



City of Fridley, Minnesota



Annual Comprehensive Financial Report For year end December 31, 2022

FridleyMN.gov/233/City-Financials



This page intentionally left blank

CITY OF FRIDLEY, MINNESOTA

Annual Comprehensive Financial Report

For Year End December 31, 2022



**Prepared by:
Finance Department**

**Joseph Starks
Finance Director**



This page intentionally left blank

CITY OF FRIDLEY, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2022
TABLE OF CONTENTS

	EXHIBIT	PAGE
I. INTRODUCTORY SECTION		
Letter of Transmittal		3
Certificate of Achievement		11
Elected and Appointed Officials		13
City Administrative Organizational Structure		15
II. FINANCIAL SECTION		
Independent Auditor's Report		19
Management's Discussion and Analysis		25
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	A-1	41
Statement of Activities	A-2	42
Fund Financial Statements:		
Balance Sheet - Governmental Funds	A-3	44
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	A-4	46
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A-5	49
Statement of Net Position - Proprietary Funds	A-6	50
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	A-7	52
Statement of Cash Flows - Proprietary Funds	A-8	54
Statement of Fiduciary Net Position - Fiduciary Funds	A-9	56
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	A-10	57
Notes to Financial Statements		59
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund	B-1	102
Schedule of Changes in the Total OPEB Liability and Related Ratios	B-2	106
Schedule of Proportionate Share of Net Pension Liability - General Employees Retirement Fund	B-3	107
Schedule of Pension Contributions - General Employees Retirement Fund	B-4	108
Schedule of Proportionate Share of Net Pension Liability - Public Employees Police and Fire Fund	B-5	109
Schedule of Pension Contributions - Public Employees Police and Fire Fund	B-6	110
Notes to RSI		111

CITY OF FRIDLEY, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2022
TABLE OF CONTENTS

	EXHIBIT	PAGE
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds	C-1	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	C-2	119
Subcombining Balance Sheet - Nonmajor Special Revenue Funds	C-3	124
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	C-4	125
Subcombining Balance Sheet - Nonmajor Capital Project Funds	C-5	128
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds	C-6	129
Special Revenue Funds:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:		
Cable TV Fund	D-1	132
Solid Waste Abatement Fund	D-2	133
Police Activity Fund	D-3	134
Springbrook Nature Center Fund	D-4	135
Internal Service Funds:		
Combining Statement of Net Position	E-1	138
Combining Statement of Revenues, Expenses and Changes in Net Position	E-2	139
Combining Statement of Cash Flows	E-3	140
Housing and Redevelopment Authority (Component Unit):		
Balance Sheet - Governmental Funds	F-1	142
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	F-2	144
Subcombining Balance Sheet - Nonmajor Capital Project Funds	F-3	146
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds	F-4	148
Custodial Funds:		
Combining Statement of Net Position - Fiduciary Funds	G-1	152
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds	G-2	153

CITY OF FRIDLEY, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2022
TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
III. STATISTICAL SECTION (Unaudited)		
Financial Trends:		
Net Position by Component	Table 1	158
Changes in Net Position	Table 2	160
Fund Balances - Governmental Funds	Table 3	164
Changes in Fund Balances - Governmental Funds	Table 4	166
Revenue Capacity:		
Tax Capacity Value and Estimated Market Value of Taxable Property	Table 5	168
Direct and Overlapping Property Tax Capacity Rates	Table 6	170
Principal Property Taxpayers	Table 7	172
Property Tax Levies and Collections	Table 8	173
Debt Capacity:		
Ratios of Outstanding Debt by Type	Table 9	174
Direct and Overlapping Governmental Activities Debt	Table 10	175
Legal Debt Margin Information	Table 11	177
Pledged Revenue Coverage	Table 12	178
Demographic and Economic:		
Demographic and Economic Statistics	Table 13	180
Principal Employers	Table 14	181
Full-Time Equivalent City Government Employees by Function/Program	Table 15	182
Operating Information:		
Operating Indicators by Function/Program	Table 16	184
Capital Asset Statistics by Function/Program	Table 17	186



This page intentionally left blank

I. INTRODUCTORY SECTION



This page intentionally left blank

Fridley Civic Campus

7071 University Ave N.E. Fridley, MN 55432
763-571-3450 | FAX: 763-571-1287 | FridleyMN.gov

June 5, 2023

To the Citizens of the City of Fridley,
Mayor and Council Members

The Annual Comprehensive Financial Report (ACFR) of the City of Fridley, Minnesota (City), for the fiscal year ended December 31, 2022, is submitted herewith:

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The City believes that the data, as presented, is accurate in all material aspects. The data is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

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

All City funds, departments, commissions, and other organizations for which the City is financially accountable are presented within the ACFR. The City provides a full range of services to its citizens, including police and fire protection; water and sanitary sewer utilities; the construction and maintenance of streets and sidewalks; recreational facilities; commercial and residential real estate development coordination; and general administrative services. The Housing and Redevelopment Authority (HRA) is included in the reporting entity as a component unit of the City as the governing board is appointed by the City Council and because of the City's financial relationship with the HRA.

The organization, form and contents of this report were prepared in accordance with the standards prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA), the American Institute of Certified Public Accountants, the Minnesota Office of the State Auditor, the City Charter, the Fridley City Code and other applicable actions of the City Council.

PROFILE OF THE CITY

The City is a first-ring suburban community with a population of 29,590, according to the 2020 census. The City is located 10 minutes north of downtown Minneapolis and 25 minutes northwest of downtown St. Paul. Incorporated in July of 1949, the City covers about 11 square miles and is home to some of the most important industries in the world. An “industrial spine” around the rail corridor has served the City well and has provided the community with nearly as many jobs as the number of residents. The City is home to the largest number of employees in Anoka County.

LOCAL ECONOMY

The local economy continues to grow through an increase in new construction, redevelopment, and renovation. Unemployment in Minnesota rose slightly throughout 2022. Current unemployment as of February 2023 is still near historic lows at 3.0% and is lower than the national average of 3.6%. In 2022, Minnesota employers added just over 59,000 jobs which brought the total to just over 2.95 million jobs by year-end. The state is still below pre-pandemic employment levels but continues to recover from the COVID-19 recession which began in 2020. There are nearly twice as many open positions as available job seekers in Minnesota. While the Consumer Price Index (CPI) rose 8.3% on an annual basis through 2022, the current CPI of 6.0% (as of February 2023) is down from a multi-decade high of 9.1% in June of 2022. While there is optimism, inflation continues to be a worry for many as the cost of life’s necessities continues to far exceed the increase in wages.

In July, the City received its second payment of \$1,520,444 from the American Rescue Act (ARPA) funds bringing the total amount received to date at \$3,040,888. The City has decided to use all of the ARPA funds for Utility Infrastructure projects through 2024. By applying ARPA money to utility infrastructure projects, our community benefits twofold; by stabilizing utility rates for our residential and

commercial customers and by reducing the need for external debt issuances in the utility funds.

Fridley Liquor, the municipal liquor operation owned and operated by the City, saw a reduction in sales from historic levels in 2020 and 2021 that were driven largely by pandemic-related restrictions and closures to bars and restaurants. While sales were down, they are still in line with pre-pandemic levels. Gross sales totaled about \$6,500,000, a decrease of about 10.9% compared to 2021.

Based on preliminary data received from Anoka County for the January 2, 2023, assessment (unaudited), once again, the taxable market value of the City increased significantly in 2022, growing by about \$392,847,900, or 9.9%, compared to the prior year. The number of residential home sales decreased by about 14.9% over the same time period, largely due to rising interest rates. Additionally, the City experienced another strong year of real estate development, adding about \$41,769,100 of new market value to the community.

The estimated market value for many properties in the City increased with apartments up 34.4%, Commercial/Industrial up 17.5%, while residential values decreased 0.5% and the average sale price of a residential homestead decreased by 1.8% compared to the previous year. These increases in valuation are consistent with other cities located in the Minneapolis–St. Paul Metropolitan Statistical Area.

LONG-TERM FINANCIAL PLANNING

As a fully developed community, the City continues to experience certain financial challenges. In order to maintain affordable housing and the corresponding tax base, the City must help protect its aging housing stock. The City also works diligently, through the budget process, to develop financial plans that emphasize reasonable tax rates, consistent service delivery, infrastructure investments, and good standing within the broader financial and local government community.

The City continues to focus on quality-of-life improvements throughout the community. These initiatives include revitalizing parks and public areas, maintaining and improving current City services, and increasing the communication between City representatives and the public.

The City also continues to work closely with every level of government and other interested parties to improve transportation throughout the community, including

major investment in area highways, roads and streets. Funding for these improvements comes largely from the State and certain federal agencies with additional monies levied through special assessment against benefiting properties and other applicable funds controlled by the City.

Annually, the City develops a five-year financial plan for all budgeted funds. The plans help the organization better understand the effects of certain public policy decisions and allow the City to make more proactive decisions regarding its financial position.

MAJOR INITIATIVES

In 2022, the City continued a number of projects in partnership with various public and private entities related to several infrastructure and redevelopment projects. The following non-exhaustive list outlines many of the more significant projects.

1. The City completed the 2021 Street Rehabilitation Project in the Lakeview Neighborhood area. This project was deferred from planned construction in 2021 to 2022. The 2022 Street Rehabilitation Project began in 2022; construction was delayed due to weather conditions in November. Construction will be complete in 2023.
2. The City completed the majority of work for the 7th Street Pedestrian and Bike Trail project which involves constructing a shared use trail providing additional transportation network connectivity for pedestrians and cyclists. Finalized costs will occur in 2023.
3. With the feedback portion of the Park System Improvement Plan being complete, the City issued \$20.7 million in General Obligation Tax Abatement Bonds in July of 2022. The plan calls for \$30 million in park improvements over the next eight years. The final \$10 million will be funded internally, namely from the Community Investment Fund.
4. The City allocated \$836,000 of ARPA funds to cover the costs of Sanitary Sewer lining and water quality projects in 2022.
5. D&B Plating, through the use of a special use permit to increase the allowable lot coverage requirement, constructed an industrial building addition.

6. Many single-family homeowners took the opportunity to improve their homes in 2022. Fridley was named #1 in 2022 for the number of loans issued through the Community Reinvestment Fund (CRF), the banking/loan arm of the Center for Energy and Environment (CEE), the firm used by the Fridley Housing and Redevelopment Authority and numerous other cities in Minnesota.

Moving into 2023, the City continues its effort to enhance and expand various programs and services while ensuring a fiscally responsible organization sensitive to the needs of the community. The 2023 Budget reflects these goals while also responding to various cost pressures and guidance from the City Council.

As noted above, the City plans on allocating ARPA funds to various utility infrastructure projects in 2023, including Water Treatment Plant Security for \$300,000, Water Distribution System Reconstruction for \$314,500, Sanitary Sewer Lining for \$550,000 and Water Quality Projects for \$180,000.

In 2023, construction and development began quite strongly. As of March 31, 2023, the value of new construction totaled about \$6.0 million. Currently, there are permit applications in and plans being reviewed for projects that will put the City at \$41.2 million in new value for 2023. The City has several large projects anticipated for 2023, including, but not limited to the following:

1. A major re-development project is being planned for 2023 as Roers Companies requested the approval of several items to allow for the redevelopment of the Moon Plaza Property. The redevelopment would allow for the construction of a 169-unit affordable multi-family rental housing development.
2. Cummins, one the City's largest employers, announced 2023 plans for a \$10 million investment at their Fridley facility to manufacture electrolyzers. The site will be the first in the nation to manufacture them and is expected to create 100 new jobs. President Biden visited the facility on April 3, 2023, to recognize Cummins for their investment at their Fridley facility as well as over \$1 billion in investments Cummins is making across the nation.

3. A bridge over the BNSF Northern Switching Yard to extend 57th Avenue to East River Road is on the drawing board. Funding sources to ensure project completion are now being sought out. Talks have been positive with the Senate Tax Committee about additional design funds. This project is still likely many years out.
4. Metropolitan Council Environmental Services (MCES) plans to build a new lift station at 6900 East River Road to replace the existing lift station currently located in the City of Brooklyn Park. The final planning and design took place in 2021 with construction set to begin in 2023.
5. The City plans to complete three street projects in 2023: the 53rd Avenue Roundabout Safety Project, 53rd Avenue Trail and Walk Improvements and the 2023 Street Rehabilitation Project, which will include roadway and utility improvements in four distinct project locations.
6. The City plans to start construction at four City parks as part of the approved Park System Improvement Plan.

