	<u>116,110</u>	<u>116,110</u>	<u>-</u>
City manager				
Personnel services	450,916	446,963	445,111	(1,852)
Other services and charges	67,753	67,753	83,417	15,664
Total city manager	<u>518,669</u>	<u>514,716</u>	<u>528,528</u>	<u>13,812</u>
Legal				
Other services and charges	359,150	359,150	317,429	(41,721)
Total legislative/executive	<u>1,314,929</u>	<u>1,300,946</u>	<u>1,266,192</u>	<u>(34,754)</u>
Administrative services				
Administration				
Personnel services	75,390	75,834	72,809	(3,025)
Other services and charges	90,160	90,360	89,053	(1,307)
Total administration	<u>165,550</u>	<u>166,194</u>	<u>161,862</u>	<u>(4,332)</u>
Human resources				
Personnel services	176,890	152,391	160,103	7,712
Other services and charges	100,370	185,357	130,233	(55,124)
Total human resources	<u>277,260</u>	<u>337,748</u>	<u>290,336</u>	<u>(47,412)</u>
City clerk				
Personnel services	723,234	710,499	602,603	(107,896)
Other services and charges	138,130	143,160	158,117	14,957
Total city clerk	<u>861,364</u>	<u>853,659</u>	<u>760,720</u>	<u>(92,939)</u>
Total administrative services	<u>1,304,174</u>	<u>1,357,601</u>	<u>1,212,918</u>	<u>(144,683)</u>
Finance				
Personnel services	387,630	231,170	262,208	31,038
Other services and charges	277,870	252,142	262,287	10,145
Total finance	<u>665,500</u>	<u>483,312</u>	<u>524,495</u>	<u>41,183</u>
Assessing				
Personnel services	-	-	33	33
Other services and charges	12,520	12,520	23,368	10,848
Total finance	<u>678,020</u>	<u>495,832</u>	<u>547,896</u>	<u>52,064</u>

City of Richfield
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2025

(Continued)

	2025			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Expenditures (Continued)				
Current (continued)				
Public safety				
Administrative support services				
Personnel services	\$ 707,099	\$ 641,017	\$ 640,701	\$ (316)
Other services and charges	633,841	619,747	1,089,617	469,870
Total administrative support services	<u>1,340,940</u>	<u>1,260,764</u>	<u>1,730,318</u>	<u>469,554</u>
Police operations				
Personnel services	9,193,960	8,902,870	8,685,683	(217,187)
Other services and charges	2,247,390	2,374,030	2,231,134	(142,896)
Total police operations	<u>11,441,350</u>	<u>11,276,900</u>	<u>10,916,817</u>	<u>(360,083)</u>
Emergency services				
Personnel services	10,100	7,550	7,122	(428)
Other services and charges	32,250	40,970	25,777	(15,193)
Total emergency services	<u>42,350</u>	<u>48,520</u>	<u>32,899</u>	<u>(15,621)</u>
Total public safety	<u>12,824,640</u>	<u>12,586,184</u>	<u>12,680,034</u>	<u>93,850</u>
Fire				
Fire protection				
Personnel services	5,228,070	5,309,813	5,225,095	(84,718)
Other services and charges	960,907	1,023,317	1,014,468	(8,849)
Total fire	<u>6,188,977</u>	<u>6,333,130</u>	<u>6,239,563</u>	<u>(93,567)</u>
Community development				
Administration				
Other services and charges	<u>67,370</u>	<u>67,370</u>	<u>67,300</u>	<u>(70)</u>

City of Richfield
 General Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances -
 Budget and Actual
 Year Ended December 31, 2025

(Continued)

	2025			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Expenditures (Continued)				
Current (continued)				
Community development (continued)				
Planning and zoning				
Personnel services	\$ 276,770	\$ 268,810	\$ 231,831	\$ (36,979)
Other services and charges	70,760	70,910	81,274	10,364
Total planning and zoning	<u>347,530</u>	<u>339,720</u>	<u>313,105</u>	<u>(26,615)</u>
Inspection				
Personnel services	1,179,160	1,126,620	1,033,857	(92,763)
Other services and charges	271,060	272,615	273,725	1,110
Total engineering	<u>1,450,220</u>	<u>1,399,235</u>	<u>1,307,582</u>	<u>(91,653)</u>
Total community development	<u>1,865,120</u>	<u>1,806,325</u>	<u>1,688,853</u>	<u>(117,472)</u>
Public works				
Administration				
Personnel services	170,190	165,130	176,059	10,929
Other services and charges	50,770	55,810	47,546	(8,264)
Total administration	<u>220,960</u>	<u>220,940</u>	<u>223,605</u>	<u>2,665</u>
Engineering				
Personnel services	378,260	375,080	459,029	83,949
Other services and charges	211,300	214,300	154,135	(60,165)
Total engineering	<u>589,560</u>	<u>589,380</u>	<u>613,164</u>	<u>23,784</u>
Streets				
Personnel services	1,534,580	1,478,580	1,578,062	99,482
Other services and charges	1,254,990	1,310,060	1,179,622	(130,438)
Total streets	<u>2,789,570</u>	<u>2,788,640</u>	<u>2,757,684</u>	<u>(30,956)</u>
Park maintenance				
Personnel services	965,140	965,260	949,915	(15,345)
Other services and charges	737,920	736,920	833,361	96,441
Total park maintenance	<u>1,703,060</u>	<u>1,702,180</u>	<u>1,783,276</u>	<u>81,096</u>
Total public works	<u>5,303,150</u>	<u>5,301,140</u>	<u>5,377,729</u>	<u>76,589</u>

City of Richfield
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2025

(Concluded)

	2025			Variance with Final Budget - Over (Under)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Expenditures (Continued)				
Current (continued)				
Recreation services				
Recreation services administration				
Personnel services	\$ 365,520	\$ 386,380	\$ 391,590	\$ 5,210
Other services and charges	151,047	152,897	142,611	(10,286)
Total recreation services administration	<u>516,567</u>	<u>539,277</u>	<u>534,201</u>	<u>(5,076)</u>
Recreation programs				
Personnel services	842,515	900,103	876,842	(23,261)
Other services and charges	383,848	351,833	347,337	(4,496)
Total recreation programs	<u>1,226,363</u>	<u>1,251,936</u>	<u>1,224,179</u>	<u>(27,757)</u>
Wood Lake Nature Center				
Personnel services	564,628	541,877	604,777	62,900
Other services and charges	167,032	141,500	143,420	1,920
Total wood lake nature center	<u>731,660</u>	<u>683,377</u>	<u>748,197</u>	<u>64,820</u>
Total recreation services	<u>2,474,590</u>	<u>2,474,590</u>	<u>2,506,577</u>	<u>31,987</u>
Total expenditures	<u>31,953,600</u>	<u>31,655,748</u>	<u>31,519,762</u>	<u>(135,986)</u>
Excess of revenues over (under) expenditures	(36,240)	622,260	1,581,377	959,117
Other Financing Sources (Uses)				
Transfers in	812,600	508,490	508,490	-
Transfers out	(776,360)	(1,130,750)	(352,250)	778,500
Total other financing sources (uses)	<u>36,240</u>	<u>(622,260)</u>	<u>156,240</u>	<u>778,500</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,737,617</u>	<u>\$ 1,737,617</u>
Fund Balances				
Beginning of year			<u>12,028,802</u>	
End of year			<u>\$ 13,766,419</u>	

City of Richfield
Internal Service Funds
Combining Statement of Net Position
December 31, 2025

	Central Garage and Equipment	Information Technology	Self Insurance	Building Services	Compensated Absences	Total
Assets						
Current Assets						
Cash and temporary investments	\$ 1,602,954	\$ 650,216	\$ 5,935,137	\$ 1,221,775	\$ 3,072,123	\$ 12,482,205
Receivables						
Accrued interest	641	306	3,311	757	1,847	6,862
Accounts	14,647	-	-	-	-	14,647
Prepaid expenses	-	67,209	-	-	-	67,209
Total current assets	<u>1,618,242</u>	<u>717,731</u>	<u>5,938,448</u>	<u>1,222,532</u>	<u>3,073,970</u>	<u>12,570,923</u>
Noncurrent Assets						
Capital assets						
Construction in progress	921,231	-	-	-	-	921,231
Buildings and structures	13,133,837	1,152,502	-	671,379	-	14,957,718
Less accumulated depreciation	<u>(8,572,210)</u>	<u>(879,945)</u>	<u>-</u>	<u>(425,249)</u>	<u>-</u>	<u>(9,877,404)</u>
Total capital assets (net of accumulated depreciation)	<u>5,482,858</u>	<u>272,557</u>	<u>-</u>	<u>246,130</u>	<u>-</u>	<u>6,001,545</u>
Total noncurrent assets	<u>5,482,858</u>	<u>272,557</u>	<u>-</u>	<u>246,130</u>	<u>-</u>	<u>6,001,545</u>
Total assets	<u>7,101,100</u>	<u>990,288</u>	<u>5,938,448</u>	<u>1,468,662</u>	<u>3,073,970</u>	<u>18,572,468</u>
Deferred Outflows of Resources						
Deferred outflows of resources related to pensions	34,483	38,222	-	29,484	-	102,189
Deferred outflows of resources related to OPEB	2,111	4,402	-	3,395	-	9,908
Total deferred outflows of resources	<u>36,594</u>	<u>42,624</u>	<u>-</u>	<u>32,879</u>	<u>-</u>	<u>112,097</u>
Total assets and deferred outflows of resources	<u>\$ 7,137,694</u>	<u>\$ 1,032,912</u>	<u>\$ 5,938,448</u>	<u>\$ 1,501,541</u>	<u>\$ 3,073,970</u>	<u>\$ 18,684,565</u>
Liabilities						
Current Liabilities						
Accounts and contracts payable	\$ 539,104	\$ 44,878	\$ 14,451	\$ 32,781	\$ -	\$ 631,214
Accrued salaries payable	25,863	30,122	-	17,299	-	73,284
Due to other governments	232,189	-	79,394	-	-	311,583
Compensated absences payable - current	6,036	9,711	-	13,013	709,052	737,812
Other postemployment benefits payable - current	309	645	-	497	-	1,451
Total current liabilities	<u>803,501</u>	<u>85,356</u>	<u>93,845</u>	<u>63,590</u>	<u>709,052</u>	<u>1,755,344</u>
Noncurrent Liabilities						
Compensated absences payable	17,180	27,638	-	37,036	2,018,071	2,099,925
Claims and judgements	-	-	1,287,564	-	-	1,287,564
Net pension liability	132,815	148,647	-	114,664	-	396,126
Other postemployment benefits payable	6,604	13,771	-	10,621	-	30,996
Total noncurrent liabilities	<u>156,599</u>	<u>190,056</u>	<u>1,287,564</u>	<u>162,321</u>	<u>2,018,071</u>	<u>3,814,611</u>
Total liabilities	<u>960,100</u>	<u>275,412</u>	<u>1,381,409</u>	<u>225,911</u>	<u>2,727,123</u>	<u>5,569,955</u>
Deferred Inflows of Resources						
Deferred inflows of resources related to pensions	83,927	93,932	-	72,458	-	250,317
Deferred inflows of resources related to OPEB	2,748	5,732	-	4,420	-	12,900
Total deferred inflows of resources	<u>86,675</u>	<u>99,664</u>	<u>-</u>	<u>76,878</u>	<u>-</u>	<u>263,217</u>
Net Position						
Net investment in capital assets	5,482,858	272,557	-	246,130	-	6,001,545
Unrestricted	608,061	385,279	4,557,039	952,622	346,847	6,849,848
Total net position	<u>6,090,919</u>	<u>657,836</u>	<u>4,557,039</u>	<u>1,198,752</u>	<u>346,847</u>	<u>12,851,393</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 7,137,694</u>	<u>\$ 1,032,912</u>	<u>\$ 5,938,448</u>	<u>\$ 1,501,541</u>	<u>\$ 3,073,970</u>	<u>\$ 18,684,565</u>

City of Richfield
Internal Service Funds
Combining Statement of Revenues, Expenses, and
Changes in Net Position
Year Ended December 31, 2025

	<u>Central Garage and Equipment</u>	<u>Information Technology</u>	<u>Self Insurance</u>	<u>Building Services</u>
Operating Revenues				
Charges for services	\$ 1,629,080	\$ 1,473,854	\$ 954,001	\$ 1,057,298
Operating Expenses				
Personnel services	484,492	567,438	368,581	378,038
Other services and charges	1,219,484	1,076,165	(761,027)	517,191
Depreciation	1,141,792	46,515	-	21,425
Total operating expenses	<u>2,845,768</u>	<u>1,690,118</u>	<u>(392,446)</u>	<u>916,654</u>
Operating Income (Loss)	<u>(1,216,688)</u>	<u>(216,264)</u>	<u>1,346,447</u>	<u>140,644</u>
Nonoperating Revenues/Expenses				
Interest earnings (loss)	37,484	18,076	198,974	44,861
Miscellaneous revenues/expenses	2,205	-	102	-
Gain on sale of capital assets	121,888	-	-	-
Total nonoperating revenues/expenses	<u>161,577</u>	<u>18,076</u>	<u>199,076</u>	<u>44,861</u>
Income (loss) before transfers	(1,055,111)	(198,188)	1,545,523	185,505
Transfers In	<u>1,335,000</u>	<u>393,800</u>	<u>-</u>	<u>-</u>
Change in net position	279,889	195,612	1,545,523	185,505
Net position, January 1	<u>5,811,030</u>	<u>462,224</u>	<u>3,011,516</u>	<u>1,013,247</u>
Net position, December 31	<u>\$ 6,090,919</u>	<u>\$ 657,836</u>	<u>\$ 4,557,039</u>	<u>\$ 1,198,752</u>

<u>Compensated Absences</u>	<u>Total</u>
\$ -	\$ 5,114,233
-	1,798,549
-	2,051,813
-	1,209,732
-	<u>5,060,094</u>
-	<u>54,139</u>
108,119	407,514
-	2,307
-	121,888
<u>108,119</u>	<u>531,709</u>
108,119	585,848
-	<u>1,728,800</u>
108,119	2,314,648
<u>238,728</u>	<u>10,536,745</u>
<u>\$ 346,847</u>	<u>\$ 12,851,393</u>

City of Richfield
Internal Service Funds
Combining Statement of Cash Flows
Year Ended December 31, 2025

	Central Garage and Equipment	Information Technology	Self Insurance	Building Services
Cash Flows - Operating Activities				
Receipts from customers and users	\$ 1,614,433	\$ 1,473,854	\$ 956,097	\$ 1,057,298
Other operating receipts	2,205	-	102	-
Payments to suppliers	(845,210)	(1,148,279)	(784,659)	(600,727)
Payments to employees	(540,024)	(625,859)	(366,448)	(437,645)
Net cash flows - operating activities	<u>231,404</u>	<u>(300,284)</u>	<u>(194,908)</u>	<u>18,926</u>
Cash Flows - Noncapital Financing Activities				
Financing activities				
Receipt of advances to other funds	-	-	372,707	-
Transfer from other funds	1,335,000	393,800	-	-
Net cash flows - noncapital financing activities	<u>1,335,000</u>	<u>393,800</u>	<u>372,707</u>	<u>-</u>
Cash Flows - Capital and Related Financing Activities				
Proceeds from sale of capital assets	121,888	-	-	-
Acquisition of capital assets	(1,772,418)	-	-	(86,676)
Net cash flows - capital and related financing activities	<u>(1,650,530)</u>	<u>-</u>	<u>-</u>	<u>(86,676)</u>
Cash Flows - Investing Activities				
Interest received	38,885	18,554	207,464	45,908
Net change in cash and cash equivalents	(45,241)	112,070	385,263	(21,842)
Cash and Cash Equivalents, January 1	<u>1,648,195</u>	<u>538,146</u>	<u>5,549,874</u>	<u>1,243,617</u>
Cash and Cash Equivalents, December 31	<u>\$ 1,602,954</u>	<u>\$ 650,216</u>	<u>\$ 5,935,137</u>	<u>\$ 1,221,775</u>
Reconciliation of Operating Loss to Net Cash Flows - Loss to Net Cash Flows - Operating Activities				
Operating income (loss)	\$ (1,216,688)	\$ (216,264)	\$ 1,346,447	\$ 140,644
Adjustments to reconcile operating loss to net cash flows - loss to net cash flows - operating activities				
Depreciation expense	1,141,792	46,515	-	21,425
Other income related to operations	2,205	-	102	-
Accounts receivable	(14,647)	-	2,096	-
Prepaid items	-	(52,873)	-	-
OPEB liability expense	779	(473)	-	581
Net pension liability expense	(43,678)	(42,865)	-	(46,215)
Accounts payable	223,943	35,368	(4,741)	(83,536)
Due to other governmental units	150,331	(54,609)	60,442	-
Salaries payable	4,674	4,848	2,133	(1,818)
Compensated absences payable	(17,307)	(19,931)	-	(12,155)
Estimated payable for outstanding claims	-	-	(1,601,387)	-
Total adjustments	<u>1,448,092</u>	<u>(84,020)</u>	<u>(1,541,355)</u>	<u>(121,718)</u>
Net cash flows - operating activities	<u>\$ 231,404</u>	<u>\$ (300,284)</u>	<u>\$ (194,908)</u>	<u>\$ 18,926</u>

Compensated Absences	Total
\$ -	\$ 5,101,682
-	2,307
-	(3,378,875)
6,400	(1,963,576)
6,400	(238,462)

-	372,707
-	1,728,800
-	2,101,507

-	121,888
-	(1,859,094)
-	(1,737,206)

111,964	422,775
118,364	548,614

2,953,759	11,933,591
-----------	------------

\$ 3,072,123	\$ 12,482,205
--------------	---------------

\$ -	\$ 54,139
------	-----------

-	1,209,732
-	2,307
-	(12,551)
-	(52,873)
-	887
-	(132,758)
-	171,034
-	156,164
-	9,837
6,400	(42,993)
6,400	(1,601,387)
6,400	(292,601)
\$ 6,400	\$ (238,462)

(THIS PAGE LEFT BLANK INTENTIONALLY)

SUPPLEMENTARY FINANCIAL INFORMATION

**CITY OF RICHFIELD
RICHFIELD, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2025**

**Housing and Redevelopment Authority
of Richfield, Minnesota
Combined Balance Sheet
Governmental Funds
December 31, 2025**

	General	Special Revenue	Capital Projects	Total
Assets				
Cash and investments	\$ 3,178,322	\$ 2,252,589	\$ 15,549,196	\$ 20,980,107
Taxes receivable - delinquent	40,476	-	71	40,547
Accounts receivable	-	10,439	2,797	13,236
Interest receivable	1,701	5,139	8,214	15,054
Due from other funds	199,477	-	2,068,867	2,268,344
Due from other governments	2,789	24,877	50,474	78,140
Long term second mortgage receivable	20,988	3,958,535	245,250	4,224,773
Allowance for uncollectible accounts	(20,988)	(3,958,535)	(245,250)	(4,224,773)
Land held for resale	76,000	-	8,644,457	8,720,457
Prepaid expenses	7,401	9,378	-	16,779
	Total assets	\$ 2,302,422	\$ 26,324,076	\$ 32,132,664
Liabilities				
Accounts payable	\$ 16,719	\$ 195,279	\$ 38,218	\$ 250,216
Deposits payable	-	-	3,458	3,458
Due to other funds	-	59,780	2,208,564	2,268,344
Due to other governments	-	55	97,861	97,916
	Total liabilities	255,114	2,348,101	2,619,934
Deferred Inflows of Resources				
Unavailable revenue - property taxes	40,476	-	71	40,547
	Total deferred inflows of resources	-	71	40,547
Fund Balances				
Nonspendable	7,401	9,378	-	16,779
Restricted	76,000	-	16,849,209	16,925,209
Committed	-	998,170	-	998,170
Assigned	-	1,084,280	7,263,695	8,347,975
Unassigned	3,365,570	(44,520)	(137,000)	3,184,050
	Total fund balances	2,047,308	23,975,904	29,472,183
	Total liabilities, deferred inflows of resources, and fund balances	\$ 2,302,422	\$ 26,324,076	\$ 32,132,664
	Total fund balances reported above			\$ 29,472,183
 Amounts reported for the Housing and Redevelopment Authority in the Statement of Net Position are different because:				
Allocation to reflect consolidation on internal service fund activities related to component unit				\$ (690,229)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds				
Delinquent taxes receivable				40,547
				Total net position - Housing and Redevelopment Authority
				\$ 28,822,501

**Housing and Redevelopment Authority
of Richfield, Minnesota
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2025**

	General	Special Revenue	Capital Projects	Total
Revenues				
Tax increments	\$ -	\$ -	\$ 6,885,215	\$ 6,885,215
Property taxes	705,344	-	-	705,344
Intergovernmental	-	2,340,091	775,863	3,115,954
Investment income	110,876	105,892	560,534	777,302
Miscellaneous	42,752	35,264	68,001	146,017
Total revenues	<u>858,972</u>	<u>2,481,247</u>	<u>8,289,613</u>	<u>11,629,832</u>
Expenditures				
Current				
General government	-	1,740,001	-	1,740,001
Housing and redevelopment				
Personnel services	343,031	258,898	328,849	930,778
Other services and charges	106,555	2,255,036	450,119	2,811,710
Capital outlay				
Housing and redevelopment	36,696	-	1,915,023	1,951,719
Debt Service				
Principal	-	-	260,000	260,000
Interest and other	-	-	4,120,782	4,120,782
Total expenditures	<u>486,282</u>	<u>4,253,935</u>	<u>7,074,773</u>	<u>11,814,990</u>
Excess of revenues over (under) expenditures	372,690	(1,772,688)	1,214,840	(185,158)
Other Financing Sources (Uses)				
Transfers in	-	1,300,001	691,800	1,991,801
Transfers out	(7,600)	-	(1,984,201)	(1,991,801)
Total other financing sources (uses)	<u>(7,600)</u>	<u>1,300,001</u>	<u>(1,292,401)</u>	<u>-</u>
Net change in fund balances	365,090	(472,687)	(77,561)	(185,158)
Fund Balances				
Beginning balance, restated	<u>3,083,881</u>	<u>2,519,995</u>	<u>24,053,465</u>	<u>29,657,341</u>
End of year	<u>\$ 3,448,971</u>	<u>\$ 2,047,308</u>	<u>\$ 23,975,904</u>	<u>\$ 29,472,183</u>

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

Net change in fund balances - Housing and Redevelopment Authority \$ (185,158)

Adjustment to reflect the consolidation of internal service fund activities related to component unit 1,055

Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.

Property taxes 15,135

Change in net position - Housing and Redevelopment Authority \$ (168,968)

**Housing and Redevelopment Authority - Housing Choice Vouchers
of Richfield Minnesota
Financial Data Schedules
Balance Sheet
December 31, 2025**

<u>Assets</u>		
111	Cash - unrestricted	\$ 85,149
122	Accounts receivable - HUD	5,472
124	Accounts receivable - other governments	4,877
128	Fraud recovery	17,967
128.1	Allowance for doubtful accounts - fraud	(13,000)
129	Accrued interest receivable	106
	Prepaid items	<u>9,378</u>
290	Total Assets	<u><u>\$ 109,949</u></u>
<u>Liabilities</u>		
312	Accounts payable <= 90 days	\$ 351
347	Inter Program - Due To	<u>59,780</u>
	Total Liabilities	60,131
<u>Net Position</u>		
512.4	Unrestricted	<u>49,818</u>
513	Total Net Position	49,818
600	Total Liabilities and Fund Balances	<u><u>\$ 109,949</u></u>

**Housing and Redevelopment Authority - Housing Choice Vouchers
of Richfield, Minnesota
Financial Data Schedules
Income Statement
for the Year Ended December 31, 2025**

<u>Revenues</u>		
70600	HUD PHA operating grants	\$ 2,223,733
71100	Investment income - unrestricted	6,811
71400	Fraud recovery	8,074
71500	Other revenue	<u>676,965</u>
70000	Total revenues	2,915,583
<u>Expenditures</u>		
Administrative expenses		
91100	Administrative salaries	258,898
91500	Office expenses	27,469
91600	Other	<u>21,537</u>
91000	Total administrative expenses	307,904
General expenses		
96200	Other general expenses	<u>75,995</u>
96900	Total expenditures	383,899
	Excess (deficiency) of revenues over (under) expenditures	2,531,684
<u>Other Expenses</u>		
97300	Housing assistance payments	1,989,886
97350	HAP portability-in	<u>615,607</u>
90000	Total other expenses	2,605,493
Net increase (decrease) in net position		(73,809)
Net position, January 1		<u>123,627</u>
Net position, December 31		<u>\$ 49,818</u>
<u>Memo account information</u>		
11190	Unit months available	2,623
11210	Number of unit months leased	2,307

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

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

City of Richfield
Economic Development Authority Component Unit
Balance Sheet
December 31, 2025

Assets	
Cash and investments	\$ 1,499,418
Property taxes receivable	5,410
Accounts receivable	135
Interest receivable	793
Deferred loan receivable	1,456,345
Allowance for uncollectible accounts	<u>(1,456,345)</u>
Total assets	<u><u>\$ 1,505,756</u></u>
Liabilities	
Accounts payable	<u>\$ 44,257</u>
Deferred Inflows of Resources	
Unavailable revenue - property taxes	<u>5,410</u>
Fund Balances	
Unassigned	<u>1,456,089</u>
Total fund balances	<u><u>1,456,089</u></u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 1,505,756</u></u>
Fund balance reported above	\$ 1,456,089
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes	<u>5,410</u>
Net position of component unit activities	<u><u>\$ 1,461,499</u></u>

City of Richfield
Economic Development Authority Component Unit
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2025

Revenues		
Taxes		\$ 623,343
Intergovernmental		38,875
Miscellaneous		
Investment income		46,213
Loan repayment		201,771
Other		2,100
Total revenues		<u>912,302</u>
Expenditures		
Current		
Economic development		
Personnel services		161,049
Other services and charges		581,947
Total expenditures		<u>742,996</u>
Excess of revenues over (under) expenditures		169,306
Fund Balances		
Beginning of year		<u>1,286,783</u>
End of year		<u>\$ 1,456,089</u>
Adjustment to reflect the change in other long-term assets not available to pay current period expenditures		<u>\$ -</u>
Change in net position of component unit activities		<u>\$ 169,306</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

STATISTICAL SECTION (UNAUDITED)

**CITY OF RICHFIELD
RICHFIELD, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2025**

(THIS PAGE LEFT BLANK INTENTIONALLY)

**City of Richfield
Statistical Section**

This part of the City of Richfield's annual comprehensive 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 City's overall financial health.

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	166-175
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	176-182
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	183-186
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	187-188
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	189-191

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

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

	Fiscal Year			
	2016	2017	2018	2019
Governmental Activities				
Net investment in capital assets	\$ 51,478,014	\$ 46,432,821	\$ 44,695,707	\$ 46,258,802
Restricted	3,093,111	3,388,199	6,336,024	5,933,995
Unrestricted	<u>(428,034)</u>	<u>(4,174,406)</u>	<u>(8,092,783)</u>	<u>(16,378,793)</u>
Total governmental activities net position	<u>\$ 54,143,091</u>	<u>\$ 45,646,614</u>	<u>\$ 42,938,948</u>	<u>\$ 35,814,004</u>
Business-Type Activities				
Net investment in capital assets	\$ 16,757,963	\$ 19,656,557	\$ 23,309,355	\$ 20,657,979
Unrestricted	<u>2,429,606</u>	<u>4,155,490</u>	<u>4,418,358</u>	<u>5,970,660</u>
Total business-type activities net position	<u>\$ 19,187,569</u>	<u>\$ 23,812,047</u>	<u>\$ 27,727,713</u>	<u>\$ 26,628,639</u>
Total Primary Government				
Net investment in capital assets	\$ 68,235,977	\$ 60,155,878	\$ 59,206,662	\$ 58,559,804
Restricted	3,093,111	3,388,199	6,336,024	5,933,995
Unrestricted	<u>2,001,572</u>	<u>5,914,584</u>	<u>5,123,975</u>	<u>(3,108,970)</u>
Total primary government net position	<u>\$ 73,330,660</u>	<u>\$ 69,458,661</u>	<u>\$ 70,666,661</u>	<u>\$ 61,384,829</u>

Table 1

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 46,316,911	\$ 51,429,664	\$ 64,217,643	\$ 75,377,835	\$ 73,327,481	\$ 77,809,801
7,253,345	16,485,325	3,964,804	8,636,333	9,210,048	11,977,066
<u>(8,288,323)</u>	<u>(3,540,422)</u>	<u>411,109</u>	<u>(5,405,313)</u>	<u>(1,212,166)</u>	<u>9,419,098</u>
<u>\$ 45,281,933</u>	<u>\$ 64,374,567</u>	<u>\$ 68,593,556</u>	<u>\$ 78,608,855</u>	<u>\$ 81,325,363</u>	<u>\$ 99,205,965</u>
\$ 20,657,979	\$ 21,303,212	\$ 21,550,313	\$ 19,177,441	\$ 26,509,108	\$ 26,988,698
5,970,660	6,361,197	8,177,018	12,086,805	7,645,485	8,624,985
<u>\$ 26,628,639</u>	<u>\$ 27,664,409</u>	<u>\$ 29,727,331</u>	<u>\$ 31,264,246</u>	<u>\$ 34,154,593</u>	<u>\$ 35,613,683</u>
\$ 58,758,640	\$ 64,876,476	\$ 78,279,906	\$ 87,445,726	\$ 93,119,889	\$ 98,486,849
7,253,345	16,485,325	3,964,804	8,636,333	9,210,048	11,977,066
<u>5,898,587</u>	<u>10,677,175</u>	<u>16,076,177</u>	<u>13,791,042</u>	<u>13,150,019</u>	<u>24,355,733</u>
<u>\$ 71,910,572</u>	<u>\$ 92,038,976</u>	<u>\$ 98,320,887</u>	<u>\$ 109,873,101</u>	<u>\$ 115,479,956</u>	<u>\$ 134,819,648</u>

City of Richfield
Statistical Section (Unaudited)
Changes in Net Position (Continued on the Following Pages)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2016	2017	2018	2019
Expenses				
Governmental activities				
General government	\$ 3,503,975	\$ 3,261,312	\$ 3,205,714	\$ 3,365,461
Public safety	16,846,901	13,706,386	12,958,838	14,234,972
Community development	1,489,202	1,364,675	1,552,826	1,676,267
Public works	16,161,254	15,028,590	13,039,259	21,901,131
Culture and recreation	4,244,085	4,142,433	4,308,628	4,196,419
Interest on long-term debt	1,786,750	1,751,627	1,563,101	1,449,654
Total governmental activities expenses	<u>44,032,167</u>	<u>39,255,023</u>	<u>36,628,366</u>	<u>46,823,904</u>
Business-type activities				
Liquor	10,018,719	10,729,098	10,824,828	11,904,943
Water and sewer utility	8,067,365	7,957,436	8,262,064	8,330,939
Storm sewer utility	1,462,684	1,623,854	1,720,653	1,924,222
Total business-type activities expenses	<u>19,548,768</u>	<u>20,310,388</u>	<u>20,807,545</u>	<u>22,160,104</u>
Total primary government expenses	<u>\$ 63,580,935</u>	<u>\$ 59,565,411</u>	<u>\$ 57,435,911</u>	<u>\$ 68,984,008</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 830,145	\$ 762,824	\$ 793,277	\$ 893,750
Public safety	658,591	735,790	754,699	780,881
Community development	1,383,804	1,289,746	1,696,677	2,204,262
Public works	309,235	309,361	317,813	305,451
Culture and recreation	1,751,634	1,694,849	1,868,941	1,831,136
Operating grants and contributions	1,434,327	1,463,533	1,463,533	1,562,337
Capital grants and contributions	4,733,815	3,590,702	3,590,702	4,159,314
Total governmental activities program revenues	<u>11,101,551</u>	<u>9,846,805</u>	<u>10,485,642</u>	<u>11,737,131</u>
Business-type activities				
Charges for services				
Liquor	10,457,318	11,351,640	11,561,557	12,678,003
Water and sewer utility	7,647,683	8,023,101	8,648,729	8,826,120
Storm sewer utility	1,352,699	1,495,191	1,768,394	1,828,180
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>19,457,700</u>	<u>20,869,932</u>	<u>21,978,680</u>	<u>23,332,303</u>
Total primary government program revenues	<u>\$ 30,559,251</u>	<u>\$ 30,716,737</u>	<u>\$ 32,464,322</u>	<u>\$ 35,069,434</u>

Table 2

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 3,443,118	\$ 3,591,071	\$ 4,535,832	\$ 4,416,925	\$ 5,044,942	\$ 3,808,169
14,767,550	14,455,290	17,406,811	19,165,643	19,121,775	18,940,122
1,601,218	1,730,362	1,758,662	8,969,774	1,845,055	9,732,142
11,146,122	8,969,332	9,179,955	5,653,215	11,460,779	6,288,456
3,426,087	4,666,522	5,308,282	1,788,215	5,512,708	1,344,168
1,487,038	1,317,337	1,380,404	1,290,114	1,264,578	1,570,857
<u>35,871,133</u>	<u>34,729,914</u>	<u>39,569,946</u>	<u>41,283,886</u>	<u>44,249,837</u>	<u>41,683,914</u>
12,384,877	12,979,538	13,299,880	12,700,999	12,792,792	12,510,710
8,272,505	8,380,422	9,343,582	9,330,452	9,990,930	9,271,142
2,057,741	2,043,408	2,129,905	2,640,186	2,325,095	3,239,369
<u>22,715,123</u>	<u>23,403,368</u>	<u>24,773,367</u>	<u>24,671,637</u>	<u>25,108,817</u>	<u>25,021,221</u>
<u>\$ 58,586,256</u>	<u>\$ 58,133,282</u>	<u>\$ 64,343,313</u>	<u>\$ 65,955,523</u>	<u>\$ 69,358,654</u>	<u>\$ 66,705,135</u>
\$ 590,246	\$ 951,034	\$ 1,027,491	\$ 1,003,475	\$ 1,435,328	\$ 1,331,170
535,792	500,678	675,771	508,704	584,490	699,164
2,137,248	2,137,779	1,619,026	343,747	1,365,053	3,308,179
237,698	338,892	324,499	2,420,618	3,076,726	2,525,562
605,969	1,927,900	2,123,558	1,181,748	2,437,858	1,727,156
4,238,000	1,456,035	1,614,601	3,627,875	2,695,970	2,988,951
8,163,705	17,781,877	7,027,935	8,372,899	4,362,651	8,362,296
<u>16,508,658</u>	<u>25,094,195</u>	<u>14,412,881</u>	<u>17,459,066</u>	<u>15,958,076</u>	<u>20,942,478</u>
13,262,924	13,927,926	14,209,724	13,967,904	14,053,489	13,718,076
8,716,310	9,227,632	9,892,777	10,429,228	9,348,958	10,714,740
2,047,290	2,043,821	2,154,934	2,382,576	2,298,391	2,413,899
-	-	-	-	15,000	91,500
-	-	-	-	3,827	31,087
<u>24,026,524</u>	<u>25,199,379</u>	<u>26,257,435</u>	<u>26,779,708</u>	<u>25,719,665</u>	<u>26,969,302</u>
<u>\$ 40,535,182</u>	<u>\$ 50,293,574</u>	<u>\$ 40,670,316</u>	<u>\$ 44,238,774</u>	<u>\$ 41,677,741</u>	<u>\$ 47,911,780</u>

City of Richfield
Statistical Section (Unaudited)
Changes in Net Position (Continued on the Following Pages)
Changes in Net Position (Continued)
(Accrual Basis of Accounting)

	Fiscal Year			
	2016	2017	2018	2019
Net Revenues (Expenses)				
Governmental activities	\$ (32,930,616)	\$ (29,789,259)	\$ (26,142,724)	\$ (35,086,773)
Business-type activities	(91,068)	559,544	1,171,135	1,172,199
 Total primary government net revenues (expenses)	 <u>\$ (33,021,684)</u>	 <u>\$ (29,229,715)</u>	 <u>\$ (24,971,589)</u>	 <u>\$ (33,914,574)</u>
 General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 18,398,414	\$ 19,075,553	\$ 20,019,144	\$ 20,887,161
Franchise taxes	2,260,122	2,264,759	224,216	2,241,396
Sales taxes	-	-	-	-
Lodging taxes	-	-	-	-
Grants and contributions not restricted to specific programs	2,084,057	2,094,443	2,229,280	2,235,643
Other general revenues	940,123	1,573,837	1,772,578	2,057,553
Transfers	(1,596,613)	(3,715,810)	(2,727,229)	308,930
Total governmental activities	<u>22,086,103</u>	<u>21,292,782</u>	<u>21,517,989</u>	<u>27,730,683</u>
Business-type activities				
Other general revenues	348,827	349,124	434,240	502,377
Transfers	1,596,613	3,715,810	2,727,229	(308,930)
Special item	-	-	(93,263)	(335,943)
Total business-type activities	<u>1,945,440</u>	<u>4,064,934</u>	<u>3,068,206</u>	<u>(142,496)</u>
 Total primary government	 <u>\$ 24,031,543</u>	 <u>\$ 25,357,716</u>	 <u>\$ 24,586,195</u>	 <u>\$ 27,588,187</u>
 Change in Net Position				
Governmental activities	\$ (10,844,502)	\$ (8,496,477)	\$ (2,606,735)	\$ (7,356,090)
Business-type activities	1,854,372	4,624,478	4,239,341	1,029,703
 Total primary government	 <u>\$ (8,990,130)</u>	 <u>\$ (3,871,999)</u>	 <u>\$ 1,632,606</u>	 <u>\$ (6,326,387)</u>

Table 2 (Continued)

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ (19,272,475)	\$ (9,635,719)	\$ (25,157,065)	\$ (23,824,820)	\$ (28,291,761)	\$ (20,741,436)
1,311,401	1,796,011	1,484,068	2,108,071	610,848	1,948,081
<u>\$ (17,961,074)</u>	<u>\$ (7,839,708)</u>	<u>\$ (23,672,997)</u>	<u>\$ (21,716,749)</u>	<u>\$ (27,680,913)</u>	<u>\$ (18,793,355)</u>
\$ 22,183,130	\$ 23,336,637	\$ 24,553,760	\$ 21,992,920	\$ 27,404,757	\$ 28,983,778
2,235,139	2,242,186	2,242,820	4,046,389	-	-
-	-	-	-	-	2,674,438
-	-	-	-	-	7,316
2,366,046	2,104,750	2,334,669	2,038,711	3,392,552	3,410,633
1,187,879	217,010	692,988	4,610,559	2,097,743	2,548,896
768,210	827,770	(448,183)	1,197,926	950,400	849,490
<u>28,740,404</u>	<u>28,728,353</u>	<u>29,376,054</u>	<u>33,886,505</u>	<u>33,845,452</u>	<u>38,474,551</u>
514,623	67,529	130,671	626,770	569,750	360,499
(768,210)	(827,770)	448,183	(1,197,926)	(860,088)	(849,490)
-	-	-	-	-	-
<u>(253,587)</u>	<u>(760,241)</u>	<u>578,854</u>	<u>(571,156)</u>	<u>(290,338)</u>	<u>(488,991)</u>
<u>\$ 28,486,817</u>	<u>\$ 27,968,112</u>	<u>\$ 29,954,908</u>	<u>\$ 33,315,349</u>	<u>\$ 33,555,114</u>	<u>\$ 37,985,560</u>
\$ 9,467,929	\$ 19,092,634	\$ 4,218,989	\$ 10,061,685	\$ 5,553,691	\$ 17,733,115
1,057,814	1,035,770	2,062,922	1,536,915	320,510	1,459,090
<u>\$ 10,525,743</u>	<u>\$ 20,128,404</u>	<u>\$ 6,281,911</u>	<u>\$ 11,598,600</u>	<u>\$ 5,874,201</u>	<u>\$ 19,192,205</u>

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

	Fiscal Year			
	2016	2017	2018	2019
General Fund				
Nonspendable	\$ 15,799	\$ 141,195	\$ 12,679	\$ 177,753
Restricted	-	-	-	-
Unassigned	<u>9,600,129</u>	<u>10,038,550</u>	<u>10,520,461</u>	<u>11,313,120</u>
Total general fund	<u>\$ 9,615,928</u>	<u>\$ 10,179,745</u>	<u>\$ 10,533,140</u>	<u>\$ 11,490,873</u>
All Other Governmental Funds				
Nonspendable	\$ 2,887	\$ 17,761	\$ 105,287	\$ 15,236
Restricted	18,332,804	20,275,918	16,286,001	10,642,272
Committed	720,397	738,817	1,790,562	2,836,946
Assigned	13,408,861	17,069,166	22,069,612	21,371,523
Unassigned	<u>(1,847,409)</u>	<u>(3,741,559)</u>	<u>(6,573,705)</u>	<u>(4,101,728)</u>
Total all other governmental funds	<u>\$ 30,617,540</u>	<u>\$ 34,360,103</u>	<u>\$ 33,677,757</u>	<u>\$ 30,764,249</u>

Table 3

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 28,365	\$ 47,489	\$ 66,984	\$ 61,640	\$ 317,975	\$ 72,867
16,118	-	-	-	-	-
<u>12,870,165</u>	<u>10,517,440</u>	<u>10,923,406</u>	<u>11,425,348</u>	<u>11,710,827</u>	<u>13,693,552</u>
<u>\$ 12,914,648</u>	<u>\$ 10,564,929</u>	<u>\$ 10,990,390</u>	<u>\$ 11,486,988</u>	<u>\$ 12,028,802</u>	<u>\$ 13,766,419</u>
\$ 1,485	\$ 1,111	\$ 2,754	\$ 90	\$ 1,389	\$ 5,989
8,785,571	3,090,932	2,121,557	8,986,815	20,157,255	21,053,724
4,078,939	13,661,056	14,448,057	8,212,034	12,256,565	13,279,548
24,710,670	5,518,491	5,839,195	-	-	-
<u>(1,749,993)</u>	<u>(3,798,986)</u>	<u>(3,141,170)</u>	<u>(2,899,672)</u>	<u>(2,062,733)</u>	<u>(1,148,870)</u>
<u>\$ 35,826,672</u>	<u>\$ 18,472,604</u>	<u>\$ 19,270,393</u>	<u>\$ 14,299,267</u>	<u>\$ 30,352,476</u>	<u>\$ 33,190,391</u>

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

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
Taxes	\$ 18,357,209	\$ 19,112,961	\$ 20,041,028	\$ 20,876,291
Sales taxes	-	-	-	-
Franchise taxes	2,260,122	2,264,759	2,242,216	2,241,396
Lodging taxes	-	-	-	-
Special assessments	194,607	206,140	202,308	232,098
Fines and forfeitures	279,437	345,143	363,806	401,118
License and permits	1,124,025	1,061,107	1,385,288	1,734,871
Intergovernmental	7,971,353	6,526,885	6,995,230	7,532,797
Charges for services	3,529,947	3,386,320	3,682,313	3,879,491
Interest earnings (loss)	157,444	247,818	685,353	689,997
Miscellaneous	719,430	1,254,319	951,055	1,197,637
Total revenues	<u>34,593,574</u>	<u>34,405,452</u>	<u>36,548,597</u>	<u>38,785,696</u>
Expenditures				
Current				
General government	2,602,322	2,633,435	2,652,810	2,757,627
Public safety	12,367,364	12,471,350	12,993,392	14,018,093
Community development	1,330,766	1,349,571	1,471,067	1,586,564
Public works	13,457,283	12,643,244	10,834,054	19,635,955
Recreation services	3,382,122	3,379,327	3,615,978	3,567,386
Capital outlay	2,951,196	4,636,951	4,441,313	9,773,296
Debt service				
Principal	2,125,000	8,140,000	2,365,000	8,870,000
Interest and other charges	1,563,351	1,699,998	1,597,997	1,658,046
Bond issuance costs	-	-	-	-
Total expenditures	<u>39,779,404</u>	<u>46,953,876</u>	<u>39,971,611</u>	<u>61,866,967</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,185,830)</u>	<u>(12,548,424)</u>	<u>(3,423,014)</u>	<u>(23,081,271)</u>
Other Financing Sources (Uses)				
Bond proceeds	11,215,000	12,175,000	9,770,000	5,290,000
Premium on bonds issued	516,582	319,366	151,774	314,825
Sale of capital assets	-	-	-	-
Payment to refunded bond escrow agent	-	(2,950,000)	-	-
Transfers in	4,368,205	5,333,223	11,296,324	12,196,655
Transfers out	(4,860,995)	(6,172,033)	(11,851,404)	(12,887,725)
Total other financing sources (uses)	<u>11,238,792</u>	<u>8,705,556</u>	<u>9,366,694</u>	<u>4,913,755</u>
Net change in fund balances	<u>\$ 6,052,962</u>	<u>\$ (3,842,868)</u>	<u>\$ 5,943,680</u>	<u>\$ (18,167,516)</u>
Debt service as a percentage of noncapital expenditures	<u>10.0%</u>	<u>23.3%</u>	<u>11.1%</u>	<u>20.2%</u>

Table 4

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 22,201,245	\$ 23,308,086	\$ 24,548,928	\$ 25,962,569	\$ 27,476,773	\$ 28,847,154
-	-	-	-	-	2,674,438
2,235,139	2,242,186	2,242,820	2,250,588	2,789,922	2,782,083
-	-	-	-	-	7,316
229,692	159,089	146,248	244,981	326,342	319,674
202,012	230,966	266,793	208,885	255,014	302,648
1,743,695	1,695,431	1,379,973	981,777	1,133,987	1,293,755
14,493,527	10,896,993	17,291,129	15,436,492	9,008,065	13,798,832
2,251,246	3,383,966	3,572,411	3,677,002	4,212,577	4,682,292
265,483	27,564	474,176	1,783,377	1,414,911	1,844,228
833,164	969,270	1,388,855	1,023,718	1,022,381	1,463,458
<u>44,455,203</u>	<u>42,913,551</u>	<u>51,311,333</u>	<u>51,569,389</u>	<u>47,639,972</u>	<u>58,015,878</u>
2,900,167	2,995,213	3,736,372	4,077,430	4,469,352	3,806,062
14,599,965	15,587,368	15,946,189	16,922,072	18,066,838	19,217,277
1,640,111	1,796,086	1,616,827	1,652,012	1,736,430	1,688,853
8,907,229	12,153,261	4,999,152	5,254,536	5,726,040	5,895,996
2,724,828	3,773,805	4,151,016	4,491,736	4,805,618	5,671,524
4,642,849	1,336,393	18,655,668	18,366,678	6,202,147	17,330,759
3,290,000	3,560,000	3,760,000	3,870,000	4,190,000	3,710,000
1,615,536	1,497,299	1,360,676	1,477,493	1,447,368	1,649,631
-	-	110,227	-	-	-
<u>40,320,685</u>	<u>42,699,425</u>	<u>54,336,127</u>	<u>56,111,957</u>	<u>46,643,793</u>	<u>58,970,102</u>
<u>4,134,518</u>	<u>214,126</u>	<u>(3,024,794)</u>	<u>(4,542,568)</u>	<u>996,179</u>	<u>(954,224)</u>
4,365,000	-	5,565,000	-	10,000,000	6,160,000
170,520	-	195,727	-	686,292	101,579
-	-	500	-	-	-
-	(1,385,000)	-	-	-	-
11,766,403	5,532,754	6,059,926	5,733,451	3,592,781	6,401,703
<u>(12,013,193)</u>	<u>(5,769,984)</u>	<u>(7,573,109)</u>	<u>(5,619,025)</u>	<u>(4,050,381)</u>	<u>(7,281,013)</u>
<u>4,288,730</u>	<u>(1,622,230)</u>	<u>4,248,044</u>	<u>114,426</u>	<u>10,228,692</u>	<u>5,382,269</u>
<u>\$ 8,423,248</u>	<u>\$ (1,408,104)</u>	<u>\$ 1,223,250</u>	<u>\$ (4,428,142)</u>	<u>\$ 11,224,871</u>	<u>\$ 4,428,045</u>
<u>13.7%</u>	<u>14.3%</u>	<u>14.2%</u>	<u>14.1%</u>	<u>13.1%</u>	<u>12.8%</u>

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

Fiscal Year	Real Property			Personal Property	Total Taxable Market Value
	Residential	Apartments	Commercial Industrial		
2016	\$ 1,920,643,255	\$ 334,634,375	\$ 619,857,100	\$ 17,757,000	\$ 2,892,891,730
2017	2,078,843,492	379,947,517	596,335,200	20,497,500	3,075,623,709
2018	2,373,695,072	391,924,323	631,189,700	21,223,000	3,418,032,095
2019	2,533,077,293	489,451,590	641,809,900	21,104,000	3,685,442,783
2020	2,594,212,488	563,006,090	676,704,300	25,160,800	3,859,083,678
2021	2,828,914,390	609,514,200	672,025,000	12,868,200	4,123,321,790
2022	3,336,255,143	704,770,100	700,744,000	15,541,300	4,757,310,543
2023	3,409,420,309	796,733,100	738,664,000	13,617,600	4,958,435,009
2024	3,353,771,859	778,604,100	704,227,600	13,932,400	4,850,535,959
2025	3,465,193,177	733,069,100	650,054,600	15,611,100	4,863,927,977

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

Table 5

Total Direct Tax Rate	Estimated Actual Market Value	Total Taxable Market Value as a Percent of Estimated Actual Market Value
62.66 %	\$ 3,072,682,200	94.15 %
58.41	3,263,103,600	94.25
59.34	3,587,736,600	95.27
54.74	3,846,256,100	95.82
54.73	4,018,060,200	96.04
55.50	4,264,414,600	96.69
55.07	4,868,218,300	97.72
52.12	5,061,837,200	97.96
53.53	5,039,434,100	96.25
55.78	5,046,191,200	96.39