RELEVANT FINANCIAL POLICIES

In developing and improving the accounting system of the City, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from the same. The evaluation of costs and benefits are based on the reasonable estimates and judgments of City management.

All internal control evaluations occur within the above framework. The internal accounting controls of the City adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Budgets for the General, Special Revenue and Capital Projects Funds are adopted on an annual basis. Budgetary control is maintained in compliance with the City Charter. The City Charter provides that it is the duty of the City Manager to strictly enforce the provisions of the budget. The management policy of the City is such

that the existence of a particular item or appropriation in the approved budget does not mean that it will or must be expended.

Budget adjustments between City departments are made upon the approval of a resolution by the City Council. The City Charter provides that the City Council shall not have power to increase the total amount of the budget, whether by insertion of new items or otherwise, beyond the estimated revenue unless the actual revenue exceeds such revenue estimates, and in that event not beyond such actual revenue. There is a monthly process to review actual revenues and expenditures. The City Council also adopts a revised budget annually to reflect any material changes consistent with the City Charter.

Expenditures are not approved until it has been determined that the expenditure 1) meets a public purpose; 2) is necessary; 3) adequate funds have been appropriated; 4) funds are available; and 5) the authorization of the appropriation expenditure by the appropriate parties. As required by the City Charter, budgetary control is maintained within each department at the department level per the annually adopted budget resolution. This is the level of control at which expenditures may not legally exceed appropriations.

The purpose of the Fund Balance Policy is to establish appropriate fund balance levels for each fund that is primarily supported by property tax revenues or user fees. These policies will ensure that adequate resources are available to meet cash flow needs for carrying out the regular operations of the City. The funds addressed in this policy include the General Fund, Solid Waste Abatement Fund, Springbrook Nature Center Fund, Cable Television Fund, and all Enterprise Funds. In 2022, all the funds addressed by this policy, with the exception of the Springbrook Nature Center, met their fund balance guidelines.

The purpose of the Investment Policy is to develop an overall program and philosophy for cash investments, designed and managed with a high degree of professionalism and worthy of public trust. It establishes that elected and appointed officials as well as certain employees are custodians of a portfolio. It also establishes cash investment objectives, delegation of authority, standards of prudence, internal controls, authorized investments, selection process for investments and broker representations.

Section 7.13 of the City Charter requires an annual audit to be made of the books of account, financial records and transactions of all administrative departments of

the City by a certified public accountant or the Office of the State Auditor. The accounting firm of Redpath and Company was engaged by the City to render an opinion on the financial statements of the City. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report.

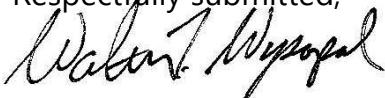
AWARDS AND ACKNOWLEDGEMENTS

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR for the fiscal year ended December 31, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City continues to strive to meet the requirements of the Certificate of Achievement Program and will continue submitting it to the GFOA to determine the eligibility for future certificates.

The preparation of this report could not have been accomplished without the dedicated services of all members of the Finance Department, with special recognition to Korrie Johnson, Assistant Finance Director, and the staff of the Accounting Division. Staff are also grateful for the professional guidance from the City auditors, Redpath and Company. Staff would also like to express appreciation to the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and thoughtful manner.

Respectfully submitted,



Walter T. Wysopal
City Manager



Joe Starks
Director of Finance/City Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Fridley
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO



This page intentionally left blank

CITY OF FRIDLEY, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
December 31, 2022

ELECTED OFFICIALS

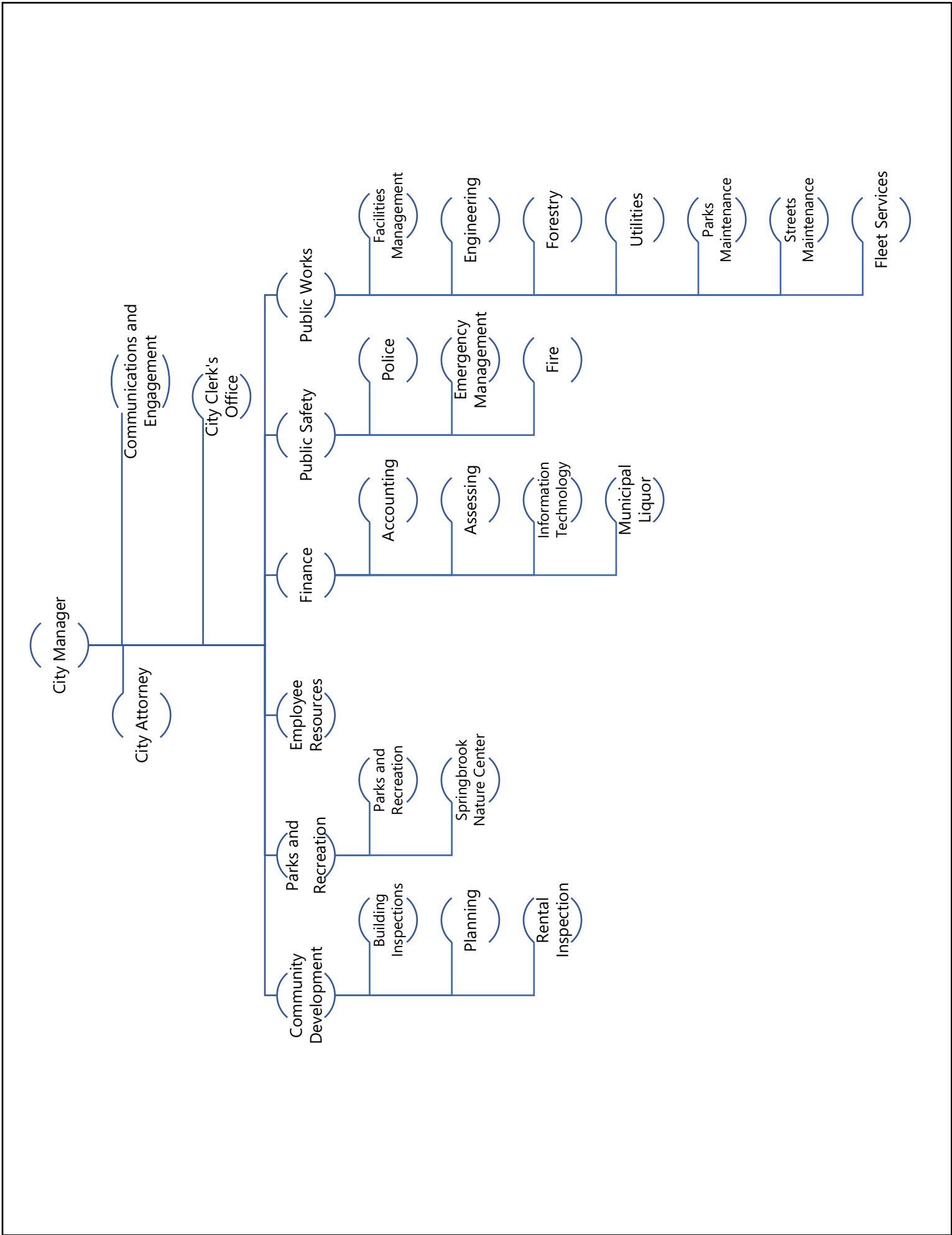
		<u>Term of Office</u> <u>Expires December</u>
Mayor	Scott J.Lund	2024
Councilmember At Large	David Ostwald	2024
Councilmember, Ward I	Thomas Tillberry	2022
Councilmember, Ward II	Stephen Eggert	2022
Councilmember, Ward III	Ann R. Bolkcom	2022

APPOINTED OFFICIALS

City Manager	Walter T. Wysopal
City Attorney	Sarah J. Sonsalla
Prosecuting Attorney	City of Coon Rapids
City Clerk	Melissa M. Moore
Department Heads:	
Director of Finance/Treasurer	Joseph A. Starks
Director of Public Safety	Brian T. Weierke
Director of Public Works	James P. Kosluchar
Director of Community Development	Scott J. Hickok
Director of Parks and Recreation	Michael W. Maher
Director of Employee Resources	Rebecca A. Hellegers



This page intentionally left blank





This page intentionally left blank

II. FINANCIAL SECTION



This page intentionally left blank



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Fridley, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fridley, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Fridley, Minnesota's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fridley, Minnesota, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 of Fridley, Minnesota 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

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 of Fridley, Minnesota'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 generally accepted auditing standards 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 generally accepted auditing standards and *Governmental 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 of

Fridley, Minnesota'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 of Fridley, Minnesota'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.

Change in Accounting Principle

As described in Note 20 to the financial statements, the City of Fridley, Minnesota adopted new accounting guidance for the year ended December 31, 2022, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and the schedules of OPEB and pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 Fridley, Minnesota's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules 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 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 5, 2023 on our consideration of the City of Fridley, Minnesota'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 the City of Fridley, Minnesota's 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 Fridley, Minnesota's internal control over financial reporting and compliance.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 5, 2023



This page intentionally left blank

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Fridley (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. The City encourages readers to consider the information presented here in conjunction with additional information that we have furnished in the letter of transmittal, which can be found in the table of contents within this report.

Financial Highlights

The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$79,362,194 (net position). Of this amount, \$24,950,093 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.

During 2022, the City's total net position increased by \$1,369,608.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$59,278,674. Of this total amount, \$25,195,167, or 43% is restricted through legal restrictions or third-party agreements.

At the end of the current fiscal year, the General Fund balance of \$10,847,833 included \$225,418 in nonspendable, \$58,765 in restricted, and \$10,563,650 in unassigned fund balance.

The City's total debt increased by \$19,396,129 during the current fiscal year. Total debt outstanding at December 31, 2022 is \$84,433,279.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of 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.

Management's Discussion and Analysis

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the remainder 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 is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (i.e., governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (i.e., business-type activities). The governmental activities of the City include general government, public safety, public works, community development, and parks and recreation. The business-type activities of the City include Liquor, Water, Sewer and Storm Water.

The government-wide financial statements can be found on Exhibits A-1 and A-2 of this report.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds; proprietary funds; and fiduciary funds.

Management's Discussion and Analysis

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 financial 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 statement. By doing so, readers may better understand the long-term impact of the City's near term financial decisions. Both the expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six individual major 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, Debt Service, Street Improvements, Community Investment, Park Improvements, and CARES/ARPA Funds, all of which are considered to be major funds.

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements as referred to in the table of contents of this report.

The City adopts an annual appropriated budget for its General Fund, the Cable Television (TV), Solid Waste Abatement, Police Activity and Springbrook Nature Center special revenue funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Exhibits A-3 and A-4 of this report.

Management's Discussion and Analysis

Proprietary funds. The City maintains four enterprise funds and two internal service funds as a part of its proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Liquor, Water, Sewer, and Storm Water operations. The City uses internal service funds to account for its Employee Benefits and Self Insurance. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Liquor, Water, Sewer, Storm Water and operations, all of which are considered to be major funds of the City. Conversely, 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.

The basic proprietary fund financial statements can be found on Exhibits A-6 through A-8 of 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's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found Exhibits A-9 through A-10 of this report.

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. The notes to the financial statements can be found in the table of contents within this report.

Other information. The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information on budgetary comparisons. Combining and individual fund statements and schedules can be found in the table of contents within this report.

Management's Discussion and Analysis

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, assets exceeded liabilities by \$79,362,194 at the close of the most recent fiscal year.