**City of Richfield
Statistical Section (Unaudited)
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years**

Table 6

Fiscal Year	Direct City Rates				Overlapping Rates			Total Direct and Overlapping Rates
	General	Debt	HRA	Total City	School District	Hennepin County	Metropolitan Agencies	
2016	53.190 %	7.800 %	1.670 %	62.660 %	28.770 %	45.360 %	9.530 %	146.320 %
2017	53.180	6.670	1.560	61.410	27.050	44.090	9.320	141.870
2018	49.580	8.150	1.610	59.340	37.050	42.810	8.970	148.170
2019	45.470	7.810	1.460	54.740	33.330	41.860	8.550	138.480
2020	45.120	8.170	1.440	54.730	32.660	41.080	8.220	136.690
2021	46.150	7.930	1.420	55.500	30.520	38.210	7.810	132.040
2022	45.843	7.838	1.385	55.066	28.708	38.535	7.849	130.158
2023	43.057	7.784	1.279	52.120	26.890	34.542	8.164	121.716
2024	44.670	7.578	1.285	53.533	26.604	34.681	6.723	121.541
2025	47.228	7.506	1.314	56.048	26.824	37.081	7.246	127.199

Source: Hennepin County Assessing Office

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

Table 7

Taxpayer	2025			Taxpayer	2016		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity		Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Best Buy Company, Inc.	\$ 1,379,250	1	2.44 %	Best Buy Company, Inc.	\$ 3,203,690	1	12.52 %
JRK Investors, Inc.	1,175,000	2	2.08				-
JIW Inc.	767,250	3	1.36				-
Novo LLC	574,438	4	1.01				-
Meridian Crossings LLC	528,510	5	0.93	Meridian Crossings LLC	1,099,250	2	4.30
Individual	522,690	6	0.92				-
Ryan Companies	510,250	7	0.90				-
CSM Corporation	467,210	8	0.83	CSM Corporation	307,450	7	1.20
DRFC Southdale Square LLC	458,430	9	0.81				-
6200 Penn LLC	448,188	10	0.79				-
			-	Menards, Inc.	516,930	3	2.02
			-	Crossroads at Penn LLC	429,363	4	1.68
			-	City Bella	340,095	5	1.33
			-	Brixmor SPE 1 LLC	318,610	6	1.25
			-	Gramercy Park	265,034	8	1.04
			-	The Oaks LLC	197,763	9	0.77
			-	ROP Investment Co LLC	188,788	10	0.74
Total	\$ 6,831,216		12.07 %		\$ 6,866,973		26.84 %

Source: Hennepin County Assessing Office

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

Table 8

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 19,125,557	\$ 19,001,616	99.35 %	\$ -	\$ 19,001,616	99.35 %
2017	19,664,285	19,568,641	99.51	-	19,568,641	99.51
2018	21,083,735	20,972,448	99.47	-	20,972,448	99.47
2019	22,089,350	21,973,828	99.48	-	21,973,828	99.48
2020	23,267,441	23,178,920	99.62	(28,064)	23,150,856	99.50
2021	23,735,662	23,567,746	99.29	(62,533)	23,505,213	99.03
2022	25,777,379	25,636,397	99.45	(13,796)	25,622,602	99.40
2023	27,460,533	27,209,919	99.09	(130,806)	27,079,113	98.61
2024	29,062,775	28,685,014	98.70	(22,905)	28,662,108	98.62
2025	30,628,179	29,986,869	97.91	-	29,986,869	97.91

Source: Hennepin County Assessing Office

**City of Richfield
Statistical Section (Unaudited)
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Table 9

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Redevelopment Bonds	General Obligation Bonds	General Obligation Revenue Bonds	Lease Payable	53000 Storm Sewer Bonds	Water and Sewer Bonds	51000 Water Bonds	52000 Sewer Bonds			
2016	\$ 6,340,000	\$ 42,212,887	\$ -	\$ -	\$ 7,150,861	\$ -	\$ 5,194,818	\$ -	\$ 60,898,566	-	\$ 1,666
2017	5,645,000	44,228,837	-	-	6,896,061	-	4,846,018	-	\$ 61,615,916	-	1,696
2018	4,940,000	52,399,608	-	-	6,516,261	-	4,457,218	-	\$ 68,313,087	-	1,869
2019	4,220,000	49,747,831	-	-	6,950,730	-	5,304,682	1,141,176	\$ 67,364,419	-	1,821
2020	3,475,000	51,621,351	-	-	8,357,825	-	6,132,188	1,137,976	\$ 70,724,340	-	1,912
2021	2,715,000	47,319,352	-	123,705	6,116,394	-	5,651,987	1,094,776	\$ 63,021,214	-	1,700
2022	1,925,000	49,983,779	-	98,827	8,786,936	-	6,085,480	1,560,103	\$ 68,440,125	-	1,873
2023	1,110,000	46,800,923	-	73,848	8,315,882	-	5,541,049	1,516,026	\$ 63,357,728	-	1,638
2024	260,000	43,333,066	10,686,292	48,696	7,732,828	-	4,940,117	1,455,449	\$ 68,456,448	-	1,779
2025	-	39,755,209	16,833,489	23,370	7,131,374	-	4,323,135	1,389,322	\$ 69,455,899	-	1,805

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

Information on personal income is not available.

**City of Richfield
Statistical Section (Unaudited)
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Table 10

Fiscal Year	General Obligation Bonds	Redevelopment Bonds	Revenue Bonds	Total	Less: Amounts Available in Debt Service Fund	Net Total	Percentage of Estimated Market Value of Taxable Property (1)	Per Capita (2)
2016	\$ 42,212,887	\$ 6,340,000	\$ -	\$ 48,552,887	\$ 1,653,862	\$ 46,899,025	1.68 %	\$ 1,067
2017	44,228,837	5,645,000	-	49,873,837	1,904,043	47,969,794	1.62	1,336
2018	52,399,608	4,940,000	-	57,339,608	2,356,747	54,982,861	1.68	1,372
2019	49,747,831	4,220,000	-	53,967,831	3,039,324	50,928,507	1.46	1,569
2020	51,621,351	3,475,000	-	55,096,351	3,440,778	51,655,573	1.43	1,481
2021	47,319,352	2,715,000	-	50,034,352	5,067,755	44,966,597	1.21	1,489
2022	49,983,779	1,925,000	-	51,908,779	5,775,047	46,133,732	1.09	1,356
2023	46,800,923	1,110,000	-	47,910,923	5,912,811	41,998,112	0.97	1,423
2024	43,333,066	260,000	10,686,292	54,279,358	6,353,054	47,926,304	1.12	1,245
2025	39,755,209	-	16,833,489	56,588,698	8,883,935	47,704,763	1.16	1,240

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

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

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

City of Richfield
Statistical Section (Unaudited)
Computation of Direct and Overlapping Debt
December 31, 2025

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Hennepin County	\$ 1,532,160	1.83 %	\$ 28,001
Independent School District #280, Richfield, MN	123,155,000	70.98	87,420,749
Three Rivers Park District	63,065,000	2.46	1,549,989
Hennepin Regional RR Authority	71,980,000	1.83	1,315,483
Metropolitan Council	1,159,185,118	0.82	9,450,100
Metro Transit	405,060,000	0.97	3,923,089
Total overlapping debt	1,823,977,278		103,687,411
City of Richfield	56,612,068	100.00	56,612,068
Total direct and overlapping debt	<u>\$ 1,880,589,346</u>		<u>\$ 160,299,479</u>

Note:

(1) 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.

Sources: Government entity Annual Comprehensive Financial Reports; Hennepin County Assessing Office

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

	Fiscal Year			
	2016	2017	2018	2019
Debt limit	\$ 92,180	\$ 97,893	\$ 107,632	\$ 115,388
Total net debt applicable to limit	<u>29,522</u>	<u>42,506</u>	<u>50,769</u>	<u>47,972</u>
Legal debt margin	<u>\$ 62,658</u>	<u>\$ 55,387</u>	<u>\$ 56,863</u>	<u>\$ 67,416</u>
Total net debt applicable to the limit as a percent of debt limit	32.03%	43.42%	47.17%	41.57%

Table 12

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 120,542	\$ 127,932	\$ 146,047	\$ 151,855	\$ 151,183	\$ 151,386
47,440	44,306	47,135	46,745	42,555	38,845
<u>\$ 73,102</u>	<u>\$ 83,626</u>	<u>\$ 98,912</u>	<u>\$ 105,110</u>	<u>\$ 108,628</u>	<u>\$ 112,541</u>
39.36%	34.63%	32.27%	30.78%	28.15%	25.66%

Legal Debt Margin Calculation for Fiscal Year 2023

Estimated market value	\$ 5,046,191,200
Debt limit (3% of market value)	151,385,736
Debt applicable to limit General Obligation Bonds	<u>30,894,644</u>
Legal debt margin	<u>\$ 120,491,092</u>

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

Table 13

Fiscal Year	Gross Revenue (3)	Direct Operating Expense (1)	Net Available Revenue	Debt Service Requirements (2)			Coverage
				Principal	Interest	Total	
2016	\$ 4,929,871	\$ 3,520,861	\$ 1,305,812	\$ 570,000	\$ 364,299	\$ 934,299	1.40 %
2017	5,195,297	3,532,721	1,349,245	570,000	357,053	927,053	1.46
2018	5,771,247	3,943,875	1,126,957	735,000	324,269	1,059,269	1.06
2019	10,654,300	7,964,269	1,223,490	750,000	312,455	1,062,455	1.15
2020	10,763,600	7,807,898	1,318,264	1,760,000	416,995	2,176,995	0.61
2021	11,090,412	7,794,392	3,296,020	2,685,000	357,048	3,042,048	1.08
2022	11,663,916	8,619,335	3,044,581	960,000	394,171	1,354,171	2.25
2023	12,448,664	9,309,303	3,139,361	1,000,000	464,046	1,464,046	2.14
2024	11,497,797	9,149,899	2,347,898	1,185,000	424,664	1,609,664	1.46
2025	12,278,327	9,713,736	2,564,591	1,225,000	385,283	1,610,283	1.59

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

(1) Total operating expenses excluding depreciation.

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

(3) Water and Sewer Utility and Storm Sewer

**City of Richfield
Statistical Section (Unaudited)
Demographic and Economic Statistics
Last Ten Fiscal Years**

Table 14

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2016	36,338	\$ -	\$ -	-	-	4,364	3.2 %
2017	36,544	-	-	-	-	4,379	2.7
2018	36,436	-	-	-	-	4,360	2.7
2019	36,993	-	-	-	-	4,231	2.3
2020	36,994	-	-	-	-	4,195	4.9
2021	36,661	-	-	-	-	4,139	2.6
2022	36,543	-	-	-	-	4,102	2.6
2023	38,678	-	-	-	-	4,044	2.8
2024	38,482	-	-	-	-	4,035	2.6
2025	38,482	-	-	-	-	3,986	3.6

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

Data Sources

- Metropolitan Council (www.metrocouncil.org)*
- Minnesota Dept of Employment and Economic Development (www.deed.state.mn.us)*
- U.S. Census Bureau (www.factfinder2.census.gov)*
- Richfield School District #280*
- Minnesota State Demographic Center (mn.gov/admin/demography)*

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

Table 15

Employer	2025			Employer	2016		
	Employees	Rank	Percent of City Employment (1)		Employees	Rank	Percent of City Employment
Best Buy Corporate office	5,300	1	26.12 %	Best Buy Corporate office	6,000	1	29.53 %
U.S. Bancorp	1,350	2	6.65	U.S. Bancorp	1,964	2	9.67
Independent School District No. 280	1,057	3	5.21	Independent School District #280	681	3	3.35
Super Target	350	4	1.72	Super Target	350	4	1.72
City of Richfield	327	5	1.61	Metro Sales, Inc	270	5	1.33
Fraser	299	6	1.47	Fraser School	244	6	1.20
Headway Emotional Health Services	250	7	1.23	Menard, Inc.	200	7	0.98
Menard, Inc.	200	8	0.99	City of Richfield	190	8	0.94
Weis Builders	100	9	0.49	Headway Emotional Health Services	100	9	0.49
Pizza Luce	60	10	0.30	Weis Builders	75	10	0.37
Total	9,293		45.79 %		10,074		49.58 %

Note: Employee totals include only employees with full time status.
(1) Estimated for 2025 as data specific to city is no longer available.

Menard, Inc. 200 7

Source: Minnesota Department of Employment and Economic Development

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

Table 16

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Management services	3	3	3	3	3	3	3	3	4	4
Finance	5	6	6	5	6	5	2	4	7	7
City Clerk	9	10	9	9	10	10	10	10	8	8
Assessing	1	1	1	1	-	-	-	-	-	-
Others	12	11	12	12	11	11	11	13	14	14
Public Safety										
Police	48	48	48	48	48	48	48	46	46	46
Dispatchers	-	-	-	-	-	-	-	-	-	-
Others	14	14	14	14	14	14	15	15	14	14
Fire										
Firefighters and officers	27	27	26	26	26	26	26	30	30	30
Community Development										
Planning/zoning	2	2	2	2	2	2	2	2	3	3
Inspections	8	8	9	9	9	9	8	9	10	10
Others	6	7	8	8	8	10	9	8	6	6
Public Works										
Engineering	3	3	4	4	5	5	5	5	5	5
Street and park maintenance	19	20	18	23	23	24	23	23	23	23
Forestry	4	4	4	-	-	-	-	-	-	-
Others	6	6	6	6	6	6	6	6	6	6
Parks and recreation	33	32	32	34	35	30	34	38	38	38
Liquor	25	23	24	24	25	28	33	29	34	34
Water and wastewater	17	16	18	19	19	19	17	19	19	19
Storm water	1	1	1	1	1	1	1	1	1	1
Recreation funds	-	-	-	-	-	-	-	-	-	-
Total	243	242	245	248	251	251	253	261	268	268

Source: City budgets and personnel records.

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

Table 17

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Physical arrests	471	489	591	491	701	701	829	676	838	920
Total offenses cited	4,486	4,818	5,315	4,728	3,429	2,078	2,961	2,400	3,580	2,187
Fire										
Emergency responses	4,073	4,287	4,252	4,411	4,451	4,710	4,876	4,989	5,083	5,140
Fires extinguished	83	72	92	88	104	87	87	100	78	69
Other public works										
Streets resurfacing (miles)	15.00	16.00	14.40	15	14.25	3	1.5	0.5	-	-
Potholes repaired (tons of asphalt used)	81.40	18.64	84.93	98.2	138.52	97.32	69.9	33.5	14.5	17.4
Parks and recreation										
Athletic field permits issued	56	53	57	58	30	49	39	36	31	35
Water										
New connections	6	9	10	11	54	31	18	10	-	-
Connections eliminated (redevelopment)	18	3	-	6	-	2	3	3	2	-
Water main breaks	16	15	14	11	12	9	20	11	17	18
Average daily consumption (millions of gallons)	2.70	2.70	2.71	2.55	2.76	2.72	2.69	2.76	2.35	2.36
Peak daily consumption (millions of gallons)	4.80	5.23	5.26	3.88	3.03	4.94	4.40	6.87	3.98	3.46
Waste water										
Average daily sewage treatment (million of gallons)	3.14	3.02	2.42	1.70	2.60	2.65	2.28	2.10	2.10	2.02

Note: Indicators are not available for the general government function

Sources: Various city departments

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

Table 18

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire stations	2	2	2	2	2	2	2	2	2	2
Other public works										
Streets (miles)	123.43	123.43	123.43	123.43	123.43	123.43	123.67	123.67	123.67	123.67
Highway (miles)	7.17	7.17	7.17	7.17	7.17	7.17	7.17	7.17	7.17	7.17
Street lights	3,349	3,349	3,349	3,349	3,349	3,458	3,458	3,458	3,471	3,471
Traffic signals	49	49	47	43	43	43	43	43	43	43
Parks and recreation										
Acreage	461	461	461	461	461	461	461	461	461	461
Playgrounds	21	21	21	21	21	21	21	21	21	22
Baseball/softball diamonds	21	21	21	21	21	21	21	21	21	21
Soccer/football fields	4	4	4	4	4	4	4	4	4	4
Hockey rinks - indoor	2	2	2	2	2	2	2	2	2	2
Community Center	1	1	1	1	1	1	1	1	1	1
Nature Center	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	121	120	120	120	120	120	118	118	118	118
Fire hydrants	1,050	1,053	1,053	1,073	1,073	1,074	1,074	1,074	1,080	1,080
Storage capacity (millions of gallons)	5	5	5	5	5	5	5	5	5	5
Wastewater										
Sanitary sewer (miles)	119.4	119.4	118.0	118.0	118.0	118.0	97.2	97.2	97.2	97.2
Storm sewer (miles)	59.9	59.9	59.9	59.9	59.9	59.9	86.0	86.0	86.0	86.0

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

Sources: Various city departments



**City of Richfield
Hennepin County, Minnesota**

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

December 31, 2025

**City of Richfield
Table of Contents**

Schedule of Expenditures of Federal Awards	1
Notes to Schedule of Expenditures of Federal Awards	2
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3
Report on Compliance for Each Major Program and Report on Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with the Uniform Guidance	5
Schedule of Findings and Questioned Costs	8
Minnesota Legal Compliance	10

City of Richfield
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025

Federal Agency/Pass Through Agency/Program Title	Federal Assistance Listing Number	Federal Expenditures
U.S. Department of Housing and Urban Development		
Received Directly		
Section 8 Housing Choice Voucher Program	14.871	\$ 2,900,698
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.251	3,000,000
Passed through Hennepin County		
Community Development Block Grant - Entitlement Grant	14.218	55,000
Total U.S. Department of Housing and Urban Development		<u>5,955,698</u>
U.S. Department of Health and Human Services		
Passed through the State of Minnesota		
CDC's Collaboration with Academia to Strengthen Public Health	93.967	130,528
Public Health Emergency Preparedness	93.069	54,961
Total U.S. Department of Health and Human Services		<u>185,489</u>
U.S. Department of Justice		
Received directly		
Bulletproof Vest Partnership Program	16.607	5,512
Total U.S. Department of Justice		<u>5,512</u>
U.S. Department of Transportation		
Passed through the State of Minnesota		
Highway Planning and Construction	20.205	635,000
State and Community Highway Safety	20.600	37,757
National Priority Safety Programs	20.616	82,083
Passed Through City of Bloomington		
State and Community Highway Safety	20.600	13,525
Minimum Penalties for Repeat Offenders	20.608	11,207
National Priority Safety Programs	20.616	13,912
Total U.S. Department of Transportation		<u>793,484</u>
U.S. Department of Agriculture		
Passed through the State of Minnesota		
Local Food Purchase Assistance Program	10.182	116,962
Total U.S. Department of Agriculture		<u>116,962</u>
U.S. Environmental Protection Agency		
Passed through the State of Minnesota		
Sewer Overflow and Stormwater Reuse Municipal Grant Program	66.447	91,500
Total U.S. Environmental Protection Agency		<u>91,500</u>
U.S. Department of Treasury		
Received directly		
Coronavirus State and Local Fiscal Recovery Funds	21.027	833,861
Total U.S. Department of Treasury		<u>833,861</u>
Total Federal Expenditures		<u>\$ 7,982,506</u>

City of Richfield
Notes to Schedule of Expenditures of Federal Awards

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year-ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - PASS-THROUGH GRANT NUMBERS

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

NOTE 4 - INDIRECT COST RATE

The City did not elect to use the de minimis indirect cost rate of up to 15%, as allowed under the Uniform Guidance.

NOTE 5 - PRIOR YEAR GRANT EXPENDITURES

The U.S. Department of Housing and Urban Development (HUD) awarded \$3,000,000 of funding to the City under Federal Assistance Listing Number 14.251. Additional and full funding for the related project was finalized in February of 2025. As a result, HUD allowed the City to apply prior year expenditures towards the grant. The amount of prior year expenditures included in the Schedule of Expenditures of Federal Awards on the previous page was \$1,089,240.



**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota, as of and for the year ended December 31, 2025, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 11, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a material weakness. Audit Finding 2025-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit that are described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BerganKDV, Ltd.

St. Cloud, Minnesota
June 11, 2026



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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited compliance of the City of Richfield, Minnesota, with the types of compliance requirements identified as subject to audit in the (*U.S. Office of Management and Budget*) OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

Report on Internal Control over Compliance (Continued)

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota, as of and for the year ended December 31, 2025, and have issued our report thereon dated June 11, 2026, which contained unmodified opinions on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BerganKDV, Ltd.

St. Cloud, Minnesota
June 11, 2026

**City of Richfield
Schedule of Findings and Questioned Costs**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal control over financial reporting:
 • Material weakness(es) identified? Yes, Audit Finding 2025-001
 • Significant deficiency(ies) identified? None reported

Noncompliance material to financial statement noted? No

Federal Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:
 • Material weakness(es) identified? No
 • Significant deficiency(ies) identified? None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of Major Programs

Assistance Listing No: 14.871
 Name of Federal Program or Cluster: Section 8 Housing Choice Voucher Program

Assistance Listing No: 14.251
 Name of Federal Program or Cluster: Economic Development Initiative, Community Project Funding and Miscellaneous Grants

Dollar threshold used to distinguish between type A and type B programs: \$1,000,000

Auditee qualified as low risk auditee? No

**City of Richfield
Schedule of Findings and Questioned Costs**

SECTION II - FINANCIAL STATEMENT FINDINGS

Audit Finding 2025-001

Criteria:

Internal control that supports the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements requires adequate segregation of accounting duties. A material audit adjustment and prior period adjustments were proposed and subsequently recorded by management.

Condition:

The City does not have adequate segregation of accounting duties.

Context:

This finding impacts the internal control for all significant accounting functions.

Cause:

There was significant turnover of office employees.

Effect or Potential Effect:

The lack of adequate segregation of accounting duties could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation:

Continue to review the accounting system, including changes that may occur. Implement segregation whenever practical during times of turnover.

Views of Responsible Officials and Planned Corrective Action:

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
Administration will review current segregation of accounting duties to determine if further segregation or mitigating controls are possible.
3. Official Responsible for Ensuring CAP
Mary Bogie, Finance Director, is the official responsible for ensuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The planned completion date for the CAP is December 31, 2026.
5. Plan to Monitor Completion of CAP
The Finance Director will be monitoring this CAP.



Minnesota Legal Compliance

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Richfield, Minnesota as of and for the year ended December 31, 2025, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 11, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting - bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to *Minnesota Statute § 6.65*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

BergankDV, Ltd.

St. Cloud, Minnesota
June 11, 2026

City of Richfield

Caroline Stutsman, CPA



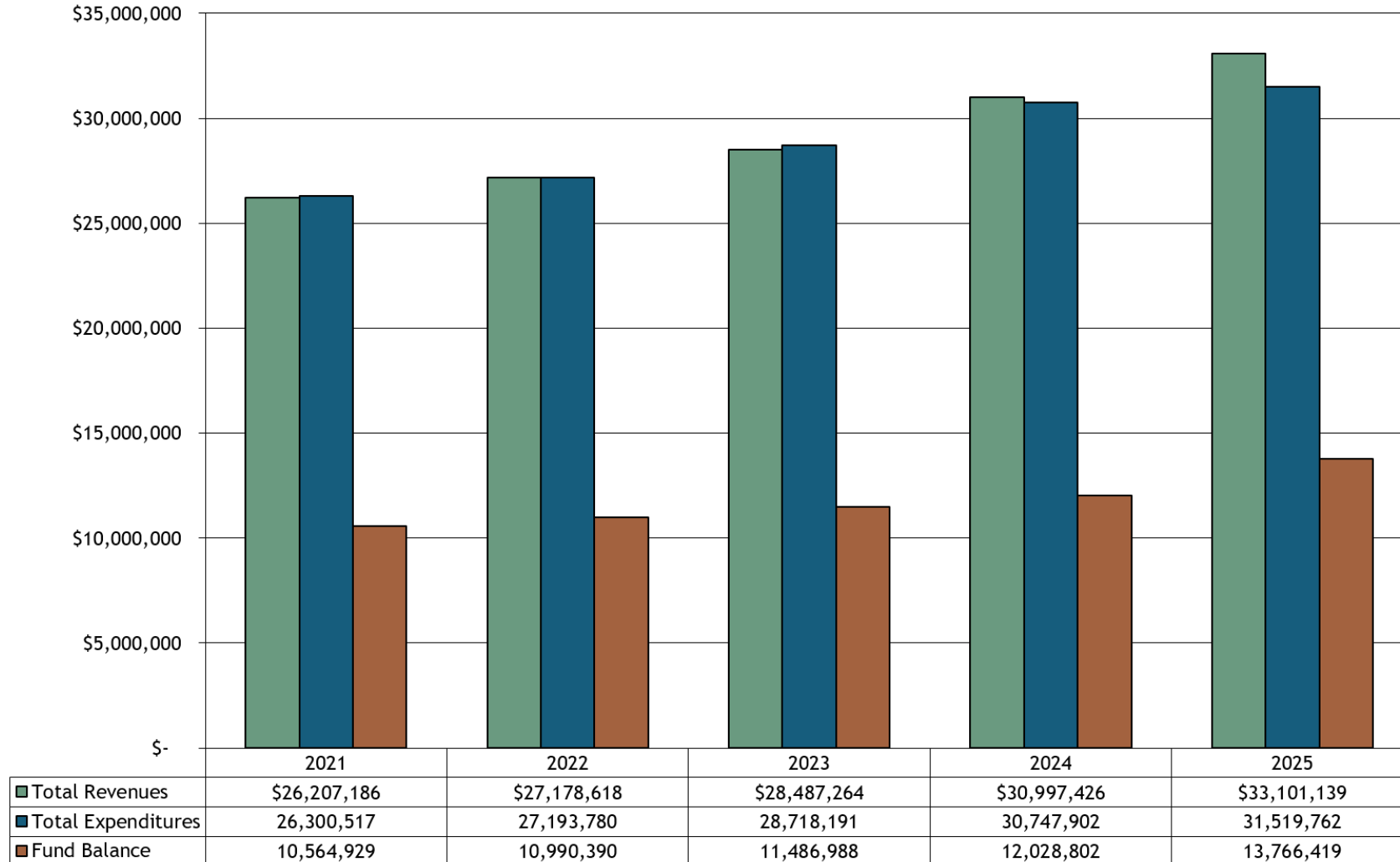
The Audit

Independent Auditor's Report

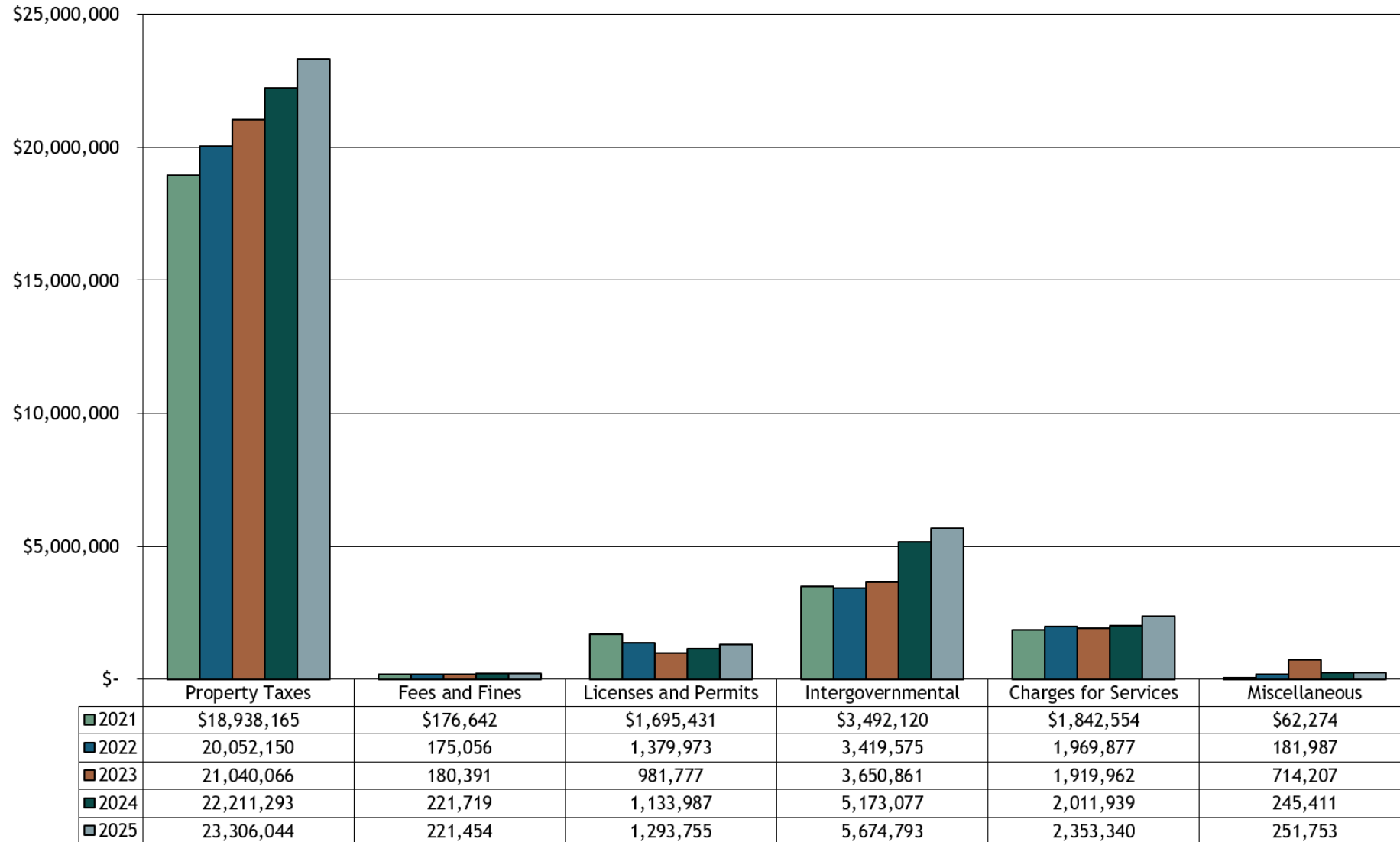
- ◆ Financial Statement Opinion
 - ◇ Management is responsible for the financial statements
 - ◇ Auditor is responsible for expressing an opinion on the financial statements
 - ◇ Unmodified Opinion - best opinion an auditor is able to offer
 - ◇ Provides assurance that the financial statements are fairly presented in all material respects
- ◆ *Government Auditing Standards*
 - ◇ Lack of Segregation of Accounting Duties
- ◆ Federal Single Audit - no findings
- ◆ *Minnesota Legal Compliance Audit* - no findings

Financial Communications

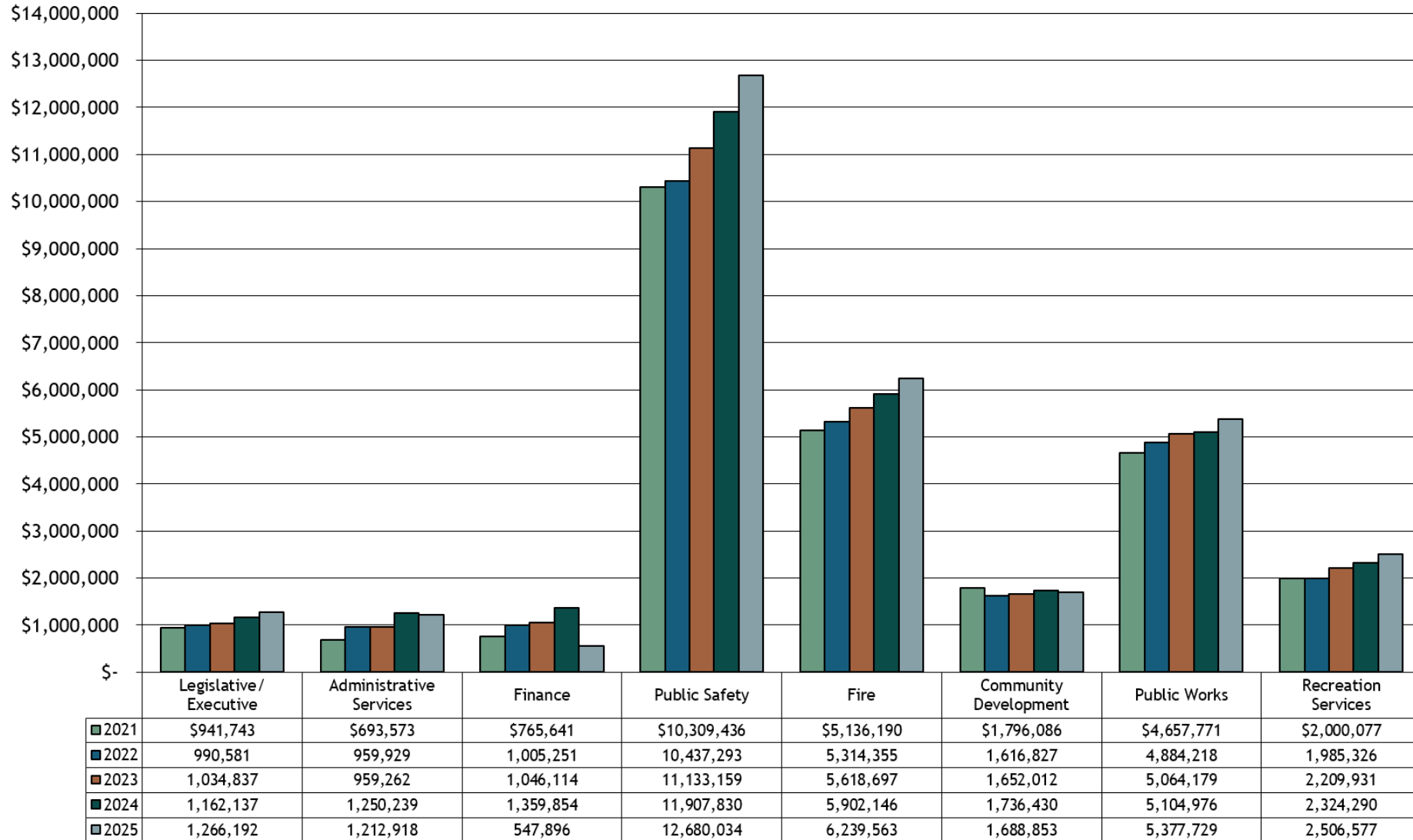
General Fund Revenues, Expenditures, and Fund Balance



General Fund Revenue



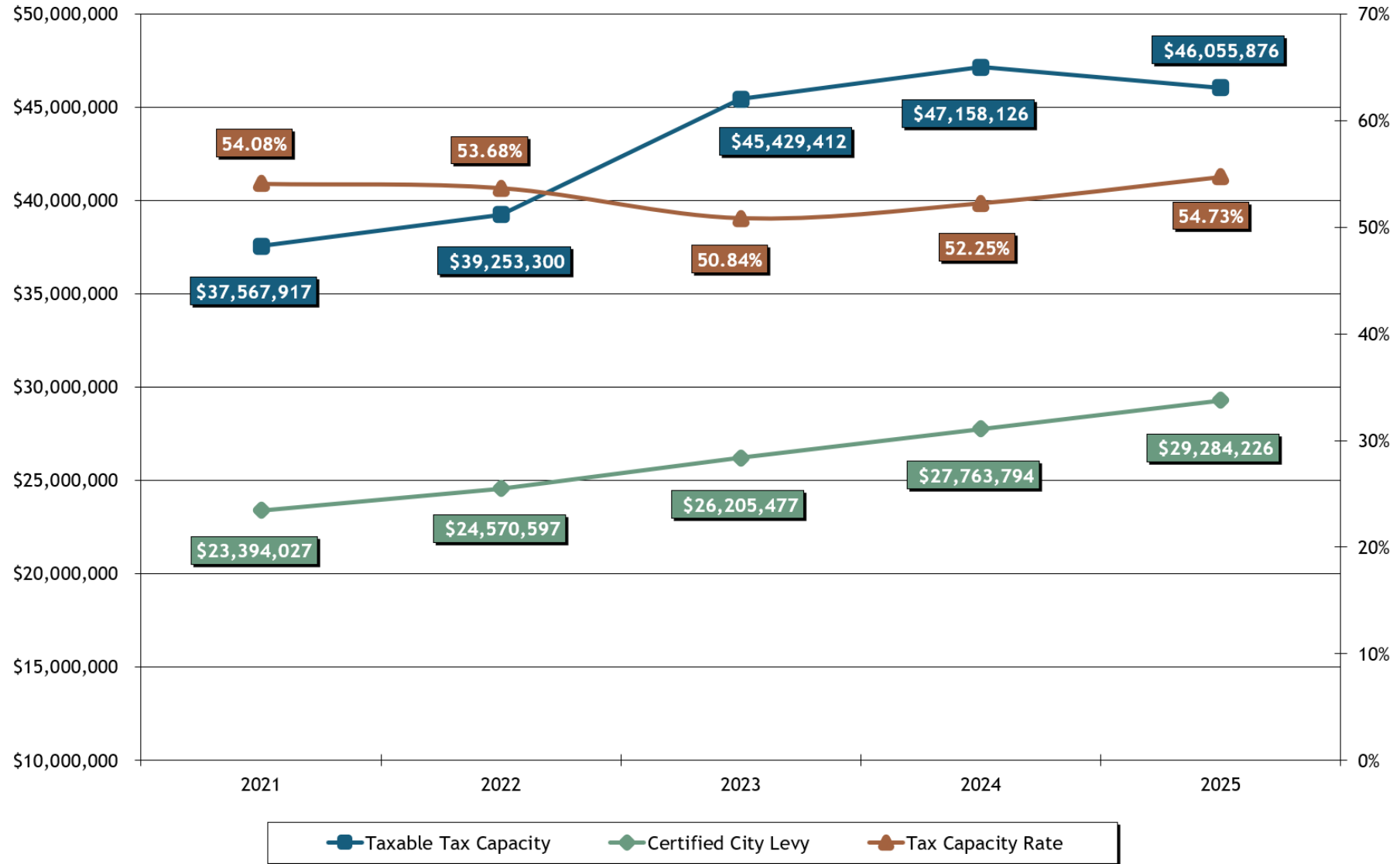
General Fund Expenditures



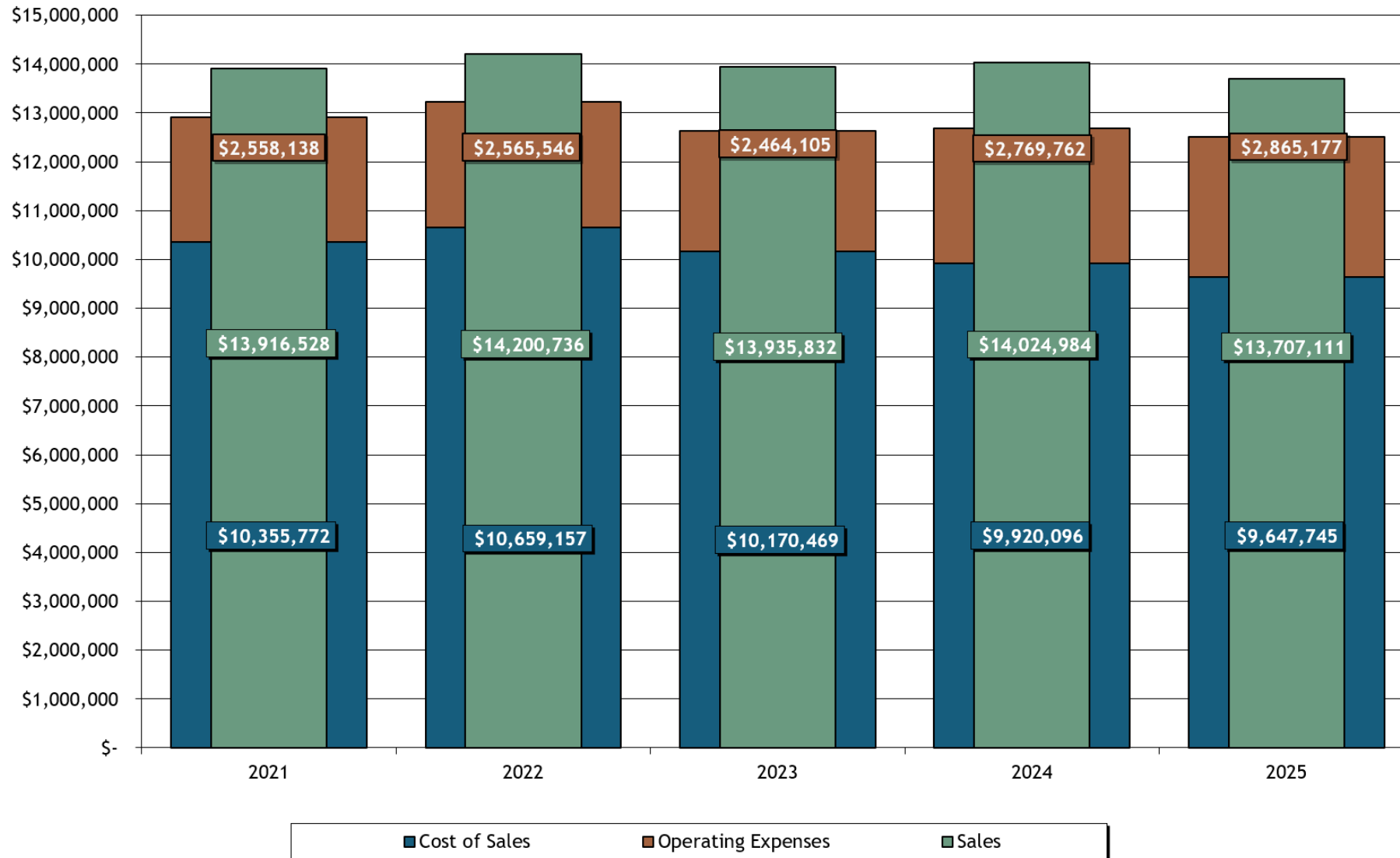
General Fund Revenues and Expenditures

	Final Budget	Actual Amounts	Variance Final Budget - Over (Under)
Revenues			
Property taxes	\$ 23,419,852	\$ 23,306,044	\$ (113,808)
Fines and fees	215,000	221,454	6,454
Licenses and permits	1,123,850	1,293,755	169,905
Intergovernmental revenues	5,492,443	5,674,793	182,350
Charges for services	1,895,888	2,353,340	457,452
Special assessments	-	6,889	6,889
Investment income	100,000	222,216	122,216
Miscellaneous revenues	30,975	22,648	(8,327)
Total revenues	<u>32,278,008</u>	<u>33,101,139</u>	<u>823,131</u>
Expenditures			
Legislative/executive	1,300,946	1,266,192	(34,754)
Administrative services	1,357,601	1,212,918	(144,683)
Finance	495,832	547,896	52,064
Public safety	12,586,184	12,680,034	93,850
Fire	6,333,130	6,239,563	(93,567)
Community development	1,806,325	1,688,853	(117,472)
Public works	5,301,140	5,377,729	76,589
Recreation services	2,474,590	2,506,577	31,987
Total expenditures	<u>31,655,748</u>	<u>31,519,762</u>	<u>(135,986)</u>
Other Financing Sources (Uses)			
Net transfers	(622,260)	156,240	778,500
Net change in fund balances	\$ -	\$ 1,737,617	\$ 1,737,617

Tax Capacity, Levy, and Rates



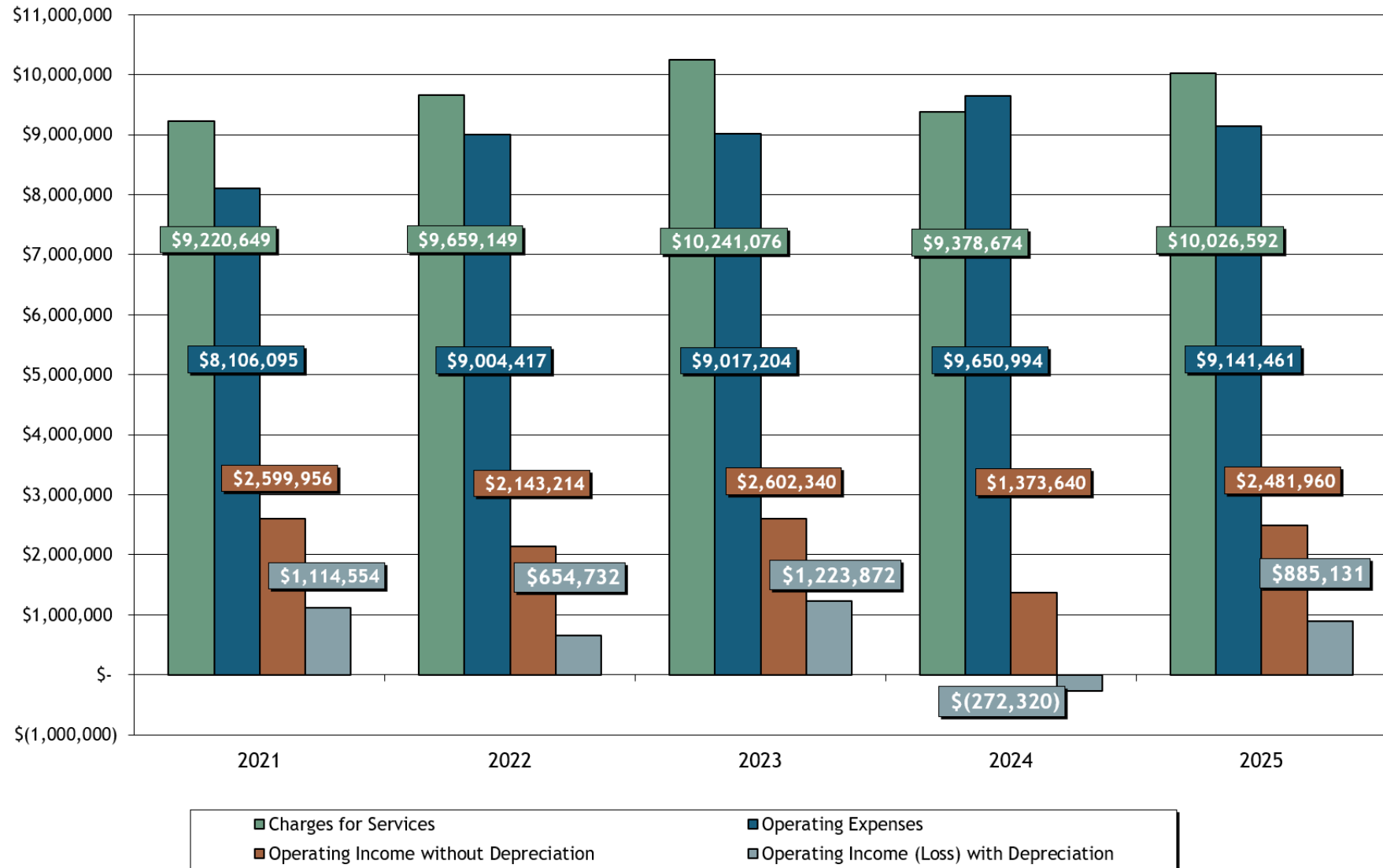
Liquor Fund



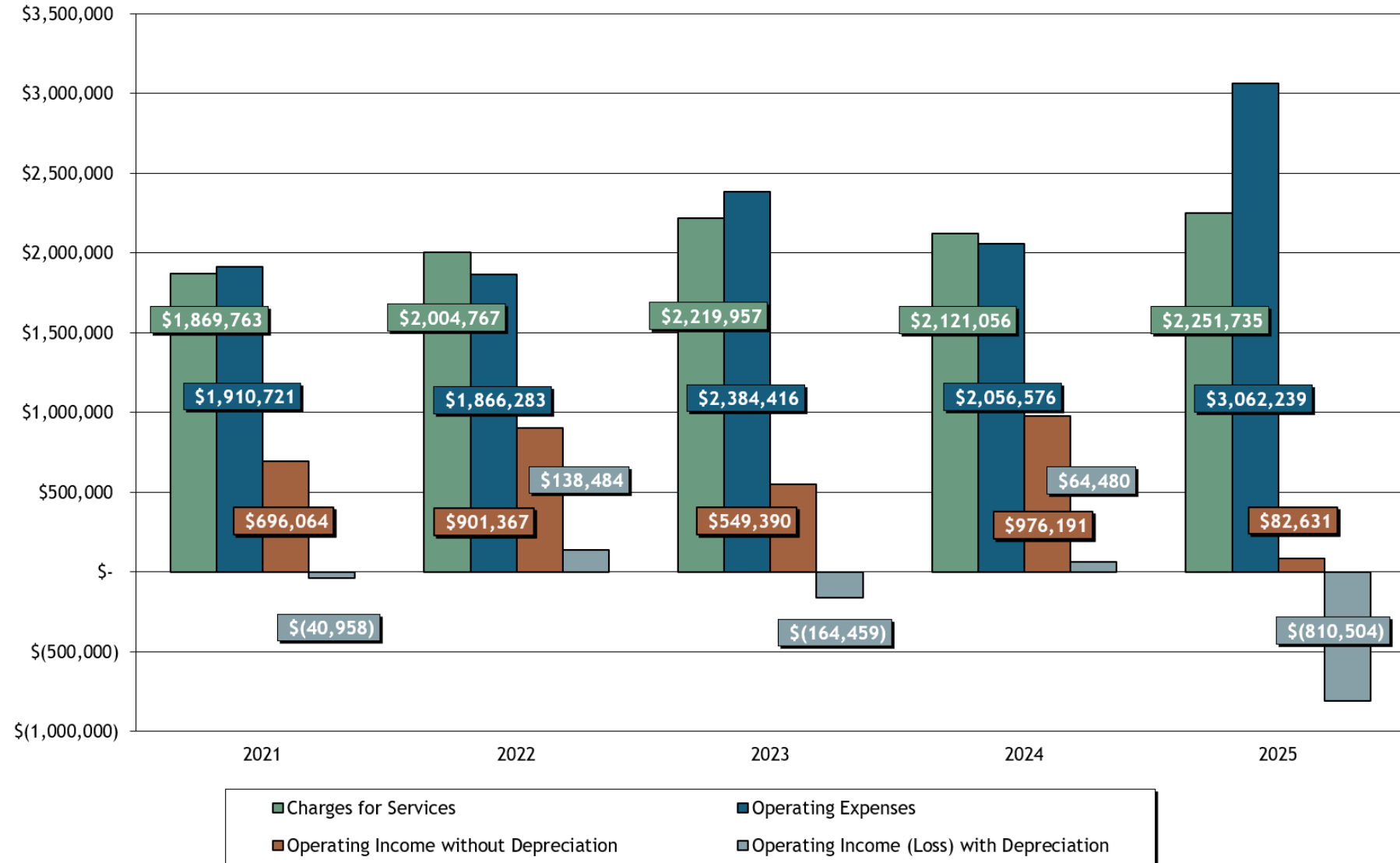
Liquor Fund

	2025		2024		
	City of Richfield	City of Richfield	City of Edina*	City of Eden Prairie**	City of Savage*
Sales	\$ 13,707,111	\$ 14,024,984	\$ 12,641,168	\$ 11,967,286	\$ 6,989,478
Costs of sales	9,647,745	9,920,096	8,431,072	8,314,546	5,072,494
Gross profit	4,059,366	4,104,888	4,210,096	3,652,740	1,916,984
Operating expenses	2,865,177	2,769,762	3,976,001	2,456,519	1,561,298
Operating income	1,194,189	1,335,126	234,095	1,196,221	355,686
Gross profit percentage	29.6%	29.3%	33.3%	30.5%	27.4%

Water and Sewer Utilities Fund



Storm Sewer Fund



Auditor



Caroline Stutsman

AUDIT PARTNER

320-650-0228

CAROLINE.STUTSMAN@CREATIVEPLANNING.COM

Thank You



This commentary is provided for general information purposes only, should not be construed as investment, tax or legal advice, and does not constitute an attorney/client relationship. Past performance of any market results is no assurance of future performance. The information contained herein has been obtained from sources deemed reliable but is not guaranteed.