A significant portion of the City's net position (\$50,454,323 or 64%) 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 uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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 Fridley's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$69,234,551	\$44,599,512	\$16,405,782	\$13,888,898	\$85,640,333	\$58,488,410
Capital assets	72,796,652	74,905,330	27,610,263	26,731,616	100,406,915	101,636,946
Total assets	<u>\$142,031,203</u>	<u>\$119,504,842</u>	<u>\$44,016,045</u>	<u>\$40,620,514</u>	<u>\$186,047,248</u>	<u>\$160,125,356</u>
Total deferred outflows of resources	15,346,190	9,204,400	12,383	13,069	15,358,573	9,217,469
Long-term liabilities outstanding	\$105,160,637	\$67,101,539	\$3,291,661	\$3,163,587	\$108,452,298	\$70,265,126
Other liabilities	8,069,363	7,132,824	2,404,943	2,168,730	10,474,306	9,301,554
Total liabilities	<u>\$113,230,000</u>	<u>\$74,234,363</u>	<u>\$5,696,604</u>	<u>\$5,332,317</u>	<u>\$118,926,604</u>	<u>\$79,566,680</u>
Total deferred inflows of resources	3,110,218	11,826,207	6,805	7,352	3,117,023	11,833,559
Net position:						
Net investment in capital assets	\$27,164,052	\$28,987,129	\$23,290,271	\$23,043,111	\$50,454,323	\$52,030,240
Restricted	3,957,778	3,763,121	-	-	3,957,778	3,763,121
Unrestricted	9,915,345	9,898,422	15,034,748	12,250,803	24,950,093	22,149,225
Total net position	<u>\$41,037,175</u>	<u>\$42,648,672</u>	<u>\$38,325,019</u>	<u>\$35,293,914</u>	<u>\$79,362,194</u>	<u>\$77,942,586</u>

The City adopted accounting guidance, Governmental Account Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* in 2016. Essentially, the standard required the unfunded portion of defined benefit pension plans to be reported by all participating employers. Recording the net pension liability and the pension related deferred outflows and inflows of resources do not change the City's future funding requirements or obligations under the plans, which are determined by Minnesota statutes.

Management’s Discussion and Analysis

Net position was negatively impacted by \$10,914,942 at December 31, 2022 due to pension–related amounts included in the above schedule related to the standard are as follows:

Deferred outflows of resources	14,931,264
Deferred inflows of resources	(453,437)
Noncurrent liabilities	(25,392,769)
Total	<u><u>(\$10,914,942)</u></u>

A portion of the City’s net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$24,950,093 in unrestricted net position may be used to meet the City’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business–type activities.

Governmental Activities

Governmental activities decreased the City’s net position by \$1,611,497. Some of the largest factors contributing to this decrease are as follows: Interest on long-term debt increased by \$914,022 as a result of issuing new debt in 2022. Public safety expenses increased by \$2,362,789. The majority of this is due to the public safety pension benefits expense increasing \$1,858,763 with the remaining amount largely due to increases in salaries and benefits. These expense increases are partially offset by capital grants increasing by \$869,702 largely due to federal grants used for streets infrastructure and operating grants and contributions increasing \$599,398 due to general increases in local government aid and municipal aid for streets.

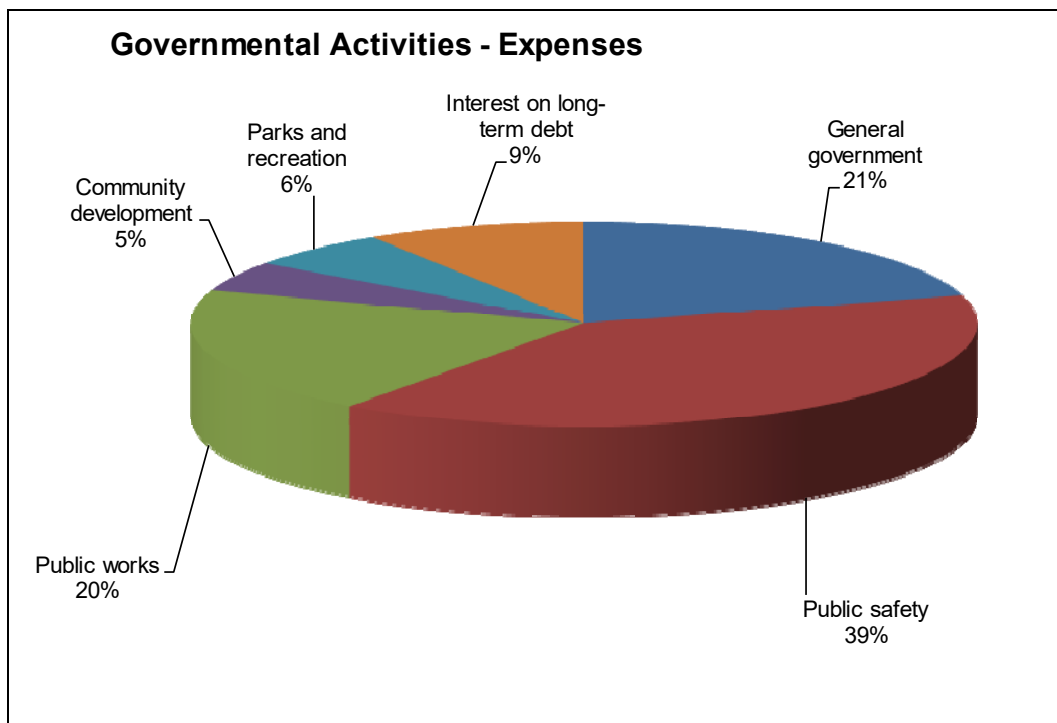
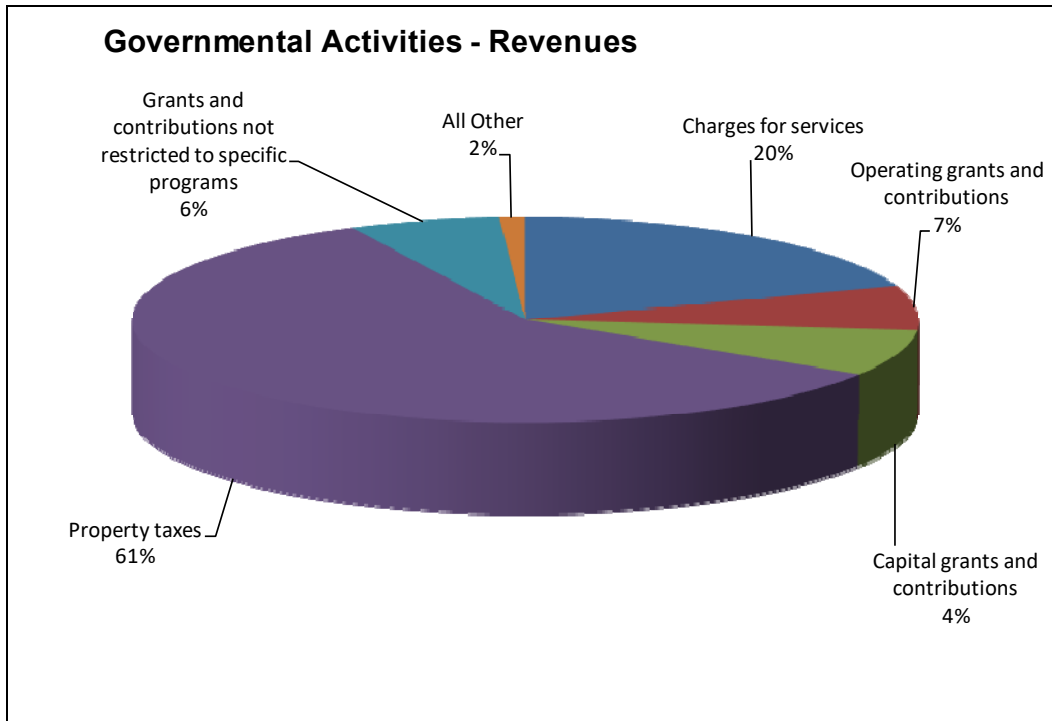
Management's Discussion and Analysis

City of Fridley's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$5,804,876	\$6,096,585	\$19,474,103	\$19,882,607	\$25,278,979	\$25,979,192
Operating grants and contributions	2,082,891	1,483,495	84,590	-	2,167,481	1,483,495
Capital grants and contributions	2,135,051	1,265,349	466,483	275,449	2,601,534	1,540,798
General revenues:						
Property taxes	17,340,718	16,932,793	-	-	17,340,718	16,932,793
Grants and contributions not restricted to specific programs	1,839,727	1,848,065	794,835	-	2,634,562	1,848,065
Unrestricted investment earnings	(576,946)	(180,488)	(387,377)	(24,062)	(964,323)	(204,550)
Gain on sale of property	48,528	129,604	17,550	12,450	66,078	142,054
Other	259,020	266,241	295	880	259,315	267,121
Total revenues	<u>28,933,865</u>	<u>27,841,644</u>	<u>20,450,479</u>	<u>20,147,324</u>	<u>49,384,344</u>	<u>47,988,968</u>
Expenses:						
General government	6,389,864	5,851,445	-	-	6,389,864	5,851,445
Public safety	12,178,884	9,816,095	-	-	12,178,884	9,816,095
Public works	6,186,146	5,698,161	-	-	6,186,146	5,698,161
Community development	1,478,757	1,051,339	-	-	1,478,757	1,051,339
Parks and recreation	1,854,907	1,754,110	-	-	1,854,907	1,754,110
Interest on long-term debt	2,795,304	1,881,282	-	-	2,795,304	1,881,282
Liquor	-	-	6,098,010	6,552,204	6,098,010	6,552,204
Water	-	-	3,270,302	3,086,716	3,270,302	3,086,716
Sewer	-	-	6,266,036	5,776,014	6,266,036	5,776,014
Storm water	-	-	1,496,526	1,288,000	1,496,526	1,288,000
Total expenses	<u>30,883,862</u>	<u>26,052,432</u>	<u>17,130,874</u>	<u>16,702,934</u>	<u>48,014,736</u>	<u>42,755,366</u>
Increase (decrease) in net position before transfers	(1,949,997)	1,789,212	3,319,605	3,444,390	1,369,608	5,233,602
Transfers	338,500	338,500	(338,500)	(338,500)	-	-
Increase in net position	(1,611,497)	2,127,712	2,981,105	3,105,890	1,369,608	5,233,602
Net position - January 1, as previously reported	42,648,672	40,520,960	35,293,914	32,188,024	77,942,586	72,708,984
Prior period adjustment	-	-	50,000	-	50,000	-
Net position - January 1, restated	<u>42,648,672</u>	<u>40,520,960</u>	<u>35,343,914</u>	<u>32,188,024</u>	<u>77,992,586</u>	<u>72,708,984</u>
Net position - December 31	<u>\$41,037,175</u>	<u>\$42,648,672</u>	<u>\$38,325,019</u>	<u>\$35,293,914</u>	<u>\$79,362,194</u>	<u>\$77,942,586</u>

Management's Discussion and Analysis

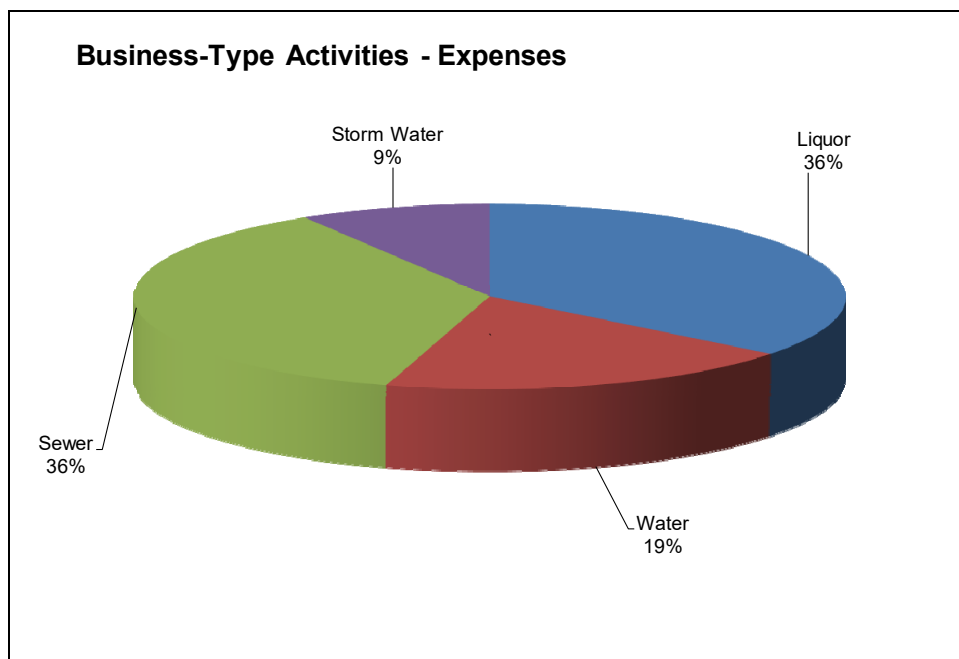
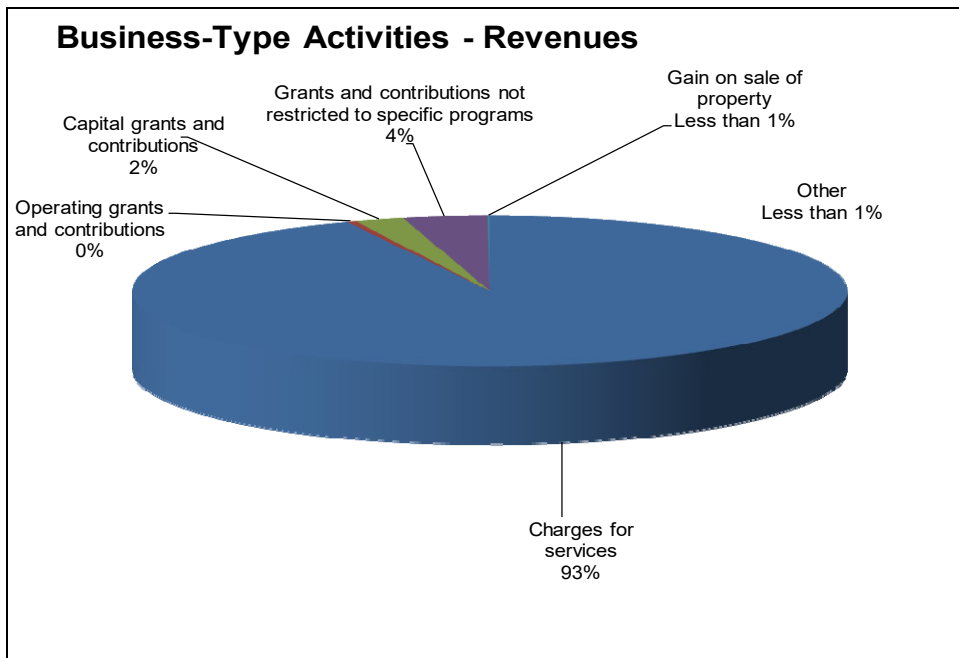
Below are specific graphs which provide comparisons of the governmental activities revenues and expenses:



Business-Type Activities

Business-type activities increased net position by \$2,981,105. This increase is primarily due to positive cash flow in all four of the City's Enterprise funds. In addition, it is also due to federal grants being used for utility infrastructure in the amount of \$794,834.

Business-Type of Activities – Program Revenues vs Operating Expenses



Financial Analysis of the Government's Funds

Governmental funds. The focus of the City'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's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$59,278,674.

The General Fund's fund balance increased by \$122,494 in 2022. This was more than the \$0 anticipated fund balance change with the 2022 budget. Expenditures were under budget in Personnel services by \$503,035 due to restructuring in the City Manager's office and lags in filling positions. Permit revenue came in \$327,862 under budget due to less than anticipated development.

The Debt Service Fund balance increased by \$177,567 in 2022.

The Street Improvements Fund has an assigned fund balance of \$2,529,230 and is identified as a major fund. The fund balance decreased by \$126,776 in 2022.

The Community Investment Fund has a committed fund balance of \$13,082,582 and is identified as a major fund. The fund balance decreased \$256,811. The decrease in fund balance is primarily due to a \$163,413 loss on investments. The fund also transfers out \$100,000 annually to the Park Improvement Fund.

The CARES/ARPA fund has \$2,246,052 in unearned revenue at December 31, 2022.

Non-major special revenue funds increased by \$19,822 in 2022.

Non-major capital project funds increased by \$423,924 in 2022. This was primarily due to expenditure savings as a result of not being able to purchase a fire truck in the equipment fund due to COVID-19 related supply issues.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The unrestricted net position in the respective proprietary funds is: Liquor, \$1,865,443; Water, \$4,377,871; Sewer, \$5,146,854; and Storm Water, \$3,739,511. The Liquor, Water, Sewer, and Storm Water funds increased respectively in net position by \$86,858, \$1,147,760, \$864,208, and \$1,002,239.

Budgetary Highlights

General Fund

The original revenue and expenditure budgets were both amended. Three significant adjustments were made. Salaries that were budgeted for the compensation plan were moved out of non-department and allocated to the appropriate divisions in the amount of \$195,000. Another substantial budget amendment was due to the HRA manager's salary moving out of the HRA budget and into the General Fund budget in January of 2022. This accounted for \$183,000 in budget amendments. Finally, Police overtime was increased \$160,000 and was offset by an increase in Police security revenue.

Operating expenditures in total were less than the final budgetary estimates by \$618,376. City Manager came in \$150,250 under budget largely due to restructuring within the department. Emergency reserves in the amount of \$87,495 were not used. Non departmental had \$95,300 remaining from the money set aside for the compensation plan. Parks and Recreation continued with a lower level of services therefore coming in at \$86,972 under budget.

Total revenues were less than the final budgetary estimates by \$491,797. Permit revenue came in \$327,862 under budget due to stagnant development in the City in 2022. Investment income came in \$210,311 under budget due to the rising interest rate environment causing an usually high unrealized loss on the fair value of investments in 2022

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2022, amounts to \$100,406,915 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, improvements other than buildings, machinery and equipment, infrastructure, construction in progress, and right to use leased assets.

City of Fridley's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$5,502,104	\$5,502,104	\$699,047	\$699,047	\$6,201,151	\$6,201,151
Buildings and structures	43,493,731	45,505,334	5,483,565	5,807,043	48,977,296	51,312,377
Improvements other than buildings	3,424,332	3,473,964	19,316,182	-	22,740,514	3,473,964
Machinery and equipment	3,960,468	4,969,485	744,478	850,547	4,704,946	5,820,032
Infrastructure	14,039,539	15,249,880	-	19,341,119	14,039,539	34,590,999
Construction in progress	2,376,478	204,563	581,963	33,860	2,958,441	238,423
Right to use leased assets **	-	-	785,028	-	785,028	-
Total Capital Assets	\$72,796,652	\$74,905,330	\$27,610,263	\$26,731,616	\$100,406,915	\$101,636,946

**For the year ended December 31, 2022, the entity implemented GASB 87. In accordance with the requirements of GASB 87, a right to use leased asset have been recorded.

Additional information on the City's capital assets can be found in Note 6.

Management’s Discussion and Analysis

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$79,705,000. This is an increase of \$18,060,000 from 2021. \$43,245,000 of this is for General Obligation Improvement Debt, which is supported by special assessments and property tax levies. \$12,715,000 is General Obligation Tax Increment Debt which is support by tax increments. \$20,730,000 is General Obligation Tax Abatement Bonds and \$3,015,000 is General Obligation Utility Revenue Debt, which is financed by the respective Utility Fund. In addition, there is long-term debt in the amount of \$1,214,923 for compensated absences and \$3,513,356 of bond issuance premium/discount.

Additional information on the City’s long-term debt can be found in Note 7.

City of Fridley’s Outstanding Debt

General Obligation Improvement Bonds, General Obligation Equipment Certificates, General Obligation Revenue Bonds, the related premiums or discounts, and Compensated Absences are as follows:

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General Obligation Improvement Bonds	\$43,245,000	\$44,495,000	\$ -	\$ -	\$43,245,000	\$44,495,000
General Obligation Tax Increment Bonds	12,715,000	13,420,000	-	-	12,715,000	13,420,000
General Obligation Tax Abatement Bonds	20,730,000	-	-	-	20,730,000	-
General Obligation Revenue Bonds	-	-	3,015,000	3,580,000	3,015,000	3,580,000
General Obligation Equipment Certificates	-	150,000	-	-	-	150,000
Compensated Absences	1,214,923	1,148,400	-	-	1,214,923	1,148,400
Bond issuance premium/discount	3,416,687	2,135,244	96,669	108,506	3,513,356	2,243,750
Total	\$81,321,610	\$61,348,644	\$3,111,669	\$3,688,506	\$84,433,279	\$65,037,150

The City of Fridley has an Aa2 rating.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of total Estimated Market Value. The current debt limitation for the City is \$102,770,292. Only \$43,245,000 of the City’s outstanding debt is counted within the statutory limitation because all other debt is either wholly or partially repaid by revenues other than general property tax levies.

Requests for information. This financial report is designed to provide a general overview of the City’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 Finance Director, 7071 University Avenue NE, Fridley, Minnesota 55432.



This page intentionally left blank

BASIC FINANCIAL STATEMENTS



This page intentionally left blank

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing & Redevelopment Authority
Assets:				
Cash and investments	\$59,344,687	\$14,493,881	\$73,838,568	\$16,027,442
Receivables:				
Accounts	129,866	3,832,254	3,962,120	82,581
Taxes	461,871	-	461,871	24,963
Special assessments	1,196,584	15,856	1,212,440	-
Mortgage	-	-	-	2,968,421
Notes	-	-	-	1,000,000
Interest	223,118	-	223,118	51,407
Due from component unit	451,550	-	451,550	-
Due from other governments	1,133,417	295,699	1,429,116	-
Internal balances	3,639,296	(3,639,296)	-	-
Prepaid items	151,168	434,337	585,505	-
Inventories - at cost	74,250	973,051	1,047,301	-
Lease receivable	2,428,744	-	2,428,744	-
Land held for resale	-	-	-	457,830
Capital assets (net of accumulated depreciation):				
Land	5,502,104	699,047	6,201,151	1,011,755
Buildings and structures	43,493,731	5,483,565	48,977,296	-
Improvements other than buildings	3,424,332	19,316,182	22,740,514	-
Machinery and equipment	3,960,468	744,478	4,704,946	-
Infrastructure	14,039,539	-	14,039,539	-
Construction in progress	2,376,478	581,963	2,958,441	-
Right to use leased assets	-	785,028	785,028	-
Total assets	142,031,203	44,016,045	186,047,248	21,624,399
Deferred outflows of resources:				
Related to other post employment benefits	414,926	12,383	427,309	440
Related to pensions	14,931,264	-	14,931,264	-
Total deferred outflows of resources	15,346,190	12,383	15,358,573	440
Liabilities:				
Due to primary government	-	-	-	452,189
Accounts payable	410,512	556,327	966,839	950,067
Deposits payable	155,343	407	155,750	-
Contracts payable	149,063	390,852	539,915	-
Due to other governments	15,268	603,185	618,453	-
Salaries payable	765,314	102,249	867,563	-
Accrued interest payable	1,278,004	25,464	1,303,468	-
Unearned revenue	2,246,195	44,344	2,290,539	-
Compensated absences payable:				
Due within one year	839,664	-	839,664	-
Due in more than one year	375,259	-	375,259	-
Other post employment benefits payable:				
Due in more than one year	1,495,922	44,636	1,540,558	1,585
Lease liability:				
Due within one year	-	107,115	107,115	-
Due in more than one year	-	710,356	710,356	-
Bonds payable:				
Due within one year	2,210,000	575,000	2,785,000	-
Due in more than one year	77,896,687	2,536,669	80,433,356	-
Net pension liability:				
Due in more than one year	25,392,769	-	25,392,769	-
Total liabilities	113,230,000	5,696,604	118,926,604	1,403,841
Deferred inflows of resources:				
Related to leases	2,428,744	-	2,428,744	-
Related to other post employment benefits	228,037	6,805	234,842	242
Related to pensions	453,437	-	453,437	-
Total deferred inflows of resources	3,110,218	6,805	3,117,023	242
Net position:				
Net investment in capital assets	27,164,052	23,290,271	50,454,323	1,011,755
Restricted for:				
Debt service	3,806,817	-	3,806,817	-
Tax increment purposes	-	-	-	5,527,421
Police forfeitures	22,599	-	22,599	-
Cable television equipment	67,379	-	67,379	-
Donations	60,983	-	60,983	-
Unrestricted	9,915,345	15,034,748	24,950,093	13,681,580
Total net position	\$41,037,175	\$38,325,019	\$79,362,194	\$20,220,756

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

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2022

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$6,389,864	\$2,157,317	\$140,451	\$ -
Public safety	12,178,884	791,031	1,247,198	-
Public works	6,186,146	553,539	547,692	2,135,051
Community development	1,478,757	1,982,209	-	-
Parks and recreation	1,854,907	320,780	147,550	-
Interest on long-term debt	2,795,304	-	-	-
Total governmental activities	30,883,862	5,804,876	2,082,891	2,135,051
Business-type activities:				
Liquor	6,098,010	6,521,618	-	-
Water	3,270,302	4,545,403	7,229	-
Sewer	6,266,036	6,639,735	-	50,000
Storm water	1,496,526	1,767,347	77,361	416,483
Total business-type activities	17,130,874	19,474,103	84,590	466,483
Total primary government	\$48,014,736	\$25,278,979	\$2,167,481	\$2,601,534
Component unit:				
Housing and Redevelopment Authority	\$4,024,836	\$466,210	\$ -	\$ -
Total component unit	\$4,024,836	\$466,210	\$ -	\$ -