Report Prepared By:

Matt Hardegger, Transportation Engineer

Department Director:

Kristin Asher, Public Works Director

Item for Consideration:

Consider Resolutions of Support for Project Submittals for the 2026 Metropolitan Council Regional Solicitation.

EXECUTIVE SUMMARY

The Metropolitan Council's biannual Regional Solicitation grant program is currently open for applications until June 25. The program distributes federal Surface Transportation Block Grant funding for road and bridge projects and state Regional Sales and Use Tax Revenue funding for active transportation funding. City staff have prepared materials for six projects to submit to the program for this cycle.

RECOMMENDED ACTION

By Motion: Approve Resolutions of Support for Project Submittals for the 2026 Metropolitan Council Regional Solicitation.

HISTORICAL CONTEXT

Engineering staff are currently preparing applications for the 2026 Regional Solicitation cycle. Staff have prepared four projects for active transportation categories (regional sales tax funding) and two projects for roadway categories (federal funding).

Roadway projects require an 80/20 split of construction costs between the federal money and a local match, with the city responsible for 100% of design and construction administration funding. For active transportation projects, design costs are eligible for reimbursement, and up to 100% of the category maximum can be granted without any local match, with the city responsible for any overages.

All projects will go through Richfield's public engagement process prior to final design and construction. Recent changes to the Regional Solicitation scoring process place an emphasis on community engagement following project selection, which aligns with the City's public engagement process and ensures robust community support prior to final design. Draft copies of the concepts for these projects have been created for cost estimation purposes and are available from staff upon request, but should not be considered definitive designs and will be adjusted as needed throughout the engagement process.

Active Transportation Projects

1. Citywide Bicycle Master Plan Update

Project would update the 2012 Bicycle Master Plan. Planning documents that are more than 10 years old are eligible for planning funding from the Active Transportation funding, with a maximum award of \$200,000.

2. Richfield Middle School Safe Routes to School - SRTS Comprehensive Plan & Design Assistance Study

Project would construct a sidewalk along 74th Street from Penn Ave to Oliver Ave, a sidewalk along Oliver Ave from 74th Street to 75th Street, narrow the existing roadway, and build raised crossings on Oliver Ave.

3. 73rd Street Trail Link - Pedestrian Master Plan

Project would construct a shared use path along one side of 73rd Street from the I-35W pedestrian bridge to Lyndale Ave and narrow 73rd Street in the project area. Construction would complement the planned replacement of the 73rd Street pedestrian bridge over I-35W.

4. 68th Street Sidewalk Gap - Pedestrian Master Plan

Project would construct a sidewalk along one side of 68th Street from Lyndale Ave to Portland Ave and narrow 68th Street in the project area.

Roadway Projects

5. 76th Street West Reconstruction - Capital Improvement Plan

Project would reconstruct 76th Street from Xerxes Ave to Sheridan Ave, including a 4 lane to 3 lane conversion, buffered sidewalks on both sides of the street and traffic control (signal replacement or new roundabout) at Upton Ave.

6. 76th Street and Newton Avenue - Capital Improvement Plan

Project would construct a roundabout at 76th Street and Newton Ave to replace an aging and obsolete signal system.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

Strategic Considerations or Impacts

Leveraging external funding sources for these projects allows the city to use other financial resources for ongoing maintenance and construction needs, advancing the goal of sustainable infrastructure financing. Completing projects identified in planning documents such as the CIP, Pedestrian Master Plan, and Safe Routes to School Comprehensive Plan ensures that City infrastructure supports service needs.

Equity Considerations or Impacts

Bicycle Master Plan Update: The current plan was adopted in 2012, and updating the plan offers an opportunity to better engage a community that has changed demographically in the past 14 years to create a plan that supports the whole city's needs.

Richfield Middle School Safe Routes to School: Adding sidewalk connectivity and traffic calming features as identified in the SRTS Comprehensive Plan and Design Assistance Study will create safer pedestrian experiences and slow vehicle traffic around the

Middle School, especially for students who live in the rental properties along Penn Ave to the west of the school.

73rd Street Trail Link: Filling a sidewalk gap identified in the Pedestrian Master Plan by connecting the shared use path on Lyndale Avenue to the 73rd Street Pedestrian Bridge creates an improved link between two Richfield Public Schools (Middle and High School), and improves east-west non-motorized connectivity across the city in advance of MnDOT's planned reconstruction of the bridge in approximately 2030.

68th Street Sidewalk Gap: Filling this sidewalk gap identified in the Pedestrian Master Plan would create improved pedestrian safety conditions in the downtown area of the city, with a high percentage of residents over the age of 65. This would also create safer connections between the downtown area, the Academy of Holy Angels, and City Hall.

76th Street West Reconstruction: Staff is assuming (based on existing traffic counts) that a 4 lane to 3 lane conversion would be the outcome of the technical analysis performed as part of this project. Conversion of the roadway from a 4 lane section to a 3 lane section would shorten pedestrian crossing distances and allow for a pedestrian facility with better separation from the roadway. A 4 to 3 conversion has been demonstrated to reduce vehicle speeds and crashes in other applications. This would benefit the large number of renters in an area of the city where approximately 40% of residents are BIPOC.

76th Street & Newton Avenue: A conversion from a signal to a roundabout at this location would increase pedestrian and driver safety by reducing speed through the intersection and reducing right angle crashes. This would benefit drivers as well as renters trying to cross 76th Street in the area. This intersection is adjacent to the planned Minnesota Independence and Community College development, and staff acknowledge that additional education and outreach is likely warranted for their students and staff if this project advances.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

Metropolitan Council policies require a resolution of support from the governing body of the jurisdiction applying for funding.

CRITICAL TIMING ISSUES

Applications for the Regional Solicitation are due on June 25, 2026.

FINANCIAL IMPACT

Financial impacts for the city are still to be finalized. Final cost estimates are expected from the city's consultant the week of June 22.

Because Active Transportation projects are eligible for reimbursement of all project expenses, staff intend to apply for 100% of the costs of the Active Transportation projects, meaning the city's cost participation would theoretically be 0% (the city would be responsible for cost overages, staff time, and any ineligible expenses). Staff will be requesting approximately \$125,000 for the Bicycle Master Plan Update, \$1,000,000 for the 73rd Street Trail project, \$1,500,000 for the 68th Street Sidewalk project, and \$500,000 for the Richfield Middle School Safe Routes to School project. These values are subject to change as the estimates are finalized.

The 76th Street West Reconstruction and 76th and Newton intersection are both need-based projects that will be reconstructed in the next five years whether outside funding is obtained or not, and both projects are expected to have total costs below the maximum grant amount for their category. Securing outside funding, even with a 20% required local match, would lower the expected cost for the city for both projects. The expected request for 76th Street will be around \$2,400,000 for 76th Street from Xerxes to Penn, requiring a city contribution of approximately \$600,000 in construction dollars and approximately \$675,000 in engineering costs. The expected request for 76th and Newton will be approximately \$1,600,000, requiring a city construction match of approximately \$400,000 and approximately \$450,000 in engineering costs. These values are subject to change as the estimates are finalized. The 76th Street project is currently planned for Street Reconstruction bonds; award of this grant may reduce the City's contribution enough that Municipal State Aid funds could be used in lieu of bonding.

LEGAL CONSIDERATIONS

None at this time. Selected federal projects would be covered under the city's existing Federal Aid Agreement with MnDOT (signed in 2023). Any Active Transportation projects would be required to complete an agreement with the Metropolitan Council for disbursement of funds.

ALTERNATIVE RECOMMENDATION(S)

None.

ATTACHMENTS

- 1. Resolution_2026-XXXXX RegSol_BikePlan
- 2. Resolution_2026-XXXXX RegSol_68thWalk
- 3. RRS_68thSWLayout-20260526
- 4. Resolution_2026-XXXXX RegSol_73rdTrail
- 5. RRS_73rdTrailLayout-20260526
- 6. Resolution_2026-XXXXX RegSol_RMS SRTS
- 7. RRS_SRTSLayout_20260615
- 8. Resolution_2026-XXXXX RegSol_76th
- 9. RRS_76thLayout-Update-20260529
- 10. Resolution_2026-XXXXX RegSol_76thNewton
- 11. RRS_76thNewtonLayout-Update-20260529

RESOLUTION NO. XXXXX

Motion by:
Seconded by:

**SUPPORTING REGIONAL SOLICITATION APPLICATION FOR
RICHFIELD BICYCLE MASTER PLAN UPDATE PROJECT**

WHEREAS, the Metropolitan Council’s regional solicitation is a competitive allocation process for federal and state infrastructure funding available to local governments in the Twin Cities region; and

WHEREAS, the regional solicitation’s Active Transportation Planning category’s purpose is to help communities establish plans to identify and prioritize future investments in active transportation and ensure eligibility for future active transportation infrastructure funding; and

WHEREAS, the city’s Bicycle Master Plan was adopted in 2012 and is therefore more than ten years old; and

WHEREAS, projects submitted for Active Transportation Funding must be in an adopted plan from within the past ten years; and

WHEREAS, the City of Richfield has no bicycle-specific document that meets this requirement; and

WHEREAS, no local government match funding is required if the project is selected; and

WHEREAS, if the above project is selected, planning is feasible in 2027 or 2028; and

WHEREAS, the City of Richfield will coordinate with other governmental units whose facilities would be identified as part of the planning process; and

WHEREAS, the City of Richfield invests in infrastructure to best serve today’s and tomorrow’s residents, businesses, and visitors; and

WHEREAS, the City of Richfield ensures that City services are accessible to people of all races, ethnicities, incomes, and abilities.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Richfield supports Public Works’ 2026 regional solicitation application for the Bicycle Master Plan Update.

Adopted by the City Council of the City of Richfield, Minnesota this 23rd day of June, 2026.

VOTING AYE

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

VOTING NAY

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

Mary B. Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk

RESOLUTION NO. XXXXX

Motion by:

Seconded by:

**SUPPORTING REGIONAL SOLICITATION APPLICATION FOR
WEST 68TH STREET SIDEWALK PROJECT**

WHEREAS, the Metropolitan Council’s regional solicitation is a competitive allocation process for federal and state infrastructure funding available to local governments in the Twin Cities region; and

WHEREAS, the regional solicitation’s Local Pedestrian Facilities category’s purpose is to fund construction of and improvements to pedestrian-focused facilities that improve mobility, safety or accessibility for pedestrians in local communities; and

WHEREAS, there is currently a gap in the City’s sidewalk network on 68th Street between Lyndale Avenue and Portland Avenue; and

WHEREAS, the gap was identified as a Priority Pedestrian Route in the 2018 Pedestrian Master Plan, and a Priority Neighborhood Route in the 2024 Active Transportation Action Plan; and

WHEREAS, the proposed project would create a direct sidewalk connection between Wood Lake Nature Center and Richfield City Hall; and

WHEREAS, no local government match funding is required if the project is selected; and

WHEREAS, if the above project is selected, construction is feasible in 2028 or 2029; and

WHEREAS, the City of Richfield owns the roadway being submitted and will operate and maintain the roadway for its design life; and

WHEREAS, the City of Richfield invests in infrastructure to best serve today’s and tomorrow’s residents, businesses, and visitors; and

WHEREAS, the City of Richfield ensures that City services are accessible to people of all races, ethnicities, incomes, and abilities.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Richfield supports Public Works’ 2026 regional solicitation application for the West 68th Street Sidewalk project between Lyndale Avenue and Portland Avenue.

Adopted by the City Council of the City of Richfield, Minnesota this 23rd day of June, 2026.

VOTING AYE

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

VOTING NAY

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

Mary B. Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk



CONCEPT LAYOUT ONLY: FINAL DESIGN WOULD BE DETERMINED THROUGH RICHFIELD'S PUBLIC ENGAGEMENT PROCESS FOR RECONSTRUCTION PROJECTS

CONCEPT LAYOUT ONLY: FINAL DESIGN WOULD BE DETERMINED THROUGH RICHFIELD'S PUBLIC ENGAGEMENT PROCESS FOR RECONSTRUCTION PROJECTS

W 68th Street Sidewalk
Lyndale Ave to Portland Ave
Richfield, MN

CONCEPT LAYOUT ONLY: FINAL DESIGN WOULD BE DETERMINED THROUGH RICHFIELD'S PUBLIC ENGAGEMENT PROCESS FOR RECONSTRUCTION PROJECTS

CONCEPT LAYOUT ONLY: FINAL DESIGN WOULD BE DETERMINED THROUGH RICHFIELD'S PUBLIC ENGAGEMENT PROCESS FOR RECONSTRUCTION PROJECTS

RESOLUTION NO. XXXXX

Motion by:
Seconded by:

**SUPPORTING REGIONAL SOLICITATION APPLICATION FOR
WEST 73RD STREET TRAIL PROJECT**

WHEREAS, the Metropolitan Council’s regional solicitation is a competitive allocation process for federal and state infrastructure funding available to local governments in the Twin Cities region; and

WHEREAS, the regional solicitation’s Local Bike Facilities category’s purpose is to fund construction of and improvements to bicycle facilities that are identified in a local or regional plan. Projects may be identified as Regional Bicycle Transportation Network alignments or Regional Trails or may be local in nature; and

WHEREAS, there is currently a gap in the City’s bicycle network on 73rd Street between I-35W and Lyndale Avenue; and

WHEREAS, the gap was identified as a Planned Route in the 2012 Bicycle Master Plan, a Priority Pedestrian Route in the 2018 Pedestrian Master Plan, and a Priority Neighborhood Route in the 2024 Active Transportation Action Plan; and

WHEREAS, the proposed project would connect to the I-35W pedestrian bridge at 73rd Street, which is slated for reconstruction in or around 2030; and

WHEREAS, 73rd Street is a direct connecting route for non-motorized travel between Richfield Middle School and Richfield High School; and

WHEREAS, no local government match funding is required if the project is selected; and

WHEREAS, if the above project is selected, construction is feasible in 2028 or 2029; and

WHEREAS, the City of Richfield owns the roadway being submitted and will operate and maintain the roadway for its design life; and

WHEREAS, the City of Richfield invests in infrastructure to best serve today’s and tomorrow’s residents, businesses, and visitors; and

WHEREAS, the City of Richfield ensures that City services are accessible to people of all races, ethnicities, incomes, and abilities.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Richfield supports Public Works’ 2026 regional solicitation application for the West 73rd Street Trail project between I-35W and Lyndale Avenue.

Adopted by the City Council of the City of Richfield, Minnesota this 23rd day of June, 2026.

VOTING AYE

Supple, Mary
 Burk, Walter

VOTING NAY

Supple, Mary
 Burk, Walter

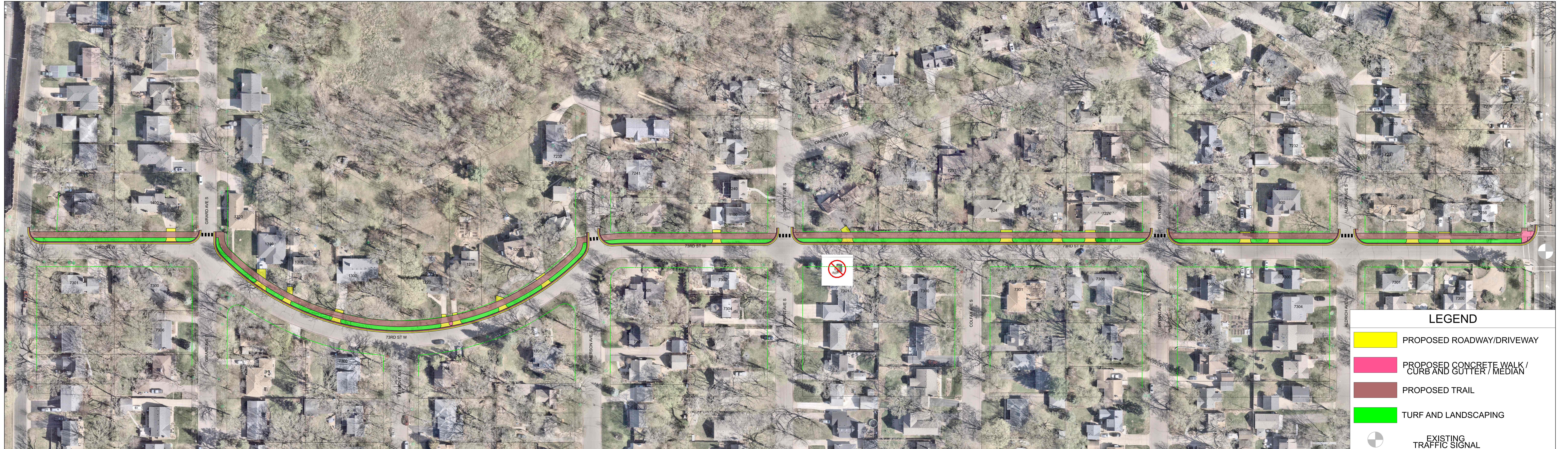
- Christensen, Sharon
- Coleman-Woods, Rori
- Hayford O'leary, Sean

- Christensen, Sharon
- Coleman-Woods, Rori
- Hayford O'leary, Sean

Mary B. Supple, Mayor

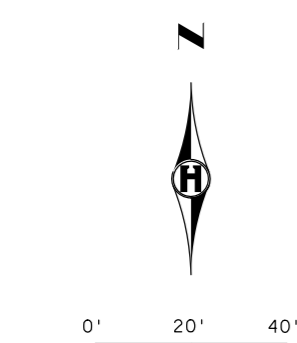
ATTEST:

Michelle Friedrich, City Clerk



LEGEND

-  PROPOSED ROADWAY/DRIVEWAY
-  PROPOSED CONCRETE WALK / CURB AND GUTTER / MEDIAN
-  PROPOSED TRAIL
-  TURF AND LANDSCAPING
-  EXISTING TRAFFIC SIGNAL



CONCEPT LAYOUT ONLY: FINAL DESIGN WOULD BE DETERMINED THROUGH RICHFIELD'S PUBLIC ENGAGEMENT PROCESS FOR RECONSTRUCTION PROJECTS

**W 73rd Street Trail
I-35W to Lyndale Ave S
Richfield, MN**

CONCEPT LAYOUT ONLY: FINAL DESIGN WOULD BE DETERMINED THROUGH RICHFIELD'S PUBLIC ENGAGEMENT PROCESS FOR RECONSTRUCTION PROJECTS

5/26/2026

RESOLUTION NO. XXXXX

Motion by:
Seconded by:

**SUPPORTING REGIONAL SOLICITATION APPLICATION FOR
RICHFIELD MIDDLE SCHOOL SAFE ROUTES TO SCHOOL PROJECT**

WHEREAS, the Metropolitan Council’s regional solicitation is a competitive allocation process for federal and state infrastructure funding available to local governments in the Twin Cities region; and

WHEREAS, the regional solicitation’s Local Pedestrian Facilities category’s purpose is to fund construction of and improvements to pedestrian-focused facilities that improve mobility, safety or accessibility for pedestrians in local communities; and

WHEREAS, the 7400 block of Oliver Avenue is a key segment for students getting to school by all modes of transportation; and

WHEREAS, there is an existing sidewalk gap along 74th Street between Penn Avenue and Oliver Avenue; and

WHEREAS, this project was identified through the 2024 Safe Routes to School Design Assistance project and was included in the 2025 Richfield Public Schools Safe Routes to School Comprehensive Plan; and

WHEREAS, the proposed project would calm traffic along the 7400 block of Oliver Avenue, increase visibility of pedestrians crossing Oliver Avenue at 74th Street and 75th Street, and increase visibility for users of the Nine Mile Creek Regional Trail; and

WHEREAS, no local government match funding is required if the project is selected; and

WHEREAS, if the above project is selected, construction is feasible in 2028 or 2029; and

WHEREAS, the City of Richfield owns the roadway being submitted and will operate and maintain the roadway for its design life; and

WHEREAS, the City of Richfield invests in infrastructure to best serve today’s and tomorrow’s residents, businesses, and visitors; and

WHEREAS, the City of Richfield ensures that City services are accessible to people of all races, ethnicities, incomes, and abilities.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Richfield supports Public Works’ 2026 regional solicitation application for the Richfield Middle School Safe Routes to School project on 74th Street between Penn Avenue and Oliver Avenue and on Oliver Avenue between 74th Street and 75th Street.

Adopted by the City Council of the City of Richfield, Minnesota this 23rd day of June, 2026.