General revenues:

- Property taxes
- Tax increment collections
- Grants and contributions not
restricted to specific programs
- Investment income/(loss)
- Gain on sale of property
- Other reimbursements
- Other

Transfers

Total general revenues
and transfers

Change in net position

Net position - January 1, as previously reported
Prior period adjustment (see Note 21)
Net position - January 1, restated

Net position - December 31

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

Exhibit A-2

Net (Expense) Revenue and Changes in Net Position			Component Unit Housing & Redevelopment Authority
Primary Government			
Governmental Activities	Business-Type Activities	Total	
(\$4,092,096)	\$ -	(\$4,092,096)	\$ -
(10,140,655)	-	(10,140,655)	-
(2,949,864)	-	(2,949,864)	-
503,452	-	503,452	-
(1,386,577)	-	(1,386,577)	-
(2,795,304)	-	(2,795,304)	-
<u>(20,861,044)</u>	<u>-</u>	<u>(20,861,044)</u>	<u>-</u>
-	423,608	423,608	-
-	1,282,330	1,282,330	-
-	423,699	423,699	-
-	764,665	764,665	-
<u>-</u>	<u>2,894,302</u>	<u>2,894,302</u>	<u>-</u>
<u>(20,861,044)</u>	<u>2,894,302</u>	<u>(17,966,742)</u>	<u>\$ -</u>
			<u>(\$3,558,626)</u>
			<u>(3,558,626)</u>
17,340,718	-	17,340,718	593,216
-	-	-	5,516,213
1,839,727	794,835	2,634,562	-
(576,946)	(387,377)	(964,323)	(334,210)
48,528	17,550	66,078	117,162
-	295	295	-
259,020	-	259,020	162,520
<u>338,500</u>	<u>(338,500)</u>	<u>-</u>	<u>-</u>
<u>19,249,547</u>	<u>86,803</u>	<u>19,336,350</u>	<u>6,054,901</u>
<u>(1,611,497)</u>	<u>2,981,105</u>	<u>1,369,608</u>	<u>2,496,275</u>
42,648,672	35,293,914	77,942,586	17,724,481
-	50,000	50,000	-
<u>42,648,672</u>	<u>35,343,914</u>	<u>77,992,586</u>	<u>17,724,481</u>
<u>\$41,037,175</u>	<u>\$38,325,019</u>	<u>\$79,362,194</u>	<u>\$20,220,756</u>

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

CITY OF FRIDLEY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	General	Debt Service
Assets:		
Cash and investments	\$10,927,966	\$3,675,148
Receivables:		
Accounts	16,931	-
Taxes	370,247	78,717
Special assessments	54,690	149
Interest	223,118	-
Due from component unit	2,533	-
Due from other governments	185,011	-
Due from other funds	15,373	-
Prepays	151,168	-
Lease receivable	2,428,744	-
Inventories, at cost	74,250	-
Total assets	\$14,450,031	\$3,754,014
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances:</u>		
Liabilities:		
Accounts payable	\$234,716	\$ -
Deposits payable	109,357	-
Contracts payable	-	-
Due to other governments	7,404	-
Due to other funds	-	-
Salaries payable	603,951	-
Unearned revenue	-	-
Total liabilities	955,428	-
Deferred inflows of resources		
Related to leases	2,428,744	-
Unavailable revenue	218,026	40,570
Total deferred inflows of resources	2,646,770	40,570
Fund balance:		
Nonspendable	225,418	-
Restricted	58,765	3,766,432
Committed	-	-
Assigned	-	-
Unassigned	10,563,650	(52,988)
Total fund balance	10,847,833	3,713,444
Total liabilities, deferred inflows of resources, and fund balance	\$14,450,031	\$3,754,014

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

Street Improvements	Community Investment	Park Improvements	CARES/ARPA	Other Governmental Funds	Intra-Activity Eliminations	Totals Governmental Funds
\$1,869,190	\$9,537,066	\$23,383,892	\$2,232,260	\$5,245,906	\$ -	\$56,871,428
-	-	-	-	106,228	-	123,159
61	344	133	-	12,369	-	461,871
1,098,648	1,423	-	-	41,674	-	1,196,584
-	-	-	-	-	-	223,118
-	-	-	-	449,017	-	451,550
820,778	-	-	-	127,628	-	1,133,417
-	3,544,365	-	-	-	(15,373)	3,544,365
-	-	-	-	-	-	151,168
-	-	-	-	-	-	2,428,744
-	-	-	-	-	-	74,250
<u>\$3,788,677</u>	<u>\$13,083,198</u>	<u>\$23,384,025</u>	<u>\$2,232,260</u>	<u>\$5,982,822</u>	<u>(\$15,373)</u>	<u>\$66,659,654</u>

\$6,682	\$ -	\$15,768	\$ -	\$88,094	\$ -	\$345,260
11,300	-	32,936	-	1,750	-	155,343
144,213	-	-	-	4,850	-	149,063
-	-	-	-	7,864	-	15,268
-	-	-	-	15,373	(15,373)	-
-	-	-	-	32,512	-	636,463
-	-	-	2,246,052	143	-	2,246,195
<u>162,195</u>	<u>-</u>	<u>48,704</u>	<u>2,246,052</u>	<u>150,586</u>	<u>(15,373)</u>	<u>3,547,592</u>

-	-	-	-	-	-	2,428,744
1,097,252	616	133	-	48,047	-	1,404,644
<u>1,097,252</u>	<u>616</u>	<u>133</u>	<u>-</u>	<u>48,047</u>	<u>-</u>	<u>3,833,388</u>

-	-	-	-	-	-	225,418
-	-	21,183,039	-	186,931	-	25,195,167
-	13,082,582	-	-	3,440,421	-	16,523,003
2,529,230	-	2,152,149	-	2,156,837	-	6,838,216
-	-	-	(13,792)	-	-	10,496,870
<u>2,529,230</u>	<u>13,082,582</u>	<u>23,335,188</u>	<u>(13,792)</u>	<u>5,784,189</u>	<u>-</u>	<u>59,278,674</u>
<u>\$3,788,677</u>	<u>\$13,083,198</u>	<u>\$23,384,025</u>	<u>\$2,232,260</u>	<u>\$5,982,822</u>	<u>(\$15,373)</u>	<u>\$66,659,654</u>

Fund balance reported above	\$59,278,674
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	72,796,652
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	1,404,644
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(81,384,691)
Other post employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(1,309,033)
Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities are included in the governmental statement of net position.	(9,749,071)
Net position of governmental activities	<u>\$41,037,175</u>

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

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2022

	General	Debt Service
Revenues:		
Taxes	\$13,666,862	\$3,156,749
Special assessments	92,978	146
Licenses and permits	849,968	-
Intergovernmental revenue	2,188,509	-
Charges for services	2,422,066	-
Reimbursements	-	-
Fines and forfeits	120,612	-
Investment income (loss)	(109,011)	13,156
Contributions and donations	56,197	-
Payment from component unit	-	1,136,930
Interest on loan	-	-
Miscellaneous:		
Other	231,622	-
Total revenues	19,519,803	4,306,981
Expenditures:		
Current:		
General government	4,120,167	-
Public safety	9,842,958	-
Public works	3,579,464	-
Community development	1,379,407	-
Parks and recreation	735,028	-
Debt service	-	4,129,414
Capital outlay	-	-
Total expenditures	19,657,024	4,129,414
Excess (deficiency) of revenues over (under) expenditures	(137,221)	177,567
Other financing sources (uses):		
Proceeds from sale of capital assets	-	-
Issuance of bonds	-	-
Premium on bond issuance	-	-
Transfers in	259,715	-
Transfers out	-	-
Total other financing sources (uses)	259,715	-
Net change in fund balance	122,494	177,567
Fund balance - January 1	10,725,339	3,535,877
Fund balance - December 31	\$10,847,833	\$3,713,444

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

Street Improvements	Community Investment	Park Improvements	CARES/ARPA	Other Governmental Funds	Intra-Activity Eliminations	Totals Governmental Funds
\$ -	\$123	\$ -	\$ -	\$529,019	\$ -	\$17,352,753
513,582	17,513	-	-	33,194	-	657,413
-	-	-	-	242,875	-	1,092,843
1,514,578	-	128,000	-	1,207,699	-	5,038,786
-	-	-	-	617,291	-	3,039,357
-	-	-	-	226,953	-	226,953
-	-	-	-	76,905	-	197,517
(75,353)	(274,688)	101,827	(28,582)	(131,169)	-	(503,820)
10,000	-	92,051	-	20,378	-	178,626
-	-	-	-	-	-	1,136,930
-	111,276	-	-	-	-	111,276
-	-	-	-	27,398	-	259,020
<u>1,962,807</u>	<u>(145,776)</u>	<u>321,878</u>	<u>(28,582)</u>	<u>2,850,543</u>	<u>-</u>	<u>28,787,654</u>
-	11,035	-	-	1,163,998	-	5,295,200
-	-	-	-	484,053	-	10,327,011
40,792	-	-	-	16,416	-	3,636,672
-	-	-	-	11,679	-	1,391,086
-	-	71,695	-	664,453	-	1,471,176
-	-	556,599	-	-	-	4,686,013
1,944,991	-	377,166	-	364,726	-	2,686,883
<u>1,985,783</u>	<u>11,035</u>	<u>1,005,460</u>	<u>-</u>	<u>2,705,325</u>	<u>-</u>	<u>29,494,041</u>
<u>(22,976)</u>	<u>(156,811)</u>	<u>(683,582)</u>	<u>(28,582)</u>	<u>145,218</u>	<u>-</u>	<u>(706,387)</u>
-	-	-	-	48,528	-	48,528
-	-	20,730,000	-	-	-	20,730,000
-	-	1,481,771	-	-	-	1,481,771
-	-	100,000	-	250,000	(271,215)	338,500
(103,800)	(100,000)	(67,415)	-	-	271,215	-
<u>(103,800)</u>	<u>(100,000)</u>	<u>22,244,356</u>	<u>-</u>	<u>298,528</u>	<u>-</u>	<u>22,598,799</u>
(126,776)	(256,811)	21,560,774	(28,582)	443,746	-	21,892,412
<u>2,656,006</u>	<u>13,339,393</u>	<u>1,774,414</u>	<u>14,790</u>	<u>5,340,443</u>	<u>-</u>	<u>37,386,262</u>
<u>\$2,529,230</u>	<u>\$13,082,582</u>	<u>\$23,335,188</u>	<u>(\$13,792)</u>	<u>\$5,784,189</u>	<u>\$ -</u>	<u>\$59,278,674</u>

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



This page intentionally left blank

CITY OF FRIDLEY, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2022

Amounts reported for governmental activities in the statement of activities (Exhibit A-2) are different because:

Net changes in fund balances - total governmental funds (Exhibit A-4)	\$21,892,412
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(2,108,678)
Deferred revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(48,975)
The issuance of long-term debt (e.g., bonds, leases) provides current resources to governmental funds, while the repayment of the principal of financial long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(19,906,443)
Internal service funds are used by management to charge the cost of certain activities to individual funds. This amount is net expenditures attributable to governmental activities.	(974,313)
Other post employment benefits in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	(50,881)
Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	<u>(414,619)</u>
Change in net position of governmental activities (Exhibit A-2)	<u><u>(\$1,611,497)</u></u>