VOTING AYE

Supple, Mary
 Burk, Walter

VOTING NAY

Supple, Mary
 Burk, Walter

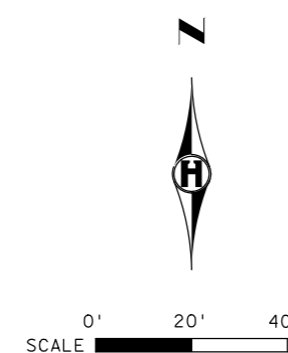
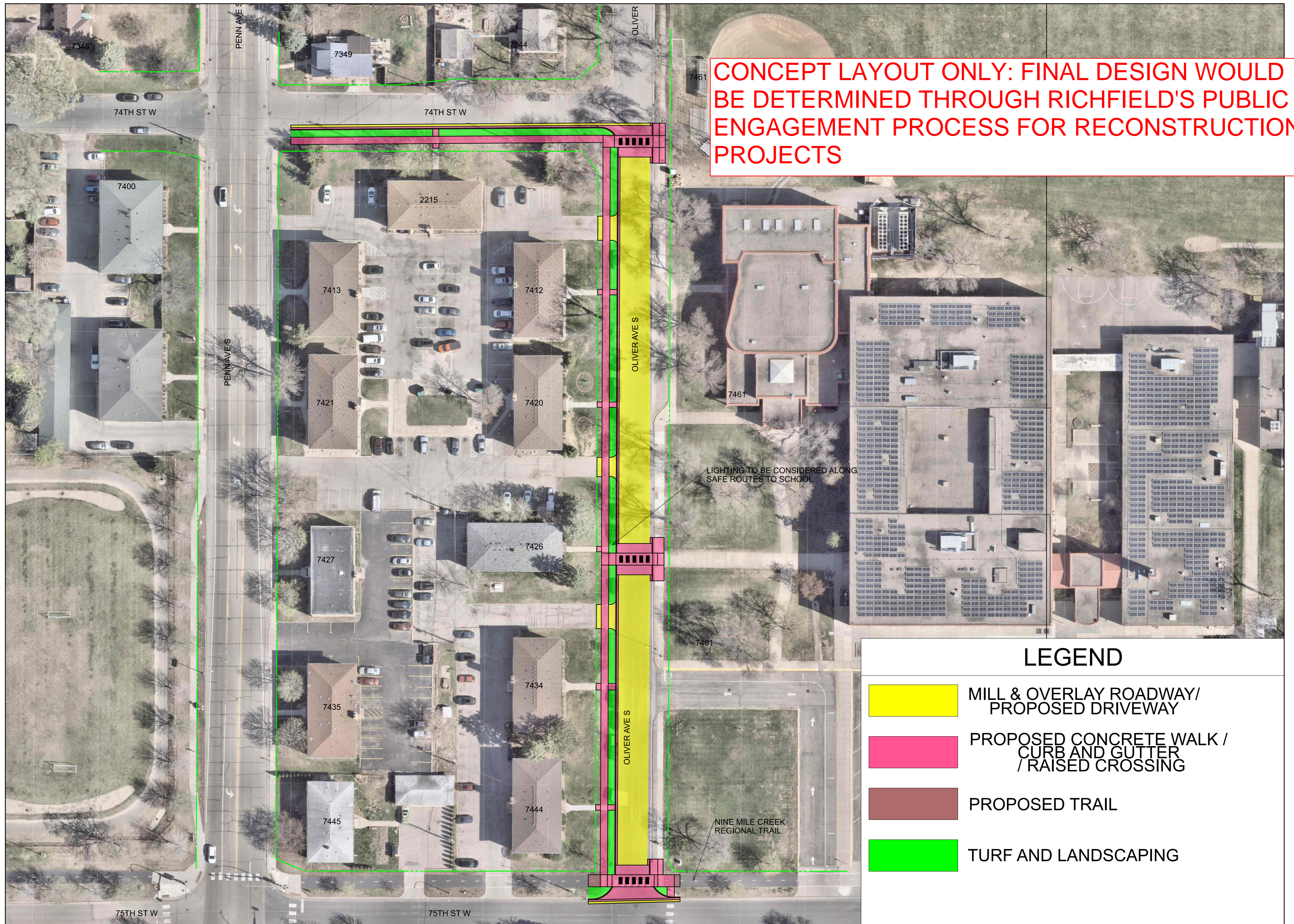
- Christensen, Sharon
- Coleman-Woods, Rori
- Hayford Oleary, Sean

- Christensen, Sharon
- Coleman-Woods, Rori
- Hayford Oleary, Sean

Mary B. Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk



SRTS Improvements
 74th St W to Oliver Ave to 75th St W
 Richfield, MN

6/15/2026

RESOLUTION NO. XXXXX

Motion by:

Seconded by:

**SUPPORTING REGIONAL SOLICITATION APPLICATION FOR
WEST 76TH STREET MODERNIZATION PROJECT**

WHEREAS, the Metropolitan Council’s regional solicitation is a competitive allocation process for federal and state infrastructure funding available to local governments in the Twin Cities region; and

WHEREAS, the regional solicitation’s Roadway Modernization category’s purpose is to fund projects that implement a complete streets approach in policy, planning, operations and maintenance of roads; emphasize and prioritize the safety of people outside vehicles in the transportation right-of-way; and plan for and invest in first/last mile freight connections between major freight generators and the regional highway system; and

WHEREAS, the project would reconstruct West 76th Street from Xerxes Avenue to Sheridan Avenue, including new sidewalks on both sides of the street and a roundabout at Upton Avenue; and

WHEREAS, West 76th Street from Xerxes Avenue to Sheridan Avenue is a four lane undivided road; and

WHEREAS, converting four lane undivided roads to three lanes reduces rear-end, right angle, and head-on crashes; and

WHEREAS, West 76th Street connects low, medium, and high density housing with the Centennial Lakes commercial area, Best Buy headquarters, and public transit; and

WHEREAS, a 20% local government match funding is required if the project is selected; and

WHEREAS, if the above project is selected, construction is feasible in either 2030 or 2031; and

WHEREAS, the City of Richfield owns the roadway being submitted and will operate and maintain the roadway for its design life; and

WHEREAS, the City of Richfield invests in infrastructure to best serve today’s and tomorrow’s residents, businesses, and visitors; and

WHEREAS, the City of Richfield ensures that City services are accessible to people of all races, ethnicities, incomes, and abilities.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Richfield supports Public Works’ 2026 regional solicitation application for the West 76th Street modernization project.

Adopted by the City Council of the City of Richfield, Minnesota this 23rd day of June, 2026.

VOTING AYE

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**

VOTING NAY

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**

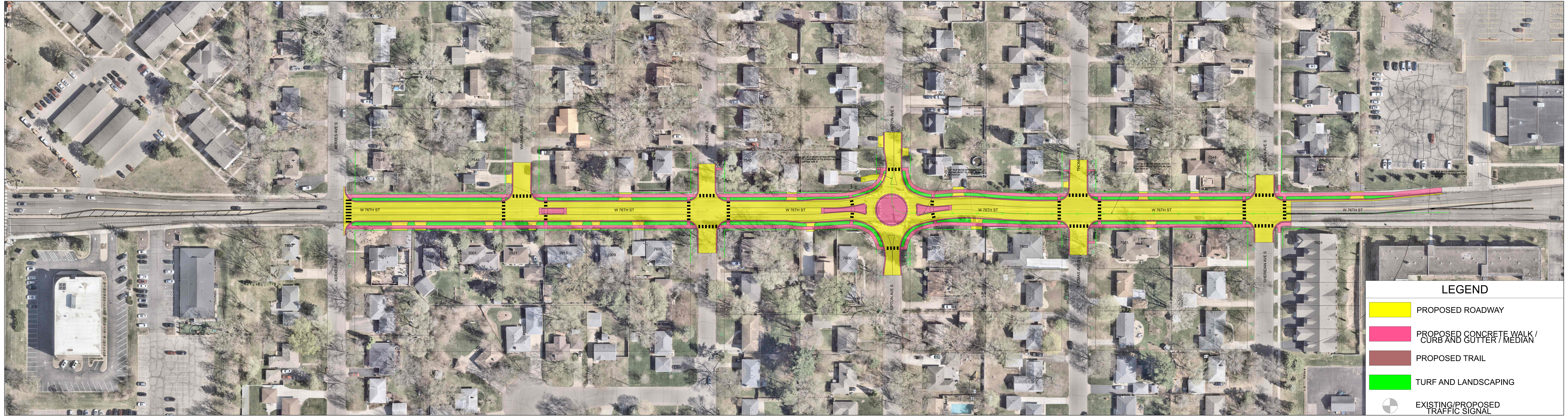
Hayford Oleary, Sean

Hayford Oleary, Sean

Mary B. Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk



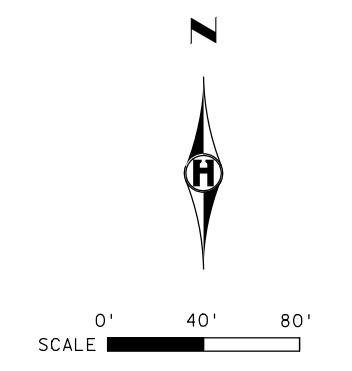
CONCEPT LAYOUT ONLY: FINAL DESIGN WOULD BE DETERMINED THROUGH RICHFIELD'S PUBLIC ENGAGEMENT PROCESS FOR RECONSTRUCTION PROJECTS

W 76th Street Modernization

Xerxes Ave to Sheridan Ave
Richfield, MN

CONCEPT LAYOUT ONLY: FINAL DESIGN WOULD BE DETERMINED THROUGH RICHFIELD'S PUBLIC ENGAGEMENT PROCESS FOR RECONSTRUCTION PROJECTS

5/28/2026



RESOLUTION NO. XXXXX

Motion by:
Seconded by:

**SUPPORTING REGIONAL SOLICITATION APPLICATION FOR
WEST 76TH STREET & NEWTON AVENUE INTERSECTION PROJECT**

WHEREAS, the Metropolitan Council's regional solicitation is a competitive allocation process for federal and state infrastructure funding available to local governments in the Twin Cities region; and

WHEREAS, the regional solicitation's Proactive Safety category's purpose is to fund projects that reduce fatalities and serious injuries, as well as increase safety and comfort of people outside of vehicles by focusing on locations with a high severe crash risk that may not have a documented severe crash history; and

WHEREAS, West 76th Street and Newton Avenue would be reconstructed as a roundabout; and

WHEREAS, West 76th Street and Newton Avenue is currently a four-leg signalized intersection; and

WHEREAS, the existing signal system is reaching the end of its useful life and has been identified for replacement in 2030; and

WHEREAS, converting signalized intersections to roundabouts reduces fatal and serious crashes; and

WHEREAS, West 76th Street connects low, medium, and high density housing with the Centennial Lakes commercial area, Best Buy headquarters, and public transit; and

WHEREAS, a 20% local government match funding is required if the project is selected; and

WHEREAS, if the above project is selected, construction is feasible in either 2030 or 2031; and

WHEREAS, the City of Richfield owns the roadway being submitted and will operate and maintain the roadway for its design life; and

WHEREAS, the City of Richfield invests in infrastructure to best serve today's and tomorrow's residents, businesses, and visitors; and

WHEREAS, the City of Richfield ensures that City services are accessible to people of all races, ethnicities, incomes, and abilities.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Richfield supports Public Works' 2026 regional solicitation application for the West 76th Street & Newton Avenue intersection project.

Adopted by the City Council of the City of Richfield, Minnesota this 23rd day of June, 2026.

VOTING AYE
 Supple, Mary

VOTING NAY
 Supple, Mary

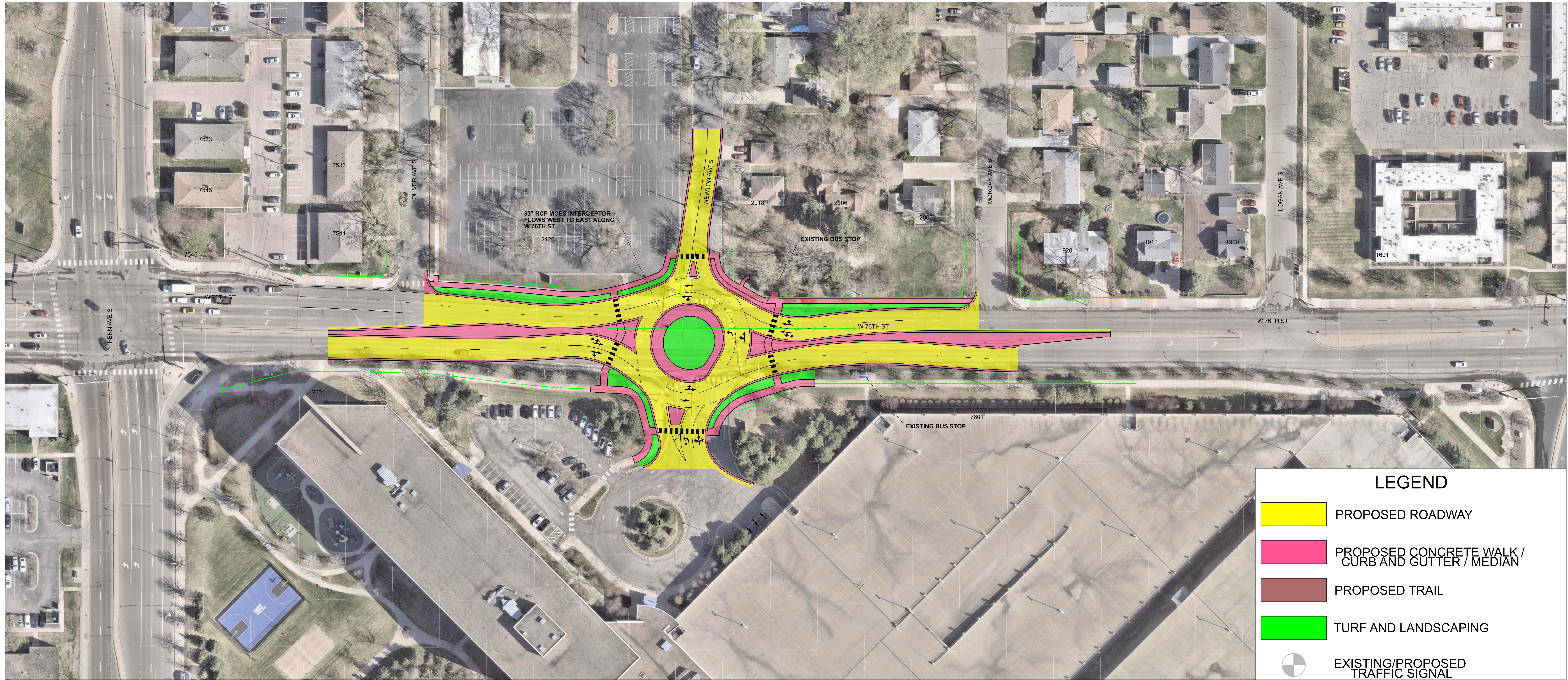
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

Mary B. Supple, Mayor

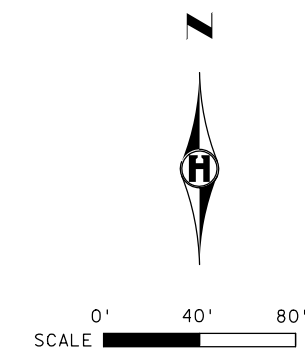
ATTEST:

Michelle Friedrich, City Clerk



LEGEND

- PROPOSED ROADWAY
- PROPOSED CONCRETE WALK / CURB AND GUTTER / MEDIAN
- PROPOSED TRAIL
- TURF AND LANDSCAPING
- EXISTING/PROPOSED TRAFFIC SIGNAL



W 76th Street & Newton Intersection
 Oliver Ave to Morgan Ave
 Richfield, MN

CONCEPT LAYOUT ONLY: FINAL DESIGN WOULD BE DETERMINED THROUGH RICHFIELD'S PUBLIC ENGAGEMENT PROCESS FOR RECONSTRUCTION PROJECTS

5/28/2026



Report Prepared By:

Jennifer Anderson, Support Services Manager

Department Director:

Jay Henthorne, Police Chief

Item for Consideration:

Consider approval of a request for three (3) new Secondhand Goods Dealer licenses for EcoATM, LLC.

EXECUTIVE SUMMARY

On May 27, 2026, the City received three (3) applications for new Secondhand Goods Dealer licenses for EcoATM, LLC, located at:

1. 7500 Lyndale Avenue South (Speedway)
2. 7720 Nicollet Avenue South (Speedway)
3. 2913 66th Street West (Speedway)

All required information, documents and fees have been received. The Public Safety background investigation has been completed. The Public Safety Director has reviewed the background investigation report. None of the information in the report would cause the Public Safety Director to recommend denial of the requested license.

RECOMMENDED ACTION

By Motion: Approve the request for three (3) new Secondhand Goods Dealer licenses for EcoATM, LLC, located at:

- 7500 Lyndale Avenue South (Speedway)
- 7720 Nicollet Avenue South (Speedway)
- 2913 66th Street West (Speedway)

HISTORICAL CONTEXT

The Public Safety background investigation has been completed and reveals the following:

- The applicant has paid the required licensing fees.
- The required license and permit bond for \$1500.00 were issued by RLI Insurance Company.
- All real estate and personal property taxes due and payable for the premises have been paid.
- A criminal background check was conducted on the applicant and no criminal history was found.

The Council has already approved two other locations for EcoATM, LLC, and licenses have been granted. Per city code section 1186.21, each EcoATM requested location for a kiosk within the city requires a new application and approval from the Council. If approved, this will allow EcoATM to operate five (5) kiosks in Richfield.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

The applicant has complied with all the provisions of the application process.

CRITICAL TIMING ISSUES

There are no critical timing issues.

FINANCIAL IMPACT

Licensing fees have been received.

LEGAL CONSIDERATIONS

There are no legal considerations.

ALTERNATIVE RECOMMENDATION(S)

Deny the request for the three (3) Secondhand Goods Dealer licenses for EcoATM, LLC; however, Public Safety has not found any basis for denial.

ATTACHMENTS

None



Report Prepared By:

Jennifer Anderson, Support Services Manager

Department Director:

Jay Henthorne, Police Chief

Item for Consideration:

Consider approval of a Temporary On-Sale Intoxicating Liquor license for the Richfield Foundation's Wine Tasting event scheduled for Thursday, October 8, 2026, in the atrium area of Woodlake Center, located at 6601 Lyndale Ave South.

EXECUTIVE SUMMARY

On May 27, 2026, the City received application materials for a Temporary On-Sale Intoxicating Liquor license for the Richfield Foundation's Wine Tasting event scheduled for Thursday, October 8, 2026, from 6:30 pm to 9:00 pm, in the atrium area of Woodlake Center, located at 6601 Lyndale Avenue South. The request is to serve wine, craft beer, and spirits. The wine tasting event will have approximately 20 different wine, craft beer vendors, and spirits vendors. In addition to beverage offerings, attendees will have access to a selection of appetizers and desserts.

All required information, documents and licensing fee have been provided. The Director of Public Safety has reviewed all required information and has found no basis for denial. The City Council has previously granted this license in conjunction with this event.

RECOMMENDED ACTION

By Motion: Approve the issuance of a Temporary On-Sale Intoxicating Liquor license for Richfield Foundation's Wine Tasting event, scheduled for Thursday, October 8, 2026, in the atrium area of Woodlake Center, located at 6601 Lyndale Ave South.

HISTORICAL CONTEXT

The applicant has satisfied the following requirements for the issuance of this license:

- The required licensing fees have been received.
- Proof of liquor liability insurance has been provided showing Evanston Insurance affording the coverage.
- The Richfield Foundation has contacted food sanitarians from the City of Bloomington to ensure food handling practices are followed.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

Richfield City Code Section 1202.05 requires applicants to comply with all the provisions of this code, as well as the provisions of Minnesota Statutes, Chapter 340A.

CRITICAL TIMING ISSUES

There are no critical timing issues.

FINANCIAL IMPACT

The required licensing fees have been received.

LEGAL CONSIDERATIONS

There are no legal considerations.

ALTERNATIVE RECOMMENDATION(S)

The Council could deny the approval of the Temporary On-Sale Intoxicating Liquor license for the Richfield Foundation. This would mean the applicant would not be able to serve alcohol at their wine tasting event. However, Public Safety has not found any basis for denial.

ATTACHMENTS

None



Report Prepared By:

Jennifer Anderson, Support Services Manager

Department Director:

Jay Henthorne, Police Chief

Item for Consideration:

Consider approval of a Temporary On Sale Intoxicating Liquor license for the Fred Babcock Days event scheduled to take place August 1, 2026, at Fred Babcock VFW #5555, located at 6715 Lakeshore Drive.

EXECUTIVE SUMMARY

On June 2, 2026, the City received application materials for a Temporary On-Sale Intoxicating Liquor license for the Fred Babcock Days event to take place on Saturday, August 1, 2026. The event will take place from 10:00 a.m. to 9:00 pm at the Fred Babcock VFW Post #5555, located at 6715 Lakeshore Drive, Richfield.

The request is to serve wine, beer and spirits in their parking lot. There will also be food offered. All required information, documents and licensing fee have been provided. The Director of Public Safety has reviewed all required information and has found no basis for denial.

The City Council has previously granted licenses in conjunction with similar events at this location.

RECOMMENDED ACTION

By Motion: Approve the issuance of a Temporary On-Sale Intoxicating Liquor license for the Fred Babcock Days event, to take place on Saturday, August 1, 2026, at the Fred Babcock VFW Post #5555, located at 6715 Lakeshore Drive.

HISTORICAL CONTEXT

The applicant has satisfied the following requirements for the issuance of this license:

- The required licensing fees have been received.
- Proof of liquor liability insurance has been provided showing Evanston Insurance affording the coverage.
- Fred Babcock VFW Post #5555 has contacted food sanitarians from the City of Bloomington to ensure food handling practices are followed.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

Richfield City Code Section 1202.05 requires applicants to comply with all the provisions of this code, as well as the provisions of Minnesota Statutes, Chapter 340A.

CRITICAL TIMING ISSUES

There are no critical timing issues.

FINANCIAL IMPACT

The required licensing fees have been received.

LEGAL CONSIDERATIONS

There are no legal considerations.

ALTERNATIVE RECOMMENDATION(S)

The Council could deny the approval of the Temporary On-Sale Intoxicating Liquor license for the Fred Babcock VFW Post #5555. This would mean the applicant would not be able to serve alcohol at their Fred Babcock Days event. However, Public Safety has not found any basis for denial.

ATTACHMENTS

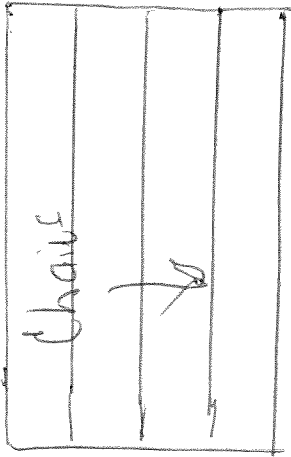
1. VFW August 1 2026 Fred Babcock Days

LAKESHORE DR.

Lyndale Ave So

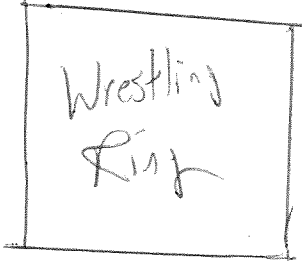
o o o o o

Band



o
o o

Concessions



Garment Building

V.F.W. Entrance



City Council Meeting 6/23/2026
Agenda Section: Consent Calendar
Agenda Item: 8.f.

Report Prepared By:
Michelle Friedrich, City Clerk

Department Director:
Sack Thongvanh, Assistant City Manager

Item for Consideration:
Appoint 2026 Election Judges for the Primary and General Elections.

EXECUTIVE SUMMARY

The Primary Election is August 11, 2026, and the General Election is on November 3, 2026. Election judges are assigned to precincts based on availability and party balance. There are currently 109 election judges who indicated availability to assist with the elections this year.

RECOMMENDED ACTION

By Motion: Adopt a resolution appointing election judges and an absentee ballot board for the Primary and General Elections in 2026.

HISTORICAL CONTEXT

Minnesota Statute 204B.21 Subd. 2 provides that election judges for precincts in a municipality shall be appointed by the governing body of the municipality and that the appointments be made at least 25 days before the election at which the election judges will serve.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

The Richfield City Clerk office is committed to ensuring equity and inclusivity in elections for all election judges and for our community.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

The City Council is required by State Statute 204B.21, Subd. 2, to make election judge appointments.

CRITICAL TIMING ISSUES

Election judge appointment is a requirement per State Statute 204B.21, Subd. 2. The draft resolution contains names of those qualified individuals who have indicated a willingness and ability to serve as an election judge for the Primary Election on August 11, 2026, and the General Election on November 3, 2026.

FINANCIAL IMPACT

N/A

LEGAL CONSIDERATIONS

The City Council must appoint election judges to serve at elections to comply with Minnesota Statute 204B.21, Subd. 2. The list of election judges come from a list of people who have indicated their interest in serving as an election judge to the County Auditor pursuant to the provisions of M.S. 204B.21 Subd. 1, and those who have previously served or indicated interest

in serving. Resident and non-residents can complete an application for consideration to serve as an election judge to the County Auditor pursuant to the provisions of M.S. 204B.21 Subd. 1.

ALTERNATIVE RECOMMENDATION(S)

N/A

ATTACHMENTS

1. 2026-06-23 Resolution 12XXX Election Judges

RESOLUTION NO. 12XXX

Motion by:
Seconded by:

**RESOLUTION APPOINTING ELECTION JUDGES AND AN ABSENTEE BALLOT BOARD
FOR THE 2026 PRIMARY AND GENERAL ELECTIONS**

WHEREAS, Minnesota Election Law 204B.21 requires election judges for precincts in a municipality be appointed by the governing body of the municipality; and

WHEREAS, the City of Richfield is required to appoint election judges to serve at the Primary Election to be held on August 11, 2026; and the General Election to be held on November 3, 2026; and

WHEREAS, a list of individuals qualified and trained to serve as election judges has been submitted to the City Council and is attached hereto as Exhibit A Primary Election Judges, and Exhibit B General Election Judges, and is also on file in the office of the City Clerk; and

WHEREAS, the city is responsible for establishing an Absentee Ballot Board as authorized under Minn. Stat. 203B.121, and authorizes the City Clerk to oversee the appointment and procedural processes of the Absentee Ballot Board; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Richfield, Minnesota, that the individuals named on Exhibit A and Exhibit B, and on file in the office of the City Clerk, be and hereby are appointed to serve as Election Judges, including but not limited to Absentee Ballot Board Judges, Absentee Voting Election Judges, Early Voting Election Judges, and Election Day Judges, for the Primary Election to be held on August 11, 2026, and for the General Election to be held on November 3, 2026.

BE IT FURTHER RESOLVED that the City Clerk is authorized to make any necessary substitutions or additions as needed to ensure proper staffing of all election-related duties, and to assign judges as required for all aspects of the election process.

VOTING AYE

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

VOTING NAY

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

Passed and adopted by the City Council of the City of Richfield, Minnesota this 23rd day June, 2026.