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

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2022

	Business-Type Activities - Enterprise Funds	
	Liquor	Water
Assets:		
Current assets:		
Cash and investments	\$1,404,931	\$6,408,139
Accounts receivable	-	1,634,169
Special assessments receivable	-	14,107
Due from other governments	-	898
Prepaid items	-	-
Inventories - at cost	890,107	82,944
Total current assets	<u>2,295,038</u>	<u>8,140,257</u>
Noncurrent assets:		
Capital assets:		
Land	151,946	147,485
Buildings and structures	536,891	8,178,010
Machinery and equipment	244,185	2,783,918
Infrastructure	-	22,960,667
Construction in process	-	146,100
Right to use leased asset	919,604	-
Total capital assets	<u>1,852,626</u>	<u>34,216,180</u>
Less: Allowance for depreciation and amortization	<u>(700,431)</u>	<u>(20,236,855)</u>
Net capital assets	<u>1,152,195</u>	<u>13,979,325</u>
Total assets	<u>3,447,233</u>	<u>22,119,582</u>
Deferred outflows of resources:		
Related to pensions	-	-
Related to other post employment benefits	3,040	4,444
Total deferred outflows of resources	<u>3,040</u>	<u>4,444</u>
Liabilities:		
Current liabilities:		
Accounts payable	286,885	228,155
Deposits payable	407	-
Accrued interest payable	-	25,464
Contracts payable	-	8,866
Due to other governments	61,762	214,630
Due to other funds	-	3,244,365
Salaries payable	26,611	35,755
Payroll deductions payable	-	-
Compensated absences payable	-	-
Lease liability - current	107,115	-
Bonds payable - current	-	575,000
Unearned revenue	44,344	-
Total current liabilities	<u>527,124</u>	<u>4,332,235</u>
Noncurrent liabilities:		
Other post employment benefits	10,956	16,019
Compensated absences - noncurrent	-	-
Lease liability - noncurrent	710,356	-
Bonds payable - noncurrent	-	2,536,669
Net pension liability	-	-
Total noncurrent liabilities	<u>721,312</u>	<u>2,552,688</u>
Total liabilities	<u>1,248,436</u>	<u>6,884,923</u>
Deferred inflows of resources:		
Related to pensions	-	-
Related to other post employment benefits	1,670	2,442
Total deferred outflows of resources	<u>1,670</u>	<u>2,442</u>
Net position:		
Net investment in capital assets	334,724	10,858,790
Unrestricted	1,865,443	4,377,871
Total net position	<u>\$2,200,167</u>	<u>\$15,236,661</u>

Net position reported above
Adjustment to report the cumulative internal balance for the net effect
activity between the internal service fund and the enterprise funds over time
Net position of business-type activities (Exhibit A-1)

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

Exhibit A-6

Business-Type Activities - Enterprise Funds			Governmental Activities -
Sewer	Storm Water	Total	Internal Service Funds
\$3,501,565	\$3,179,246	\$14,493,881	\$2,473,259
1,708,213	489,872	3,832,254	6,707
-	1,749	15,856	-
54,971	239,830	295,699	-
434,337	-	434,337	-
-	-	973,051	-
<u>5,699,086</u>	<u>3,910,697</u>	<u>20,045,078</u>	<u>2,479,966</u>
22,800	376,816	699,047	-
903,244	-	9,618,145	-
1,281,088	423,635	4,732,826	-
11,388,927	14,150,268	48,499,862	-
-	435,863	581,963	-
-	-	919,604	-
<u>13,596,059</u>	<u>15,386,582</u>	<u>65,051,447</u>	<u>-</u>
<u>(9,185,418)</u>	<u>(7,318,480)</u>	<u>(37,441,184)</u>	<u>-</u>
<u>4,410,641</u>	<u>8,068,102</u>	<u>27,610,263</u>	<u>-</u>
<u>10,109,727</u>	<u>11,978,799</u>	<u>47,655,341</u>	<u>2,479,966</u>
-	-	-	14,931,264
2,073	2,826	12,383	-
<u>2,073</u>	<u>2,826</u>	<u>12,383</u>	<u>14,931,264</u>
31,667	9,620	556,327	65,252
-	-	407	-
-	-	25,464	-
16,022	365,964	390,852	-
326,503	290	603,185	-
170,000	130,000	3,544,365	-
17,520	22,363	102,249	-
-	-	-	128,851
-	-	-	839,664
-	-	107,115	-
-	-	575,000	-
-	-	44,344	-
<u>561,712</u>	<u>528,237</u>	<u>5,949,308</u>	<u>1,033,767</u>
7,475	10,186	44,636	-
-	-	-	375,259
-	-	710,356	-
-	-	2,536,669	-
-	-	-	25,392,769
<u>7,475</u>	<u>10,186</u>	<u>3,291,661</u>	<u>25,768,028</u>
<u>569,187</u>	<u>538,423</u>	<u>9,240,969</u>	<u>26,801,795</u>
-	-	-	453,437
1,140	1,553	6,805	-
<u>1,140</u>	<u>1,553</u>	<u>6,805</u>	<u>453,437</u>
4,394,619	7,702,138	23,290,271	-
5,146,854	3,739,511	15,129,679	(9,844,002)
<u>\$9,541,473</u>	<u>\$11,441,649</u>	<u>\$38,419,950</u>	<u>(\$9,844,002)</u>
		\$38,419,950	
		(94,931)	
		<u>\$38,325,019</u>	

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

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For The Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds	
	Liquor	Water
Sales	\$6,521,618	\$ -
Cost of sales	(4,713,669)	-
Gross profit	1,807,949	-
Operating revenues:		
Customer billings	-	4,543,604
Charges for services	-	-
Other revenues	-	1,799
Total operating revenues	-	4,545,403
Total gross profit and operating revenues	1,807,949	4,545,403
Operating expenses:		
Personnel services	660,604	857,560
Supplies and other charges:		
Disposal charges	-	-
Other	467,363	1,253,062
Depreciation and amortization	179,886	962,913
Total operating expenses	1,307,853	3,073,535
Operating income (loss)	500,096	1,471,868
Nonoperating revenues (expenses):		
Intergovernmental revenue	-	7,229
Investment income (loss)	(31,088)	(194,219)
Insurance reimbursement	-	-
Interest and fiscal charges	(43,707)	(154,668)
Gain (loss) on sale of capital assets	-	17,550
Other	57	-
Total nonoperating revenues (expenses)	(74,738)	(324,108)
Income (loss) before transfers and capital contributions	425,358	1,147,760
Transfers and capital contributions:		
Transfers out	(338,500)	-
Capital contributions	-	-
Total contributions and transfers	(338,500)	-
Change in net position	86,858	1,147,760
Net position - January 1, as previously reported	2,113,309	14,088,901
Prior period adjustment (see Note 21)	-	-
Net position - January 1, restated	2,113,309	14,088,901
Net position - December 31	\$2,200,167	\$15,236,661

Changes in net position reported above
Adjustment to report the cumulative internal balance for the net effect of activity
between the internal service funds and the enterprise funds over time.

Changes in net position of business-type activities (Exhibit A-2)

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

Exhibit A-7

Business-Type Activities - Enterprise Funds			Governmental Activities -
Sewer	Storm Water	Total	Internal Service Funds
\$ -	\$ -	\$6,521,618	\$ -
-	-	(4,713,669)	-
-	-	1,807,949	-
6,639,735	1,767,347	12,950,686	-
-	-	-	1,880,833
-	-	1,799	-
6,639,735	1,767,347	12,952,485	1,880,833
6,639,735	1,767,347	14,760,434	1,880,833
437,015	532,589	2,487,768	2,626,675
4,834,719	-	4,834,719	-
576,230	555,606	2,852,261	504,563
394,076	379,947	1,916,822	-
6,242,040	1,468,142	12,091,570	3,131,238
397,695	299,205	2,668,864	(1,250,405)
497,348	374,848	879,425	219,784
(76,635)	(85,435)	(387,377)	(73,126)
-	-	-	9,474
(4,200)	(3,100)	(205,675)	-
-	-	17,550	-
-	238	295	-
416,513	286,551	304,218	156,132
814,208	585,756	2,973,082	(1,094,273)
-	-	(338,500)	-
50,000	416,483	466,483	-
50,000	416,483	127,983	-
864,208	1,002,239	3,101,065	(1,094,273)
8,677,265	10,389,410	35,268,885	(8,749,729)
-	50,000	50,000	-
8,677,265	10,439,410	35,318,885	(8,749,729)
\$9,541,473	\$11,441,649	\$38,419,950	(\$9,844,002)
		\$3,101,065	
		(119,960)	
		\$2,981,105	

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

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds	
	Liquor	Water
Cash flows from operating activities:		
Receipts from customers and users	\$6,525,304	\$4,526,309
Receipts from interfund services provided	-	-
Payment to suppliers	(5,256,661)	(1,138,527)
Payment to employees	(659,855)	(852,767)
Operating contribution	57	-
Net cash flows from operating activities	<u>608,845</u>	<u>2,535,015</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	-	7,229
Transfers out	(338,500)	-
Net cash flows from noncapital financing activities	<u>(338,500)</u>	<u>7,229</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	(640,278)
Proceeds from sale of capital assets	-	17,550
Capital grants and contributions	-	-
Principal received on special assessments	-	7,014
Insurance reimbursement	-	-
Principal paid on revenue bonds	-	(576,837)
Principal paid on leases	(102,133)	-
Repayment on interfund loan	-	(473,154)
Interest and paying agent fees on long-term liabilities	(43,708)	(159,375)
Net cash flows from capital and related financing activities	<u>(145,841)</u>	<u>(1,825,080)</u>
Cash flows from investing activities:		
Investment income (loss)	(31,088)	(194,219)
Net increase (decrease) in cash and cash equivalents	93,416	522,945
Cash and cash equivalents - January 1	1,311,515	5,885,194
Cash and cash equivalents - December 31	<u>\$1,404,931</u>	<u>\$6,408,139</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$500,096</u>	<u>\$1,471,868</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation and amortization	179,886	962,913
Operating contribution	57	-
Changes in assets and liabilities:		
Decrease (increase) in receivables	3,304	(19,094)
Decrease (increase) in prepaid items	-	-
Decrease (increase) in inventories	(29,553)	7,200
Decrease (increase) in deferred outflows of resources	192	229
Increase (decrease) in payables	(45,372)	112,086
Increase (decrease) in unearned revenue	382	-
Increase (decrease) in deferred inflows of resources	(147)	(187)
Total adjustments	<u>108,749</u>	<u>1,063,147</u>
Net cash provided by operating activities	<u>\$608,845</u>	<u>\$2,535,015</u>
Noncash investing and financing activities		
Capital contributions	<u>\$ -</u>	<u>\$ -</u>

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

Exhibit A-8

Business-Type Activities - Enterprise Funds			Governmental Activities -
Sewer	Storm Water	Total	Internal Service Funds
\$6,668,183	\$1,749,690	\$19,469,486	\$ -
-	-	-	1,874,126
(5,448,336)	(612,143)	(12,455,667)	(440,445)
(434,516)	(530,141)	(2,477,279)	(1,714,756)
-	238	295	-
<u>785,331</u>	<u>607,644</u>	<u>4,536,835</u>	<u>(281,075)</u>
497,348	342,950	847,527	219,784
-	-	(338,500)	-
<u>497,348</u>	<u>342,950</u>	<u>509,027</u>	<u>219,784</u>
(508,522)	(386,061)	(1,534,861)	-
-	-	17,550	-
(524)	34,000	33,476	-
-	2,499	9,513	-
-	-	-	9,474
-	-	(576,837)	-
-	-	(102,133)	-
(40,000)	(25,000)	(538,154)	-
(4,200)	(3,100)	(210,383)	-
<u>(553,246)</u>	<u>(377,662)</u>	<u>(2,901,829)</u>	<u>9,474</u>
(76,635)	(85,435)	(387,377)	(73,126)
652,798	487,497	1,756,656	(124,943)
2,848,767	2,691,749	12,737,225	2,598,202
<u>\$3,501,565</u>	<u>\$3,179,246</u>	<u>\$14,493,881</u>	<u>\$2,473,259</u>
<u>\$397,695</u>	<u>\$299,205</u>	<u>\$2,668,864</u>	<u>(\$1,250,405)</u>
394,076	379,947	1,916,822	-
-	238	295	-
28,448	(17,657)	(4,999)	(6,707)
(33,841)	-	(33,841)	-
-	-	(22,353)	-
103	162	686	(6,205,247)
(1,065)	(54,123)	11,526	18,284,889
-	-	382	-
(85)	(128)	(547)	(11,103,605)
<u>387,636</u>	<u>308,439</u>	<u>1,867,971</u>	<u>969,330</u>
<u>\$785,331</u>	<u>\$607,644</u>	<u>\$4,536,835</u>	<u>(\$281,075)</u>
<u>\$50,000</u>	<u>\$416,483</u>	<u>\$466,483</u>	<u>\$ -</u>

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

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
December 31, 2022

	2022
Assets:	
Accounts receivables	\$8,200
Liabilities:	
Accounts payable	8,200
Net Position:	
Restricted	\$ -

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

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
For The Year Ended December 31, 2022

	2022
Additions:	
Tax collections from other governments	\$121,695
Total additions	121,695
Deductions:	
Payments of tax to other governments	115,610
Administrative fee	6,085
Total deductions	121,695
Net increase in fiduciary net position	-
Net position - beginning	-
Net position - ending	\$ -

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



This page intentionally left blank

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

1. Summary of Significant Accounting Policies

The City of Fridley, Minnesota was incorporated July 1, 1949, under Chapter 410.03 of the Statutes of the State of Minnesota providing for a council-manager form of government under the “Home Rule Charter City” concept. The City provides the following services as authorized by its charter: general administrative services, public safety (police and fire), public improvements, planning and zoning, and culture and recreation.