Mary B. Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk

RESOLUTION NO. 12XXX

Exhibit A

Primary Election Judges

Robert Alexander	Ruth Hiland	Thomas Ritchie
John Ashmead	Lisa Hintermeister	Jay Rossom
Barbara Bauer	Linda Hinz	Richard Rubenstein
Matthew Bell	Dean Hoffman	Michael Sawyer
Valory Belton	Andy Kahn	Maureen Scaglia
Rosemary Bernau	Amanda Kaiser	Lynn Schoonmaker
Rosalie Bjorkman	James Kaiser	Margaret Schow
Susan Blumberg	Janet Karnick	Ellen Stavreff
Sara Boothe Corral	Carol Kellett	John Swanson
Linda Boyd	John Kelly	Roger Swanson
Meredith Bruzek	Mary Kelly	Kristin Swenson
Willis Cahill	Erica Klein	Matthew Taraldsen
Rebecca Case	Barbara Knoll	Cara Thrane
Sally Cassellius	Helen Lapakko	Mark Tilc
Carrie Chillman	Joan Lash	Hayley Tompkins
Margaret Cole	Mandee Liberty	Penelope Tower
Gretchen Crow	William Lockrem	Mary Jo Tuttle
Katrina DeVore	Emily Lodermeier	Stephanie Vizecky
Cynthia Dubansky	Andy May	Karin Wolverton
Janel Dysart	Kathleen McDonough	Michael Zazzera
Joanne Ehren Dahlquist	Sandra Menning-Glavan	
Mary Elliot	Robert Mulcahy	
Debbie Eng	Sarah Musgrave	
Carolyn Engeldinger	Sumner Musolf	
Mary Jo Fadell	Susan Nielsen	
Derek Field	Robert Olson	
Arend Geurink	Barbara Orzechowski	
Judith Goebel	Paul Peichel	
Jane Greene	Wayne Peterson	
Rebecca Guarino	Carol Petkoff	
Bradley Hanson	Susan Poore	
Dennis Heidelberg	Holly Rhodes	

RESOLUTION NO. 12XXX

Exhibit B

General Election Judges

Robert Alexander	Dennis Heidelberg	Thomas Ritchie
John Ashmead	Ruth Hiland	Samantha Ross
Barbara Bauer	Linda Hinz	Jay Rossom
Matthew Bell	Dean Hoffman	Richard Rubenstein
Valory Belton	Thomas Jensen	Robert Sakkinen
Rosemary Bernau	Henry Jimenez	Michael Sawyer
Rosalie Bjorkman	Andy Kahn	Maureen Scaglia
Susan Blumberg	Amanda Kaiser	Lynn Schoonmaker
Sara Boothe Corral	James Kaiser	Anne Schuette
Linda Boyd	Lisa Kampf	Bonnie Scurry
James Brietfeller	Janet Karnick	K. Lashel Solberg
Meredith Bruzek	Carol Kellett	Ellen Stavreff
Christie Burke	John Kelly	Virginia Stillwell
Willis Cahill	Mary Kelly	Elaine Swanson
Rebecca Case	Erica Klein	John Swanson
Sally Cassellius	Anna Kluge	Roger Swanson
Carrie Chillman	Barbara Knoll	Kristin Swenson
Mary Clark	Helen Lapakko	Matthew Taraldsen
Margaret Cole	Joan Lash	Cheryl Thiele
Amy Cook	Mandee Liberty	Cara Thrane
Gretchen Crow	William Lockrem	Mark Tilc
Scott Dahlquist	Emily Lodermeier	Hayley Tompkins
Blue Delliquanti	Andy May	Penelope Tower
Katrina DeVore	Kathleen McDonough	Mary Jo Tuttle
Cynthia Dubansky	Michele McGee	Stephanie Vizecky
Janel Dysart	Kristin McWeeny	Emily Wecker
Joanne Ehren Dahlquist	Sandra Menning-Glavan	Michael Zazzera
Mary Elliot	Robert Mulcahy	
Debbie Eng	Sarah Musgrave	
Carolyn Engeldinger	Sumner Musolf	
Mary Jo Fadell	Carol Nelson	
Derek Field	Susan Nielsen	
Megan Forsmark	Robert Olson	
Claire Gahler	Barbara Orzechowski	
Arend Geurink	Paul Peichel	
Judith Goebel	Wayne Peterson	
Jane Greene	Carol Petkoff	
Daniel Groepper	Joshua Policarpio	
Rebecca Guarino	Susan Poore	
Bradley Hanson	Donald Rhodes	
James Harding	Holly Rhodes	



Report Prepared By:
Sack Thongvanh, Assistant City Manager

Department Director:
Kate Croteau, Human Resources Director

Item for Consideration:
Consider adoption of a resolution authorizing the City to affirm the monetary limits on statutory municipal tort liability.

EXECUTIVE SUMMARY

The City purchases its liability insurance coverage from the League of Minnesota Cities Insurance Trust (LMCIT). Each year, the City must decide to either affirm or waive its statutory limits of liability by July 1. After reviewing cost considerations measured against potential risk, the City has, historically, affirmed the liability limits which are \$500,000 for an individual claimant and \$1,500,000 per occurrence. Staff is recommending the same course of action for the upcoming insurance renewal as waiving the liability limits would increase costs due to the need to purchase excess liability insurance.

RECOMMENDED ACTION

By Motion: Adopt a resolution authorizing the City Council to affirm the monetary limits on municipal tort liability established by Minnesota Statutes, section 466.04.

HISTORICAL CONTEXT

A requirement of insurance coverage through the LMC-IT is an annual affirmation or waiver of statutory limits of liability. The current statutory limits of liability for Minnesota cities are \$500,000 for an individual claimant and \$1,500,000 per occurrence. Cities can waive these limits to allow an individual claimant to recover more than \$500,000, up to the \$1,500,000 per occurrence limit, if excess liability insurance is purchased. Because waiving the statutory limits increases the exposure, the premium is higher for coverage under the waiver option. The cost of the excess liability insurance continues to be very expensive.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

State Statute establishes liability limits for cities and the current level is \$1,500,000, which appears to be a reasonable limit. Historically, the majority of municipalities in Minnesota do not waive the monetary limits on municipality tort liability as established by Minnesota Statutes, section 466.04.

CRITICAL TIMING ISSUES

The City's insurance policy with the League of Minnesota Cities Insurance Trust will renew on July 1, 2026. This action must be completed on, or before, that time.

FINANCIAL IMPACT

The City has historically not purchased excess liability coverage because of the cost of such coverage.

LEGAL CONSIDERATIONS

The tort liability limits established by Minnesota Statutes have historically protected cities and no Minnesota court has ever established a monetary award in excess of the statutory limits against a municipality. Each city must annually decide whether the city would voluntarily waive the statute for both the single claims and each occurrence limit.

ALTERNATIVE RECOMMENDATION(S)

If the Council determines that any single claimant should receive more than the \$500,000 limit, the Council could elect to waive the statutory monetary limits.

If the Council determines that the \$1,500,000 per occurrence limit is not adequate, the City could purchase excess liability coverage at a significant additional cost.

ATTACHMENTS

1. 2026-06-23 Resolution 12XXX Tort Liability
2. Liability Coverage Waiver Form

RESOLUTION NO. 12XXX

Motion by:
Seconded by:

**A RESOLUTION AFFIRMING MUNICIPAL TORT LIABILITY LIMITS ESTABLISHED
BY MINNESOTA STATUTES, SECTION 466.04**

WHEREAS, Minnesota Statutes, section 466.04 provides for Municipal tort liability limits for Minnesota cities; and

WHEREAS, the League of Minnesota Cities Insurance Trust has asked that each city review the tort liability limits and determine if the respective city would choose to waive its limits; and

WHEREAS, such decision to affirm or waive the tort liability limits must be filed with the League of Minnesota Cities Insurance Trust at the insurance renewal date.

NOW, THEREFORE, BE IT RESOLVED that the City Manager is directed to report to the League of Minnesota Cities Insurance Trust that the Richfield City Council does not waive the monetary limits on the municipal tort liability established by Minnesota Statutes, section § 466.04.

Adopted by the City Council of the City of Richfield, Minnesota this 23rd day of June, 2026.

VOTING AYE

- Supple, Mary
- Burk, Walter
- Christensen, Sharon
- Coleman-Woods, Rori
- Hayford Oleary, Sean

VOTING NAY

- Supple, Mary
- Burk, Walter
- Christensen, Sharon
- Coleman-Woods, Rori
- Hayford Oleary, Sean

Mary B. Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk



LIABILITY COVERAGE WAIVER FORM

Members who obtain liability coverage through the League of Minnesota Cities Insurance Trust (LMCIT) must complete and return this form to LMCIT before their effective date of coverage. [Email completed form to your city’s underwriter, to pstech@lmc.org](mailto:pstech@lmc.org), or fax to 651.281.1298.

Members who obtain liability coverage from LMCIT must decide whether to waive the statutory tort liability limits to the extent of the coverage purchased. *The decision to waive or not waive the statutory tort limits must be made annually by the member’s governing body, in consultation with its attorney if necessary.* The decision has the following effects:

- *If the member does not waive the statutory tort limits*, an individual claimant could recover no more than \$500,000 on any claim to which the statutory tort limits apply. The total all claimants could recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. These statutory tort limits would apply regardless of whether the member purchases the optional LMCIT excess liability coverage.
- *If the member waives the statutory tort limits and does not purchase excess liability coverage*, a single claimant could recover up to \$2,000,000 for a single occurrence (under the waive option, the tort cap liability limits are only waived to the extent of the member’s liability coverage limits, and the LMCIT per occurrence limit is \$2,000,000). The total all claimants could recover for a single occurrence to which the statutory tort limits apply would also be limited to \$2,000,000, regardless of the number of claimants.
- *If the member waives the statutory tort limits and purchases excess liability coverage*, a single claimant could potentially recover an amount up to the limit of the coverage purchased. The total all claimants could recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants.

Claims to which the statutory municipal tort limits do not apply are not affected by this decision.

LMCIT Member Name: _____

Check one:

- The member **DOES NOT WAIVE** the monetary limits on municipal tort liability established by [Minn. Stat. § 466.04](#).
- The member **WAIVES** the monetary limits on municipal tort liability established by [Minn. Stat. § 466.04](#), to the extent of the limits of the liability coverage obtained from LMCIT.

Date of member’s governing body meeting: _____

Signature: _____

Position: _____



Report Prepared By:

John Evans, Analyst

Department Director:

Karl Huemiller, Recreation Director

Item for Consideration:

Consider approval of an agreement with Preferred Properties, in the amount of \$263,970, for the replacement of exterior soffit on rink one of the Richfield Ice Arena.

EXECUTIVE SUMMARY

The Veterans Park Improvement project, funded by the Local Option Sales Tax general obligation bonds, includes the replacement of the exterior soffit on rink one of the Richfield Ice Arena. The soffit is original to the building's 1971 construction and in need of replacement due to damage from animals and to improve energy efficiency.

Bids to replace the soffit siding were solicited and opened on May 26, 2026. Bids were received from four contractors: Atomic Architectural Sheet Metal, CJC Construction LLC, John A Dalsin & Son Inc, and Preferred Properties Inc.

The lowest base bid was submitted by Preferred Properties Inc. which Loeffler Construction, the project management company, recommends for award of contract.

RECOMMENDED ACTION

By Motion: Approve the agreement between the City of Richfield and Preferred Properties, in the amount of \$263,970, for the replacement of the soffit on rink one of the Richfield Ice Arena and authorize the Mayor and City Manager to finalize and execute the contract.

HISTORICAL CONTEXT

In November 2024, voters approved \$9 million in Local Option Sales Tax funding for improvements at Veterans Memorial Park, including the pool and Ice Arena. On May 13, 2025, Council approved an agreement with Loeffler Construction to manage the Veterans Park Project, which includes the replacement of the roof of rink two at the Richfield Ice Arena.

Replacement of the exterior soffit was identified as part of the Vets Park Project to ensure its viability for decades to come and will prevent any further costs associated with maintaining and repairing the aging materials.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

Equity: This project improves facilities that are often low or no cost to residents and

provide access to an indoor rink in the community. The arena is an important amenity for families of all income levels living in the community.

Strategic Plan: This project best aligns with the strategic plan priority of Sustainable Infrastructure addressing all sub-initiatives of asset management, comprehensive funding, and sustainability efforts.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

None

CRITICAL TIMING ISSUES

In order to keep pace with the numerous sub-projects identified as part of the Veterans Park Project, and to minimize disruption to the Richfield Ice Arena, work must begin in a timely fashion.

FINANCIAL IMPACT

The soffit replacement bids are within the amount anticipated for the job. Bids include all labor and materials.

LEGAL CONSIDERATIONS

The agreement has been reviewed by legal counsel.

ALTERNATIVE RECOMMENDATION(S)

None

ATTACHMENTS

- 1. 2026-05-26 Richfield Rink 1 Upgrades Bid Minutes
- 2. Bid Tabs-Soffit Replacement: Rink One

CITY OF RICHFIELD, MINNESOTA

Bid Opening
May 26, 2026
2:00 p.m.

PROJECT: 2026 Richfield Rink 1 Upgrades Project
Bid No.: 2026-01V

Pursuant to requirements of Resolution No. 1015 and the City Code, a meeting of the Administrative Staff was called by City Clerk Friedrich who announced the purpose of the meeting was to receive; open and read aloud bids for the 2026 Richfield Rink 1 Upgrades Project, as advertised in the official newspaper on May 14, and May 21, 2026.

Present: Michelle Friedrich, City Clerk
Karl Huemiller, Recreation Director
Drew Illestschko, Loffler Construction
John Barrick, Loffler Construction

The following bids were submitted and read aloud:

Bidder's Name	SCOPE OF WORK	On Bid Form (Y/N)	Bid Bond Present (Y/N)	Addenda Noted (Y/N)	Total Base Bid
Preferred Properties Inc.	7.5	Y	Y	Y	\$263,970
CJC Construction LLC	7.5	Y	Y	Y	\$343,000
Atomic Architectural Sheet Metal	7.5	Y	Y	Y	\$500,000
John A Dalsin & Son Inc.	7.5	Y	Y	Y	\$511,735

City Clerk Friedrich noted the bids would be tabulated and considered at a future City Council meeting. City staff will contact the apparent low bidder regarding next steps.

Bid Opening Adjourned at 2:12 pm.

Michelle Friedrich, City Clerk

June 9, 2026

TO: Karl Huemiller– Recreation Services Director, City of Richfield
 CC: Dan Peterson – Architect, U+B Architecture & Design, Inc.
 Will Forbord – Vice President, Loeffler Construction
 John Barrick – Project Manager, Loeffler Construction

RE: Richfield Rink 1 Upgrades – Recommendation for Contractor Awards

Karl:

On May 26th, 2026, Loeffler Construction (LCC) collected responses for the Request for Quotes (RFQ) #1 that was issued for the Richfield Rink 1 Upgrades Project. These quotes were for Painting, Mechanical, and Electrical scopes of work.

Also on May 26th, 2026, representatives from Loeffler Construction and the City of Richfield were also present to hold and witness the public bid opening for Bid Package #1 of the Richfield Rink 1 Upgrades Project. Bid Package #1 included the Siding scope of work.

Summary of Request for Quotes #1:

In line with public bidding law, scopes of work under \$175,000 can be procured with a Request for Quote process. Loeffler distributed the plans and specifications to (18) potential contractors and received responses from (7) contractors. See attached RFQ Bid Tabulation for a list of the contractors that submitted quotes. We have reviewed the quotes and determined that the lowest quote amount is responsive and recommend those firms for award. At the City’s direction, we have included pricing for Alternate #1 to remove and replace existing light fixtures above the rink entrance doors at the corners of the building, resulting in Laketown Electric Corporation being the lowest responsive bidder.

Summary of Bid Package #1:

In addition to running an advertisement for bids in the local newspaper, LCC posted the plans and specifications for the project to the Minnesota Builders Exchange. The sealed bid process for this bid package yielded (4) bids for the Siding scope of work. See attached Bid Package #1 Tabulation for a list of the contractors that submitted bids. We have reviewed the quotes and determined that the lowest quote amount is responsive and recommend this firm for award.

Table of Recommended Awards for Bid Package #1 and RFQ #1:

Scope of Work	Trade Contractor	Base Bid	Alternate 1	Total Contract Amount
07.5 - Siding (BP #1)	Preferred Properties	\$ 263,970.00	\$ -	\$ 263,970.00
09.9 - Painting (RFQ #1)	Wasche Commercial Finishes	\$ 13,920.00	\$ -	\$ 13,920.00
22.0 - Mechanical (RFQ #1)	Metropolitan Mechanical Contractors	\$ 1,513.00	\$ -	\$ 1,513.00
26.1 - Electrical (RFQ #1)	Laketown Electric Corporation	\$ 30,990.00	\$ 6,250.00	\$ 37,240.00

We appreciate the opportunity to work with the City of Richfield and look forward to delivering a successful project.

Sincerely,

Drew Illietschko

Estimator, Loeffler Construction

Attached:

Richfield Rink 1 Upgrades Bid Tabulation – Bid Package #1

Richfield Rink 1 Upgrades Bid Tabulation – Request for Quotes #1



Report Prepared By:

John Evans, Analyst

Department Director:

Karl Huemiller, Recreation Director

Item for Consideration:

Consider the first reading of an ordinance amending Subsection 840.11 of the Richfield City Code, pertaining to alcohol in City parks.

EXECUTIVE SUMMARY

City Code Chapter VII, Section 840 contains ordinances pertaining to park use. In section 840.11, the sale, possession with intent to consume, or consumption of alcoholic beverages is prohibited in the parks except for two situations expressly permitted. The first is as part of a City Council-authorized community celebration at Veterans Memorial Park. The second is by a Junior Hockey Team at the Ice Arena. These two exceptions were added piecemeal as the need arose.

Based on City Council feedback, Staff have drafted a comprehensive update to the ordinance that would allow:

- Alcoholic beverages at Wood Lake Nature Center and the Community Center
- Alcoholic beverages less than 17% at the Richfield Ice Arena and at City-Sponsored events
- Community Celebration license holders to sell alcoholic beverages less the 17% in designated areas

Anyone selling or consuming alcohol in designated locations would need:

- Appropriate permits and licenses from the City and State
- Written approval from the Recreation Services Director
- Indemnification agreement with the City if determined appropriate

The updates to this ordinance would provide the City with flexibility in managing alcohol use in the parks.

RECOMMENDED ACTION

By Motion: Approve the first reading of an ordinance amending Subsection 840.11 of the Code of Ordinances, pertaining to alcohol in the parks, and schedule the second reading for July 14, 2026.

HISTORICAL CONTEXT

The ordinance has been amended in the past to allow for the approval of the serving of alcohol in specific cases. An amendment in 1999 allowed for the sale of 3.2 percent malt liquor in Veterans Memorial Park to accommodate the Richfield 4th of July's main fundraising source, and another amendment in 2013 made allowances for the sale of 3.2 malt liquor at the Ice Arena, which was added when semi-professional hockey teams began playing there.

The new Wood Lake Nature Center building will have a 3,000-square-foot room with a catering kitchen, one of the largest event spaces in the City. Throughout the planning process, the community expressed a desire to host events in this space for events that often serve alcohol, like weddings, anniversaries, and fundraisers. A new Community Center is also planned for construction in the next five years and the amended ordinance would meet this need, as well.

This ordinance does not address low-dose THC-infused beverages. Caterers holding the appropriate state license would be permitted to serve low-dose THC-infused beverages in accordance with applicable state laws and regulations.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

Alcohol can be an important cultural aspect to celebrations and events. The prohibition on alcohol in City parks may affect the attractiveness of City facilities as venues for special events. The ability to consume alcohol at City facilities impacts the potential revenue generated by these facilities and their eventual cost recovery.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

Subsection 840.11 has, and will continue to be, an effective way to regulate alcohol in City parks, but will also allow for special facilities like Wood Lake, the Community Center, and the Ice Arena to remain competitive and desirable for rental. This ordinance amendment requires a first reading and scheduling of a second reading, suggested for July 14, 2026.

CRITICAL TIMING ISSUES

In order to remain on the timetable needed to establish related policies and fees before the opening of Wood Lake Nature Center, Council will need to consider this amendment in a timely fashion.

FINANCIAL IMPACT

Facility rentals are a key source of revenue for recreation facilities like Wood Lake, the Community Center, and the Ice Arena, and are crucial to providing a source of income that funds part-time staff, building maintenance, upkeep, and minor improvements.

LEGAL CONSIDERATIONS

None

ALTERNATIVE RECOMMENDATION(S)

None

ATTACHMENTS

- 1. 07-14 DRAFT Bill 2026-XX Amending Subsection 840.11 (R1)

BILL NO. 2026-XX

Motion by:
Seconded by:

**AN ORDINANCE AMENDING SUBSECTION 840.11 OF THE RICHFIELD CITY
CODE PERTAINING TO ALCOHOL IN CITY PARKS**

Section 1. Subsection 840.11 of the Richfield City Code is amended as follows:

840.11. - Sale and consumption of beer alcoholic beverages in parks.

Subdivision 1. Definitions. For purposes of this subsection, terms ~~defined in the subdivision~~ have the meanings given them below.

- (a) "Sale", "sell" and "sold" means all means of furnishing alcoholic beverages and includes but is not limited to the furnishing for money or other consideration.
- (b) "Beer" means ~~any beverage which is produced wholly or in part from the brewing of any grains or malt or malt substitute and containing more than~~ "Low alcohol beverages" mean any beverage which contains less than seventeen percent (17%) alcohol by volume but more than one-half (½) of one percent (1%) alcohol by volume.
- (c) "Organization" means ~~any entity having a club, or religious, veteran, charitable or non-profit organization. business activities as its principal purpose and which qualifies in all respects for the issuance of a license to sell the type of beer to be furnished at the activity or event for which the permit is being sought.~~
- (d) "Alcoholic Beverages" means any beverage containing more than one-half (½) of one percent (1%) alcohol by volume.
- (e) "Director" means the Recreation Services Director or their designee.

Subd. 2. Sale and consumption prohibited. The sale, possession with intent to consume, or consumption of alcoholic beverages is prohibited in the public parks of the City, except as expressly permitted by subdivisions 3 and 4 of this subsection.

Subd. 3. Alcohol allowed in certain recreation facilities and parks. The sale and consumption of alcoholic beverages is allowed as follows, subject to the requirements in subdivision 4:

- (a) Alcoholic beverages may be sold and consumed inside the Wood Lake Nature Center building and on designated decks, patios, and designated outdoor areas which are adjacent to the Wood Lake Nature Center building.
- (b) Alcoholic beverages may be sold and consumed inside the Community Center building and on designated decks, patios, and designated outdoor areas which are adjacent to the Community Center building.
- (c) Low alcohol beverages only may be sold and consumed inside the Richfield Ice Arena.

BILL NO. 2026-XX

- (d) Low alcohol beverages only may be sold and consumed in park areas and park pavilions approved by the Director for City-sponsored events only.

Subd. 4. Requirements for sale and consumption of alcohol. Sale and consumption of alcoholic beverages allowed by this subsection is subject to the following requirements:

- (a) Persons, organizations, or entities selling or dispensing alcoholic beverages must have an appropriate liquor license or permit from the City's Public Safety Department and/or the State of Minnesota and meet all applicable provisions of city code and state law.
- (b) Alcohol sales or consumption are allowed only in connection with banquets, receptions, social functions, tasting events, or community festivals approved by the Director.
- (c) The Director must give written approval to the host of any event at which alcoholic beverages will be sold or consumed.
- (d) The host of an event at which alcoholic beverages will be sold or consumed must enter into a user or indemnification agreement with the City if determined appropriate by the Director and City Attorney.

Subd. 3 5. Community celebration. An organization or other authorized liquor licensee nonprofit corporation that has obtained a community celebration license in accordance with subsection 850.09 of this code may sell 3.2 percent malt liquor in Veteran's Memorial Park low alcohol beverages in connection with the licensed community celebration, provided that the corporation organization also obtains a license under subsection 1210.07 1202.05, subdivision 3 of this code and applicable state law. The community celebration license and temporary on-sale license must designate the area(s) of Veteran's Memorial Park where sales may be made. A person of legal age may possess with intent to consume or consume alcohol purchased pursuant to this subdivision within the areas designated in those licenses. (Added, Bill No. 1999-6)

Subd. 4. Richfield Ice Arena. An establishment holding a food license may sell 3.2 percent malt liquor at the Richfield Ice Arena, located in Veteran's Memorial Park, provided that the establishment obtains a license under subsection 1202.05, subdivision 3(a)(1) of this code. The 3.2 percent malt liquor license must designate the area(s) of the arena where sales may be made. Sale and consumption of 3.2 percent malt liquor under this subdivision are allowed only during junior hockey league games at the arena for consumption on the premises. Upon the effective date of special legislation enacted by the State of Minnesota Legislature allowing the issuance of on-sale wine and malt liquor licenses for beverage sales at the arena, this subdivision shall become null and void. (Added, Bill No. 2013-16)

Subd. 6. Enforcement. Those selling, possessing or consuming alcoholic beverages in public parks in violation of this subsection or other applicable provisions of city code or

BILL NO. 2026-XX

state law may be removed from public property. A violation of this subsection is a misdemeanor.

Section 2. This Ordinance is effective in accordance with Section 3.09 of the Richfield City Charter.

Passed by the City Council of the City of Richfield, Minnesota this 14th day of July, 2026.

VOTING AYE

- Supple, Mary
- Burk, Walter
- Christensen, Sharon
- Coleman-Woods, Rori
- Hayford Oleary, Sean

VOTING NAY

- Supple, Mary
- Burk, Walter
- Christensen, Sharon
- Coleman-Woods, Rori
- Hayford Oleary, Sean

Mary B. Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk

DRAFT



City Council Meeting 6/23/2026

Agenda Section: Resolutions

Agenda Item: 12.a.