The financial statements of the City of Fridley, Minnesota have been prepared in conformity with generally accepted accounting principles as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

A. Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Fridley, Minnesota (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Component Units

In conformity with generally accepted accounting principles, the financial statements of the component units have been included in the financial reporting entity as discretely presented component units.

Discretely Presented Component Unit - The Fridley Housing and Redevelopment Authority (HRA) is governed by commissioners appointed by the Fridley City Council. The HRA is responsible for providing housing and redevelopment assistance to the City and its residents. Funding for the various programs administered by the HRA is provided through the issuance of tax increment revenue bonds and general obligation tax increment bonds guaranteed by the City. Separate financial statements are not prepared for the HRA.

B. Government-Wide and Fund Financial Statements

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

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

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements and the 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.

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 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 City reports the following major governmental funds:

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

The *Debt Service Fund* services debt on the general obligation improvement bonds that were issued to finance construction of public improvements. Special assessment improvements are paid for completely or in part by property owners deemed to have benefited from such improvements.

The *Street Improvements Fund* is used to account for repairs and replacements of city streets and street related equipment such as signs and street lights.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

The *Community Investment Fund* is used to account for capital costs associated with the parks and public utilities maintained by the City.

The *Park Improvements Fund* is used to account for repairs and replacements of city park equipment or park related improvements.

The *CARES/ARPA Fund* is used to account for monies received as a result of the pandemic.

The City reports the following major proprietary funds:

The *Liquor Fund* accounts for operations of the municipal liquor stores.

The *Water Fund* accounts for the water service charges which are used to finance the water system operating expenses.

The *Sewer Fund* accounts for the sewer service charges which are used to finance the sanitary sewer system operating expenses.

The *Storm Water Fund* accounts for storm sewer charges which are used to finance the storm sewer operating expenses.

Additionally, the City reports the following fund types:

Internal Service Funds are used to account for employee fringe benefits, pension benefits, and insurance deductibles that are provided on a cost reimbursement or fee basis to departments or agencies within the City. These funds are essential for segregating costs for determining the total cost of providing a service and for assuring that the goods and services provided are properly utilized.

Fiduciary Funds - Custodial Funds are used to account for monies on behalf of the North Metro Convention and Tourism Bureau.

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 Fridley. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 liquor, water, sewer and storm water enterprise funds are charges to customers for sales and services. Operating expenses for enterprise 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.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

D. Budgets

The City Charter grants the City Council full authority over the financial affairs of the City. The City Manager is charged with the responsibility of preparing the estimates of the annual budget and the enforcement of the provisions of the budget as specified in the City Charter. Upon adoption of the annual budget resolution by the Council, it becomes the formal appropriation budget for City operations. All budget adjustments must be approved by the Council. Budgets for the General and select Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted expenditure appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash management.

E. Legal Compliance - Budgets

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution.
4. The City Council may authorize transfer of budgeted amounts between departments within any fund.
5. Reported budget amounts are as originally adopted or as amended by Council approved transfers. The City Charter limits appropriations to the total estimated revenues and fund balances. If actual revenues exceed the original estimates, appropriations may be increased by the Council up to the amount of revenue increases.
6. All budget amounts lapse at the end of the year to the extent they have not been expended or encumbered. Encumbrances are reappropriated into the following year's budget.
7. Annual budgets are legally adopted for the General Fund and for the following Special Revenue Funds: Cable TV Fund, Solid Waste Abatement Fund, Police Activity Fund, and Springbrook Nature Fund. Formal budgeting integration is employed as a management control device during the year for each of these funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is achieved through the bond indenture provisions. Budgetary control for other Capital Projects Funds is accomplished through the use of project controls.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

8. As required by the City Charter, budgetary control is maintained within department at the departmental level. This is the level of control at which expenditures may not legally exceed appropriations.
9. The General Fund budget includes prior year encumbrances which were reappropriated to the current year. Expenditures for the items encumbered are included in the current year's expenditures.

The following is a listing of funds whose expenditures exceeded budgeted appropriations:

	Final Budget	Actual	Amount Over Budget
Nonmajor Funds:			
Solid Waste Abatement Fund	\$517,900	\$524,558	\$6,658

F. Cash and Investments

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Investment income is allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund, and an interfund payable in the fund with the deficit, until adequate resources are received. These interfund balances are eliminated on the government-wide financial statements.

Investments are stated at fair value, based upon quoted market prices. Investment income is accrued at the balance sheet date.

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the cash and investments allocated to the proprietary funds have original maturities of 90 days or less. Therefore the entire balance in the proprietary funds is considered cash equivalents.

G. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due from/to other funds." All short-term interfund receivables and payables at December 31, 2022 are planned to be eliminated in the subsequent year. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Uncollectible property taxes and special assessments are not material and therefore have not been reported. 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.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the City in July, December and January are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the City the following January) and taxes and credits not received at 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.

H. Special Assessment Revenue Recognition

Special assessments are levied against the benefited properties for the assessable costs of special assessment improvement projects in accordance with State Statutes. The City usually adopts the assessment rolls when the individual projects are complete or substantially complete. The assessments are collectible over a term of years generally consistent with the term of years of the related bond issue. Collection of annual installments (including interest) is handled by the County 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 remitted to the City in payment of delinquent special assessments. 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.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

I. Inventories

Governmental Funds

Inventories of the general fund are stated at cost, which approximates market, using the first-in, first-out (FIFO) method. The primary government does not maintain material amounts of inventory within the other governmental funds. Inventories of the other governmental funds are recorded as expenditures at the time of purchase.

Proprietary Funds

Liquor fund inventories are valued on the average cost basis. Other proprietary funds inventory items are expensed at the time they are sold or used (consumption method).

J. 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. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

K. Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue/the lessee's usage levels.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the commencement of the lease in an amount equal to the initial recording of the lease receivable and is recognized as revenue over the lease term.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

L. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets such as easements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of two years and an initial cost of more than the following:

Capitalization Threshold	
Land	\$1
Building and building improvements	\$25,000
Land improvements	\$25,000
Vehicles and equipment	\$10,000
Infrastructure	\$50,000

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back-trending (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost of the infrastructure to be capitalized to the acquisition year or estimated acquisition year).

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.

Property, plant and equipment of the primary government, and the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	
Improvements other than building	10 – 20 years
Buildings and structures	10 – 40 years
Machinery and equipment	3 – 25 years
Infrastructure	15 – 50 years

The City has recorded a right to use leased asset as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives and plus any ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

M. Compensated Absences

All liabilities for compensated absences, both current and long-term, for annual leave, severance and separation pay are accounted for in the Employee Benefit Fund, an Internal Service Fund. Each year compensated absence expenditures and expenses are recorded in the Governmental and Proprietary Funds respectively, equivalent to the full amount accrued by fund employees during the year. These charges are offset by a corresponding transfer of assets from the home department funds to the Employee Benefit Fund to fund the liability. This liability represents the maximum possible dilution of Employee Benefit Fund assets by retirements or extended leaves by employees. The personnel ordinance limits the annual accumulation of benefits that can be accumulated from year-to-year.

N. 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 assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Issuance costs are immaterial and are expensed in the year of bond issuance.

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.

O. Fund Balance Classifications

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

Nonspendable - consists of amounts that are not in spendable form, such as prepaid items.

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

Committed - consists of internally imposed constraints. These constraints are established by Resolution of the City Council.

Assigned - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. Pursuant to City Council Resolution, the City Manager and/or the Finance Director are authorized to establish assignments of fund balance.

Unassigned - is the residual classification for the general fund and also reflects negative residual amounts in other funds.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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.

P. 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.

Q. Use of Estimates

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

R. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, 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 then. The government has two items that qualify for reporting in this category. They are the pension and OPEB related deferred outflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, 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 government has pension related deferred inflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position and lease related deferred inflows reported in the government-wide Statements of Net Position and the governmental funds Balance Sheet. The City also has a type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from property taxes and special assessments.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

S. Defined Benefit Pension Plans

For purposes of measuring the net pension liability, deferred outflows and inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to and 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. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of this difference are as follows:

Bonds payable	\$76,690,000
Premium on bonds payable	3,416,687
Accrued interest payable	<u>1,278,004</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	 <u><u>\$81,384,691</u></u>

2. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this difference are as follows:

Capital outlay	\$2,686,883
Depreciation expense	<u>(4,795,561)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	 <u><u>(\$2,108,678)</u></u>

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Another element of that reconciliation states that “revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds”. The details of this difference are as follows:

Unavailable revenue - general property taxes:	
At December 31, 2021	226,738
At December 31, 2022	(214,706)
Unavailable revenue - special assessments:	
At December 31, 2021	1,226,881
At December 31, 2022	<u>(1,189,938)</u>
Net adjustments to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$48,975</u></u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds”. Neither transaction, however, has any effect on net position. The details of this difference are as follows:

Principal repayments	\$2,105,000
Amortization of premium on bonds issuance	200,328
Bond Premium	(1,481,771)
Bond issuance	<u>(20,730,000)</u>
Net adjustment to increase (decrease) net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>(\$19,906,443)</u></u>

2. Deposits and Investments

A. Deposits

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral. Minnesota Statute 118A.03 identifies allowable forms of collateral.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State Statutes require that insurance, surety bonds or collateral protect all City deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. As of December 31, 2022, the bank balance of the City’s and HRA’s deposits were either insured by the Federal Deposit Insurance Corporation (FDIC) or covered by perfected pledged collateral held in the City or HRA’s name.

B. Investments

Subject to rating, yield, maturity and issuer requirements as prescribed by statute, Minnesota Statutes 118A.04 and 118A.05 authorized the City to invest in United States securities, state and local securities, commercial paper, time deposits, temporary general obligation bonds, repurchase agreements, Minnesota joint powers investment trust and guaranteed investment contracts.

As of December 31, 2022 the City’s investment balances were as follows:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)	
			Less Than 1	1-5
Federal Farm Credit Bank	AA+	\$2,082,167	\$1,985,033	\$97,134
Federal Home Loan Bank	AA+	3,106,464	1,475,187	1,631,277
Federal National Mortgage Association	AA+	4,561,662	2,099,736	2,461,926
Federal Home Loan Mortgage Corporation	AA+	6,575,849	4,079,482	2,496,367
Local government bonds	AA-AAA, Aaa-Aa3	22,180,223	3,279,308	18,900,915
Inter American Development Bank	AAA	1,377,219	1,377,219	-
International Development Finance Corp	AA+	4,435,782	2,670,568	1,765,214
US Treasuries	A-1+/AA+	16,774,282	8,973,019	7,801,263
Brokered Certificates of Deposits	N/R	3,234,351	1,661,083	1,573,268
Commercial Paper	A-1	397,379	397,379	-
Money market	N/R	6,733,730	6,733,730	-
Total		<u>\$71,459,108</u>	<u>\$34,731,744</u>	<u>\$36,727,364</u>
Total investments		\$71,459,108		
Deposits		2,374,560		
Petty cash		4,900		
Total cash and investments		<u>\$73,838,568</u>		

As of December 31, 2022 the HRA investment balances were as follows:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)	
			Less Than 1	1-5
Federal National Mortgage Association	AA+	\$235,898	\$ -	\$235,898
Federal Home Loan Mortgage Corp	AA+	805,531	376,182	429,349
Local Government Bonds	N/A, AAA, AA1, AA2	2,219,511	457,392	1,762,119
International Development Finance Corp	AA+	1,450,294	1,041,300	408,994
Inter American Development Bank	AAA	245,453	245,453	-
US Treasuries	AA+	6,591,504	2,469,343	4,122,161
Brokered Certificates of Deposits	N/R, AAA	2,166,520	487,448	1,679,072
Money Market	N/R	2,039,556	2,039,556	-
Total		<u>\$15,754,267</u>	<u>\$7,116,674</u>	<u>\$8,637,593</u>
Total investments		\$15,754,267		
Deposits		273,175		
Total cash and investments		<u>\$16,027,442</u>		

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable either directly or indirectly. Level 3 investments are valued using inputs that are unobservable.