Report Prepared By:

Kate Croteau, Human Resources Director

Department Director:

Kate Croteau, Human Resources Director

Item for Consideration:

A resolution related to the amended 2026 General Pay Plan.

EXECUTIVE SUMMARY

Currently, the 2026 general pay plan lists the pay grades for non-represented permanent full-time and part-time city employees, including the position of City Manager. The established pay plan lists grades 1 through 22 with the City Manager position slotted into grade 22. After reviewing the current base salary of the City Manager within our comparable communities group, it was determined that the market has shifted, and our current pay plan does not provide for increases over \$206,044 annually, which is well below the market average of approximately \$230,000 for salary only and \$237,000 with additional compensation (like car allowance and deferred compensation contributions). Staff recommend adding three additional pay grades (23,24 and 25) as shown in the attachment. The maximum of the proposed pay grade 25 would be \$238,522. Additionally, in order to remain equitable within the market and to remain competitive in recruiting for this position in the future, staff recommend reclassifying the City Manager position into grade 25.

RECOMMENDED ACTION

By Motion: Approve the amended 2026 General Pay Plan.

HISTORICAL CONTEXT

In 2023, the City contracted with Baker Tilly to complete a comprehensive review of the City's compensation structure. The result was the creation of the General Pay Plan, which lists non-represented permanent full-time and part-time city employees, including the position of City Manager in grades based off of a job evaluation process. The pay plan has been adopted annually with the minimum and maximums of the ranges adjusted by the cost-of-living increase each year. In 2026, the cost-of-living increase was 3%.

Also in 2023, the Minnesota Legislature officially removed the compensation cap for local government employees, allowing cities and counties to determine their own pay limits. Prior to this change, local government employee salaries were strictly limited by state statute to 110% of the governor's pay (\$206,939), requiring governments to apply for waivers to retain or recruit top talent. In the years following the legislative change, city manager position salaries increased to catch up with the market for similar positions in other states.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

The relatively recent legislative changes led to the need for equitable changes to the 2026 general pay plan. Following a review of data from comparable communities, the range for the position of City Manager is no longer competitive and necessitates additional pay grades and a reclassification into the newly created pay grade 25. Along with the City Manager position falling behind, the range limitations also create compression issues with other positions, including department directors. Providing three additional pay grades ensures we can retain and attract staff in a tight labor market.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

CRITICAL TIMING ISSUES

Staff recommends that the updates to the 2026 General Pay Plan be implemented starting July 1, 2026.

FINANCIAL IMPACT

The financial impact will be reflected in the 2026 revised budget, which will be presented in coordination with the upcoming 2027 budget.

LEGAL CONSIDERATIONS

N/A

ALTERNATIVE RECOMMENDATION(S)

Council could chose not to amend the 2026 General Pay Plan.

ATTACHMENTS

1. 2026-XX-XX DRAFT Resolution XXXXX PAYPLAN UPDATE 2026

RESOLUTION NO. XXXXX

Motion by:

Seconded by:

A RESOLUTION FOR THE 2026 UPDATED GENERAL PAY PLAN

WHEREAS the compensation personnel policy of the City of Richfield provides for the adoption of a pay plan for General employees from time-to-time; and

WHEREAS, the City Administration and Human Resources Director have recommended the addition of three paygrades (23, 24 and 25) to the current 2026 pay plan; and

WHEREAS, the Richfield City Council recognizes that adjustments to the pay plan may be necessary at time to address inequities or other issues due to external and internal factors; and

WHEREAS, the Richfield City Councils continues to authorize that the City Manager to make adjustments to the pay plan to: add or reclassify positions as necessary; make equity adjustments to individual positions when warranted; and, resolve other issues that may arise to aid in the fair and equitable implementation of the pay plan; and

WHEREAS, the Richfield City Council does approve the reclassification of the City Manager position to be placed in newly established grade 25 effective July 1, 2026; and

NOW, THEREFORE, BE IT RESOLVED by the Richfield City Council of the City of Richfield that the City Council hereby does establish effective July 1, 2026, the following update to the 2026 pay plan and also reclassifies the City Manager position from grade 22 to grade 25:

RESOLUTION NO. XXXXX

Adopted by the City Council of the City of Richfield, Minnesota this 23rd day of June, 2026.

VOTING AYE

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

VOTING NAY

- Supple, Mary**
- Burk, Walter**
- Christensen, Sharon**
- Coleman-Woods, Rori**
- Hayford Oleary, Sean**

Mary B. Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk

RESOLUTION NO. XXXXX

2026 Pay Plan Amended 7/1/2026 - General

Grade		Minimum				Midpoint				Maximum		
		1	2	3	4	5	6	7	8	9	10	11
1	Annual	\$36,129.60	\$37,128.00	\$38,126.40	\$39,187.20	\$40,268.80	\$41,371.20	\$42,515.20	\$43,680.00	\$44,886.40	\$46,134.40	\$47,382.40
	Hourly	\$17.37	\$17.85	\$18.33	\$18.84	\$19.36	\$19.89	\$20.44	\$21.00	\$21.58	\$22.18	\$22.78
2	Annual	\$38,646.40	\$39,728.00	\$40,809.60	\$41,932.80	\$43,076.80	\$44,262.40	\$45,489.60	\$46,737.60	\$48,027.20	\$49,337.60	\$50,710.40
	Hourly	\$18.58	\$19.10	\$19.62	\$20.16	\$20.71	\$21.28	\$21.87	\$22.47	\$23.09	\$23.72	\$24.38
3	Annual	\$41,371.20	\$42,515.20	\$43,659.20	\$44,865.60	\$46,113.60	\$47,361.60	\$48,672.00	\$50,003.20	\$51,396.80	\$52,811.20	\$54,246.40
	Hourly	\$19.89	\$20.44	\$20.99	\$21.57	\$22.17	\$22.77	\$23.40	\$24.04	\$24.71	\$25.39	\$26.08
4	Annual	\$44,262.40	\$45,489.60	\$46,716.80	\$48,006.40	\$49,337.60	\$50,689.60	\$52,083.20	\$53,518.40	\$54,974.40	\$56,492.80	\$58,052.80
	Hourly	\$21.28	\$21.87	\$22.46	\$23.08	\$23.72	\$24.37	\$25.04	\$25.73	\$26.43	\$27.16	\$27.91
5	Annual	\$47,590.40	\$48,880.00	\$50,232.00	\$51,604.80	\$53,019.20	\$54,475.20	\$55,972.80	\$57,532.80	\$59,113.60	\$60,736.00	\$62,400.00
	Hourly	\$22.88	\$23.50	\$24.15	\$24.81	\$25.49	\$26.19	\$26.91	\$27.66	\$28.42	\$29.20	\$30.00
6	Annual	\$51,147.20	\$52,561.60	\$53,996.80	\$55,494.40	\$57,012.80	\$58,572.80	\$60,174.40	\$61,838.40	\$63,544.00	\$65,270.40	\$67,080.00
	Hourly	\$24.59	\$25.27	\$25.96	\$26.68	\$27.41	\$28.16	\$28.93	\$29.73	\$30.55	\$31.38	\$32.25
7	Annual	\$54,974.40	\$56,492.80	\$58,032.00	\$59,654.40	\$61,276.80	\$62,961.60	\$64,708.80	\$66,476.80	\$68,307.20	\$70,179.20	\$72,113.60
	Hourly	\$26.43	\$27.16	\$27.90	\$28.68	\$29.46	\$30.27	\$31.11	\$31.96	\$32.84	\$33.74	\$34.67
8	Annual	\$59,113.60	\$60,736.00	\$62,400.00	\$64,126.40	\$65,873.60	\$67,704.00	\$69,534.40	\$71,468.80	\$73,424.00	\$75,462.40	\$77,542.40
	Hourly	\$28.42	\$29.20	\$30.00	\$30.83	\$31.67	\$32.55	\$33.43	\$34.36	\$35.30	\$36.28	\$37.28
9	Annual	\$63,544.00	\$65,270.40	\$67,080.00	\$68,931.20	\$70,824.00	\$72,758.40	\$74,776.00	\$76,835.20	\$78,936.00	\$81,120.00	\$83,345.60
	Hourly	\$30.55	\$31.38	\$32.25	\$33.14	\$34.05	\$34.98	\$35.95	\$36.94	\$37.95	\$39.00	\$40.07
10	Annual	\$68,307.20	\$70,179.20	\$72,113.60	\$74,089.60	\$76,128.00	\$78,228.80	\$80,392.00	\$82,596.80	\$84,864.00	\$87,193.60	\$89,585.60
	Hourly	\$32.84	\$33.74	\$34.67	\$35.62	\$36.60	\$37.61	\$38.65	\$39.71	\$40.80	\$41.92	\$43.07
11	Annual	\$73,424.00	\$75,441.60	\$77,521.60	\$79,664.00	\$81,848.00	\$84,094.40	\$86,403.20	\$88,774.40	\$91,228.80	\$93,724.80	\$96,304.00
	Hourly	\$35.30	\$36.27	\$37.27	\$38.30	\$39.35	\$40.43	\$41.54	\$42.68	\$43.86	\$45.06	\$46.30
12	Annual	\$78,936.00	\$81,120.00	\$83,345.60	\$85,633.60	\$87,984.00	\$90,396.80	\$92,872.00	\$95,451.20	\$98,051.20	\$100,755.20	\$103,521.60
	Hourly	\$37.95	\$39.00	\$40.07	\$41.17	\$42.30	\$43.46	\$44.65	\$45.89	\$47.14	\$48.44	\$49.77

RESOLUTION NO. XXXXX

2026 Pay Plan Amended 7/1/2026 - General

13	Annual	\$86,028.80					\$98,529.60				\$112,840.00
	Hourly	\$41.36					\$47.37				\$54.25
14	Annual	\$93,766.40					\$107,390.40				\$122,990.40
	Hourly	\$45.08					\$51.63				\$59.13
15	Annual	\$105,019.20					\$120,286.40				\$137,758.40
	Hourly	\$50.49					\$57.83				\$66.23
16	Annual	\$114,483.20					\$131,123.20				\$150,155.20
	Hourly	\$55.04					\$63.04				\$72.19
17	Annual	\$123,073.60					\$140,940.80				\$161,428.80
	Hourly	\$59.17					\$67.76				\$77.61
18	Annual	\$129,230.40					\$147,992.00				\$169,449.20
	Hourly	\$62.13					\$71.15				\$81.49
19	Annual	\$135,678.40					\$155,396.80				\$177,964.80
	Hourly	\$65.23					\$74.71				\$85.56
20	Annual	\$142,480.00					\$163,155.20				\$186,867.20
	Hourly	\$68.50					\$78.44				\$89.84
21	Annual	\$149,572.80					\$171,329.60				\$196,227.20
	Hourly	\$71.91					\$82.37				\$94.34
22	Annual	\$157,081.60					\$179,899.20				\$206,044.80
	Hourly	\$75.52					\$86.49				\$99.06
23	Annual	\$164,935.68					\$188,894.16				\$216,347.04
	Hourly	\$79.30					\$90.81				\$104.01
24	Annual	\$173,182.46					\$198,338.87				\$227,164.39
	Hourly	\$83.26					\$95.36				\$109.21
25	Annual	\$181,841.59					\$208,255.81				\$238,522.61
	Hourly	\$87.42					\$100.12				\$114.67

RESOLUTION NO. XXXXX

2026 Pay Grades Updated

Department	Division	Title	Grade
EXECUTIVE	City Manager	CITY MANAGER	25
POLICE	Police Operations	PUBLIC SAFETY DIRECTOR	21
ADMINISTRATIVE SERVICES	Administration	ASSISTANT CITY MANAGER	20
COMMUNITY DEVELOPMENT	Community Development	COMMUNITY DEVELOPMENT DIRECTOR	20
FINANCE	Finance	FINANCE DIRECTOR	20
FIRE	Fire	FIRE SERVICES DIRECTOR	20
PUBLIC WORKS	Public Works Admin	PUBLIC WORKS DIRECTOR	20
RECREATION	Recreation	RECREATION SERVICES DIRECTOR	20
HUMAN RESOURCES	Human Resources	HUMAN RESOURCES DIRECTOR	19
POLICE	Police Operations	DEPUTY PUBLIC SAFETY DIRECTOR	19
COMMUNITY DEVELOPMENT	Community Development	ASST COMMUNITY DEVLMT DIRECTOR	18
FIRE	Fire	DEPUTY FIRE CHIEF	18
PUBLIC WORKS	Street	DEPUTY PW DIRECTOR	18
HUMAN RESOURCES	Human Resources	HR PROJECT MANAGER (TEMPORARY)	17
COMMUNITY DEVELOPMENT	Community Development	CHIEF BUILDING OFFICIAL	17
FIRE	Fire	ASST FIRE CHIEF	17
PUBLIC WORKS	Engineering	CITY ENGINEER	17
ADMINISTRATIVE SERVICES	Building Services	GOVT BLDGS SUPERINTENDENT	16
ADMINISTRATIVE SERVICES	Information Technology	IT MANAGER	16
ADMINISTRATIVE SERVICES	Liquor Operations	LIQUOR OPERATIONS MANAGER	16
PUBLIC WORKS	Water	UTILITIES SUPERINTENDENT	16
ADMINISTRATIVE SERVICES	Communication	COMMUNICATIONS/ENGAGEMENT MGR	15
COMMUNITY DEVELOPMENT	Community Development	CITY PLANNER	15
COMMUNITY DEVELOPMENT	Community Development	ECONOMIC DEVELOPMENT MANAGER	15
FINANCE	Finance	ASST FINANCE DIRECTOR	15
FINANCE	Finance	BUDGET CASH AND DEBT MANAGER	15
PUBLIC WORKS	Engineering	TRANSPORTATION ENGINEER	15
PUBLIC WORKS	Water	UTILITIES ENGINEER	15
RECREATION	Recreation	FACILITIES/PRGM MGR-ARENA/POOL	15
ADMINISTRATIVE SERVICES	City Clerk	CITY CLERK	14

RESOLUTION NO. XXXXX

ADMINISTRATIVE SERVICES	Information Technology	ASST IT MANAGER/BUS ANALYST	14
COMMUNITY DEVELOPMENT	HRA	MULTI-FAMILY HOUSING PRGM ADMN	14
FINANCE	Finance	PAYROLL ACCOUNTANT	14
POLICE	Support Services	SUPPORT SERVICES SUPERVISOR	14
PUBLIC WORKS	Central Garage/Street Maintenance	OPERATIONS SUPERVISOR	14
PUBLIC WORKS	Engineering	PROJECT ENGINEER	14
PUBLIC WORKS	Water	UTILITIES SUPERVISOR	14
RECREATION	Recreation	RECREATION PROGRAM MANAGER	14
RECREATION	Wood Lake Nature Center	WLNC MANAGER	14
COMMUNITY DEVELOPMENT	Community Development	SENIOR BLDG TRADE INSPECTOR	13
EXECUTIVE/PUBLIC WORKS	City Manager/PW Admin	SENIOR ANALYST	13
FINANCE	Finance	SENIOR FINANCIAL ANALYST	13
PUBLIC WORKS	Engineering	CIVIL ENGINEER	13
PUBLIC WORKS	Water	WATER RESOURCE ENGINEER	13
RECREATION	Recreation	RECREATION SUPVR-FACILITIES	13

ADMINISTRATIVE SERVICES	Deputy Registrar	MV LICENSING SUPERVISOR	12
HUMAN RESOURCES	Human Resources	HUMAN RESOURCES GENERALIST II	12
ADMINISTRATIVE SERVICES	Information Technology/Police Operations	IT TECHNICIAN II	12
ADMINISTRATIVE SERVICES	Liquor Operations	LIQUOR STORE MANAGER	12
COMMUNITY DEVELOPMENT	Community Development	PLANNER II	12
COMMUNITY DEVELOPMENT	Community Development	BUILDING/TRADE INSPECTOR	12
COMMUNITY DEVELOPMENT	Community Development	MECHANICAL/PLUMBING INSPECTOR	12
EXECUTIVE	City Manager	EQUITY COORDINATOR	12
POLICE	Police Operations	RECORDS SUPERVISOR	12
POLICE/RECREATION	Police Operations/Recreation	ANALYST	12
PUBLIC WORKS	Public Works Admin	GIS COORDINATOR	12
RECREATION	Recreation	RECREATION SUPVR	12
RECREATION	Recreation	SUSTAINABILITY COORDINATOR	12
RECREATION	Wood Lake Nature Center	NATURALIST	12
HUMAN RESOURCES	Human Resources	HUMAN RESOURCES GENERALIST I	11
ADMINISTRATIVE SERVICES	Information Technology	IT TECHNICIAN I/HELP DESK	11
CD/FINANCE	CD(HRA)/Finance	ACCOUNTANT	11
COMMUNITY DEVELOPMENT	Community Development	HOUSING SPECIALIST PT	11
POLICE	Support Services	CODE COMPLIANCE OFFICER	11

RESOLUTION NO. XXXXX

PUBLIC WORKS	Engineering	ENGINEERING TECHNICIAN	11
ADMINISTRATIVE SERVICES	Communication	COMMUNICATIONS SPECIALIST PT	10
COMMUNITY DEVELOPMENT	Community Development	PLANNER I	10
POLICE	Police Operations	CRIME PREVENTION SPECIALIST	10
POLICE	Police Operations	POLICE DATA & MEDIA SPECIALIST	10
POLICE	Police Operations	RECORDS TECHNICIAN	10
PUBLIC WORKS	Engineering	ENGINEERING ASSISTANT	10
PUBLIC WORKS	Public Works Admin	ASSET MANAGEMENT/GIS ANALYST	10
PUBLIC WORKS	Street	FORESTER	10
RECREATION	Recreation	RECREATION COORDINATOR	10
ADMINISTRATIVE SERVICES	Deputy Registrar	LEAD MV LICENSING TECH	9
ADMINISTRATIVE SERVICES	Communication	WEB COORDINATOR (Temporary)	9
ADMIN SERV/CD/EXEC/FIRE	Admin Serv/CD/Exec/Fire	ADMINISTRATIVE ASSISTANT	9
COMMUNITY DEVELOPMENT	Community Development	PLANNING TECHNICIAN	9
COMMUNITY DEVELOPMENT	Community Development	PERMIT TECHNICIAN	9
POLICE	Support Services	HEALTH/LICENSING SPECIALIST PT	9
RECREATION	Recreation	SOLID WASTE SPECIALIST	9
ADMINISTRATIVE SERVICES	Deputy Registrar	MV LICENSING TECH	8
CD/ PS/PW/ REC/WLNC	CD/ PS/PW/ REC/WLNC	SENIOR OFFICE ASST	8
COMMUNITY DEVELOPMENT	Community Development	HOUSING INSPECTIONS TECHNICIAN	8
COMMUNITY DEVELOPMENT	HRA	MULTI-FAMILY HOUSING ASST PT	8
FINANCE	Finance	ACCOUNTING TECHNICIAN	8
FINANCE	Finance	UTILITY BILLING TECHNICIAN	8
POLICE	Support Services	COMMUNITY SERVICE OFFICER PT	8
POLICE	Support Services	BUSINESS LICENSING TECH PT	8
ADMINISTRATIVE SERVICES	Liquor Operations	LIQUOR OPS SHIFT LEADER PT	7
COMMUNITY DEVELOPMENT	HRA	COMMUNITY DEVELOPMENT TECH PT	7
ADMINISTRATIVE SERVICES	Building Services	CUSTODIAN PT	6
ADMINISTRATIVE SERVICES	Deputy Registrar	CITY SERVICES RECEPTIONIST	6



City Council Meeting 6/23/2026

Agenda Section: Resolutions

Agenda Item: 12.b.

Report Prepared By:

Mark McKinley, Administrative Assistant

Department Director:

Katie Rodriguez, City Manager

Item for Consideration:

Summary of the City Manager's annual performance evaluation for the period of July 2025 to June 2026, held on June 9 and June 16, 2026, as required by Minn. Statutes 13D.05 Subd. 3(a), and consider a resolution amending the employment agreement between the City of Richfield and City Manager Katie Rodriguez.

EXECUTIVE SUMMARY

Each year the City Council conducts a review of the City Manager's performance for the previous year. The review considers the performance of the City Manager and the organization as measured against the goals and expectations of the City Council. Such performance evaluations are conducted in a closed session pursuant to MN State Statutes and summarized in an open meeting.

In addition to the performance evaluation, the City Council also takes this opportunity to review the City Manager's salary and benefits to make any adjustments that may be warranted.

RECOMMENDED ACTION

By Motion: Approve the resolution amending the City's Manager's employment agreement with the City reflecting a salary adjustment.

HISTORICAL CONTEXT

The City Council has conducted a review of the City Manager's performance for the past year and must now, per State Statute, make a summary report of the outcome of that evaluation.

In addition, the City Council has reviewed the compensation of the City Manager and has made a conclusion regarding the City Manager's employment agreement.

EQUITABLE OR STRATEGIC CONSIDERATIONS OR IMPACTS

Consistent evaluations of performance help ensure continuous improvement, reinforce accountability, and align the City Manager's work with strategic goals.

POLICIES (RESOLUTIONS, ORDINANCES, REGULATIONS, STATUTES, ETC.)

The City Manager is given an evaluation by the City Council each year as part of the City Manager's contract. As part of the evaluation process, a review of the City Manager's compensation package is also performed each year. As compensation comparisons, salaries of City Managers in comparable cities are considered, as is the

base salary structure adjustments of other City employees.

CRITICAL TIMING ISSUES

The annual performance evaluation for City Manager Rodriguez was for the period starting July 2025, to June 2026, so any merit increases will be effective on July 1, 2026.

FINANCIAL IMPACT

Any salary adjustment approved by the City Council will be absorbed within the 2026 revised and 2027 proposed City Manager budget.

LEGAL CONSIDERATIONS

The City Manager's contract with the City requires an annual performance evaluation. Summary review of the City Manager's annual performance evaluation is required by Minn. Statutes 13D.05 Subd. 3(a).

ALTERNATIVE RECOMMENDATION(S)

The City Council may defer the compensation portion of this review to a future meeting.

ATTACHMENTS

1. 2026-06-23 Resolution 12XXX City Manager Agreement
2. 2026 City_Manager_Amendment_to_Employment_Agreement

RESOLUTION NO. 12XXX

Motion by:
Seconded by:

**RESOLUTION AMENDING THE EMPLOYMENT
AGREEMENT BETWEEN THE CITY OF RICHFIELD AND
CATHERINE RODRIGUEZ, CITY MANAGER**

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Richfield, Minnesota as follows:

The following section of the Employment Agreement between the City of Richfield, Minnesota and Catherine Rodriguez, City Manager, originally dated December 2018, is amended as follows:

Section 2. Salary

Employer agrees to pay Employee for her services an annual base salary of \$235,000.00 payable in installments at the same time as other employees of the Employer are paid.

The City Manager's salary adjustment outlined above is effective on July 1, 2026.

Approved by the City Council of the City of Richfield, Minnesota, this 23rd day of June, 2026.

VOTING AYE

- Supple, Mary
- Burk, Walter
- Christensen, Sharon
- Coleman-Woods, Rori
- Hayford Oleary, Sean

VOTING NAY

- Supple, Mary
- Burk, Walter
- Christensen, Sharon
- Coleman-Woods, Rori
- Hayford Oleary, Sean

Mary B. Supple, Mayor

ATTEST:

Michelle Friedrich, City Clerk

**FOURTH AMENDMENT TO
EMPLOYMENT AGREEMENT**

WHEREAS, the City of Richfield, a Minnesota municipal corporation (the “City”), and Catherine Rodriguez (“Employee”) entered into an employment agreement on the 26th day of November 2018, (the “Agreement”); and

WHEREAS, Section 2 of the Agreement provides for salary increases based on a performance and salary review of Employee; and

WHEREAS, the Richfield City Council conducted a performance evaluation of the Employee on June 9 and June 16, 2026, and desires to increase the Employee’s salary.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND PROMISES CONTAINED IN THIS AGREEMENT AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE EMPLOYEE AND CITY AGREE THAT THE AGREEMENT WILL BE AMENDED TO READ AS FOLLOWS:

Section 2. Salary

Employer agrees to pay Employee for her services rendered pursuant hereto an annual base salary of ~~\$192,899.20~~ \$235,000 payable in installments at the same time as other employees of the Employer are paid. In addition, Employer agrees to increase said base salary and/or other benefits of Employee in such amounts and to such extent as the Council may determine that it is desirable to do so during the review at 6 months and thereafter on an annual basis, based on a performance and salary review of said Employee.

The City Manager’s salary adjustment outlined above is effective on July 1, ~~2025~~ 2026.

IN WITNESS WHEREOF, City has caused this Amendment to the Agreement to be signed and executed on its behalf by its Mayor and Employee has signed this Agreement, in duplicate, the day and year written below.

CITY OF RICHFIELD

EMPLOYEE:

BY: _____
Mary B. Supple, Its Mayor

Catherine Rodriguez

DATE: _____

DATE: _____