The City has the following recurring fair value measurements as of December 31, 2022:

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Federal Farm Credit Bank	\$2,082,167	\$ -	\$2,082,167	\$ -
Federal Home Loan Bank	3,106,464	-	3,106,464	-
Federal National Mortgage Association	4,561,662	-	4,561,662	-
Federal Home Loan Mortgage Corporation	6,575,849	-	6,575,849	-
Local government bonds	22,180,223	-	22,180,223	-
Inter American Development Bank	1,377,219	-	1,377,219	-
International Development Finance Corp	4,435,782	-	4,435,782	-
US Treasuries	16,774,282	-	16,774,282	-
Brokered Certificates of Deposits	3,234,351	-	3,234,351	-
Commercial Paper	397,379	-	397,379	-
Money market	\$64,725,378	\$ -	\$64,725,378	\$ -
Investments not categorized:				
Money market	6,733,730			
Total	\$71,459,108			

The HRA has the following recurring fair value measurements as of December 31, 2022:

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Federal National Mortgage Association	\$235,898	\$ -	\$235,898	\$ -
Federal Home Loan Mortgage Corp	805,531	-	805,531	-
Local Government Bonds	2,219,511	-	2,219,511	-
International Development Finance Corp	1,450,294	-	1,450,294	-
Inter American Development Bank	245,453	-	245,453	-
US Treasury Note	6,591,504	-	6,591,504	-
Brokered Certificates of Deposits	2,166,520	-	2,166,520	-
Total/Subtotal	\$13,714,711	\$ -	\$13,714,711	\$ -
Investments not categorized:				
Money market	2,039,556			
Total	\$15,754,267			

C. Investment Risks

Custodial credit risk – investments – For investments in securities, custodial credit risk is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. The City policy is to limit its exposure by holding investments in securities with a major bank's corporate trust department. Investments are delivered to the City's trust account and then payment is released to the broker-dealer.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Interest rate risk – Interest rate risk is the risk that changes in interest rates of debt investments could adversely affect the fair value of an investment. The City’s investment policy requires the City to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity. The policy also states the City’s investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. State law limits investments to only those investment instruments authorized by Minnesota Statutes. The City’s investment policy does not place further restrictions on investment options.

Concentration of credit risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government’s investment in a single issuer. The City and HRA places no limit on the amount the City or HRA may invest in any one issuer.

Investments in a single issuer exceeding 5% of the City’s overall investment portfolio are in various holdings as follows:

Federal National Mortgage Association	6.38%
Federal Home Loan Mortgage Corporation	9.20%
International Development Finance Corp	6.21%
US Treasuries	23.47%
First American Treasury Obligation Fund	7.95%

Investments in a single issuer exceeding 5% of the HRA’s overall investment portfolio are in various holdings as follows:

Federal Home Loan Mortgage Corp	5.11%
International Development Finance Corp	9.21%
US Treasuries	41.84%

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. Receivables

Significant receivables balances not expected to be collected within one year of December 31, 2022 are as follows:

	Primary Government					Total
	Major Funds					
	General	Debt Service	Street Improvements	Community Investment	Nonmajor Funds	
Special assessments receivable	\$36,672	\$110	\$816,019	\$216	\$31,283	\$884,300
Delinquent property taxes	133,272	30,966	-	-	5,162	169,400
Lease Receivable	2,136,994	-	-	-	-	2,136,994
	<u>\$2,306,938</u>	<u>\$31,076</u>	<u>\$816,019</u>	<u>\$216</u>	<u>\$36,445</u>	<u>\$3,190,694</u>

4. Lease Receivable

The City leases a portion of city owned sites for antenna rentals as follows:

Tower Leases	Estimated Ending Term **	Estimated Range of Monthly Payments During Lease Term	Annual Adjustment Escalator
Crown Castle - Well #13	11/6/2023	\$8,898 - \$9,343	Greater of 5% or CPI-U
AT&T - Marion Hills	7/1/2025	\$3,374 - \$3,906	Greater of 5% or CPI-U
AT&T - Public Works Garage	11/30/2028	\$3,759 - \$5,037	Greater of 5% or CPI-U
T-Mobile - Marion Hills	6/17/2032	\$3,039 - \$3,705	Greater of 2% or CPI-U up to 5%
T-Mobile - Commons Tower #1	3/28/2030	\$2,919 - \$3,420	Greater of 2% or CPI-U up to 5%
T-Mobile - TH65 Tower #2	2/22/2035	\$2,078 - \$3,460	Greater of 4% or CPI-U
T-Mobile - TH65 Tower #2	10/1/2025	\$3,382 - \$3,915	Greater of 5% or CPI-U
Verizon - Commons Tower #1	6/30/2033	\$3,610 - \$6,175	Greater of 5% or CPI-U
Verizon - TH65 Tower #2	2/13/2034	\$3,610 - \$6,484	Greater of 5% or CPI-U

** This is the period covered in which the lessor believes it is reasonably certain that the lease will be extended thru.

The leases are measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 5.50% which is based on the rate available to finance acquisitions over the same period.

At December 31, 2022, the City recorded \$2,428,744 in leases receivables and deferred inflows of resources for these arrangements.

Total revenue recognized in relation to these leases is as follows:

Amortization of lease-related deferred inflows:	
Site leases	\$226,590
Interest Revenue	<u>128,085</u>
Total revenue recognized in relation to lease assets	<u><u>\$354,675</u></u>

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

5. Unavailable Revenues

Governmental funds report deferred inflows of resources in connection with receivables that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	<u>Property Taxes</u>	<u>Special Assessments</u>	<u>Total</u>
Major funds:			
General	\$168,214	\$49,812	\$218,026
Debt Service	40,421	149	40,570
Street Improvements	62	1,097,190	1,097,252
Park Improvements	133	-	133
Community Investment	323	293	616
Nonmajor	<u>5,553</u>	<u>42,494</u>	<u>48,047</u>
Total unavailable revenue	<u><u>\$214,706</u></u>	<u><u>\$1,189,938</u></u>	<u><u>\$1,404,644</u></u>

6. Capital and Right to Use Leased Assets

Capital asset and right to use leased asset activity for the year ended December 31, 2022 was as follows:

Primary Government	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$5,502,104	\$ -		\$ -	\$5,502,104
Construction in progress	<u>204,563</u>	<u>2,266,881</u>	<u>(94,966)</u>	<u>-</u>	<u>2,376,478</u>
Total capital assets, not being depreciated	<u>5,706,667</u>	<u>2,266,881</u>	<u>(94,966)</u>	<u>0</u>	<u>7,878,582</u>
Capital assets, being depreciated:					
Buildings and structures	53,582,322	91,751	(17,780)	-	53,656,293
Machinery and equipment	14,129,919	170,381	(86,716)	(51,717)	14,161,867
Improvements	5,429,043	252,836	-	-	5,681,879
Infrastructure	<u>36,468,235</u>	<u>-</u>	<u>(165,624)</u>	<u>-</u>	<u>36,302,611</u>
Total capital assets, being depreciated	<u>109,609,519</u>	<u>514,968</u>	<u>(270,120)</u>	<u>(51,717)</u>	<u>109,802,650</u>
Less accumulated depreciation for:					
Buildings and structures	8,076,988	2,103,354	(17,780)	-	10,162,562
Machinery and equipment	9,160,434	1,179,398	(86,716)	(51,717)	10,201,399
Improvements	1,955,079	302,468	-	-	2,257,547
Infrastructure	<u>21,218,355</u>	<u>1,210,341</u>	<u>(165,624)</u>	<u>-</u>	<u>22,263,072</u>
Total accumulated depreciation	<u>40,410,856</u>	<u>4,795,561</u>	<u>(270,120)</u>	<u>(51,717)</u>	<u>44,884,580</u>
Total capital assets being depreciated - net	<u>69,198,663</u>	<u>(4,280,593)</u>	<u>-</u>	<u>-</u>	<u>64,918,070</u>
Governmental activities capital assets - net	<u><u>\$74,905,330</u></u>	<u><u>(\$2,013,712)</u></u>	<u><u>(\$94,966)</u></u>	<u><u>\$0</u></u>	<u><u>\$72,796,652</u></u>

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Primary Government	Beginning Balance as restated*	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated or amortized:					
Land	\$699,047	\$ -	\$ -	\$ -	\$699,047
Construction in progress	33,860	556,513	(8,410)	-	581,963
Total capital assets, not being depreciated	<u>732,907</u>	<u>556,513</u>	<u>(8,410)</u>	<u>0</u>	<u>1,281,010</u>
Capital assets, being depreciated and amortized:					
Buildings and structures	9,742,231	129,760	(253,846)	-	9,618,145
Machinery and equipment	4,694,565	109,103	(122,559)	51,717	4,732,826
Infrastructure	47,410,963	1,088,899	-	-	48,499,862
Right to use leased assets	919,604	-	-	-	919,604
Total capital assets, being depreciated and amortized	<u>62,767,363</u>	<u>1,327,762</u>	<u>(376,405)</u>	<u>51,717</u>	<u>63,770,437</u>
Less accumulated depreciation and amortization for:					
Buildings and structures	3,935,188	453,238	(253,846)	-	4,134,580
Machinery and equipment	3,844,018	215,172	(122,559)	51,717	3,988,348
Infrastructure	28,069,844	1,113,836	-	-	29,183,680
Right to use leased assets	-	134,576	-	-	134,576
Total accumulated depreciation and amortization	<u>35,849,050</u>	<u>1,916,822</u>	<u>(376,405)</u>	<u>51,717</u>	<u>37,441,184</u>
Total capital assets being depreciated and amortized - net	<u>26,918,313</u>	<u>(589,060)</u>	<u>-</u>	<u>-</u>	<u>26,329,253</u>
Business-type activities capital assets - net	<u>\$27,651,220</u>	<u>(\$32,547)</u>	<u>(\$8,410)</u>	<u>\$0</u>	<u>\$27,610,263</u>

*For the year ended December 31, 2022, the entity implemented GASB 87. In accordance with the requirements of GASB 87, the beginning balances here reflect a restatement as of January 1, 2022.

The City has recorded 1 right to use leased asset for building space. The related lease is discussed in the Long-Term Liabilities footnote disclosure.

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

Governmental activities:	
General government	\$920,050
Public safety	1,106,930
Public works, including depreciation of general infrastructure assets	2,415,405
Community development	20,853
Parks and recreation	332,323
Total - governmental activities	<u>\$4,795,561</u>
Business-type activities:	
Liquor	\$179,886
Water	962,913
Sewer	394,076
Storm water	379,947
Total - business-type activities	<u>\$1,916,822</u>

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

7. Long-Term Liabilities

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

As of December 31, 2022, the long-term bonded debt of the City consisted of the following:

Governmental Activities:

\$49,130,000 General Obligation Improvement Bonds, Series 2017A due in varying annual installments of \$1,060,000 - \$2,925,000 through February 1, 2042; interest at 3.00% - 5.00%	\$43,245,000
\$9,510,000 General Obligation Tax Increment Bonds, Series 2019A due in varying annual installments of \$930,000- \$1,150,000 beginning February 1, 2027 through February 1, 2035; interest at 2.125% - 5.00%	9,510,000
\$4,540,000 General Obligation Tax Increment Bonds, Series 2020A due in varying annual installments of \$630,000- \$860,000 beginning February 1, 2021 through February 1, 2026; interest at 5.00%	3,205,000
\$20,730,000 General Obligation Tax Abatement bonds, Series 2022A due in varying installments of \$965,000 - \$1,855,000, beginning February 1, 2024 through February 1, 2038; interest at 4.00% - 5.00%	20,730,000
Unamortized premium	<u>3,416,687</u>
Subtotal governmental activities	<u>80,106,687</u>

Business-Type Activities:

\$5,995,000 General Obligation Water Revenue Bonds of 2016A due in varying annual installments of \$275,000 - \$575,000 through February 1, 2031; interest at 2.00% - 2.25%	3,015,000
Unamortized premium	<u>96,669</u>
Subtotal business-type activities	<u>3,111,669</u>
Total primary government	<u><u>\$83,218,356</u></u>

Lease agreements that qualify as other than short-term leases under GASB 87 have been recorded at the present value of the future minimum lease payments as of the date of lease commencement.

The City has entered into an agreement to lease building space. The lease requires 82 monthly lease payments that range from \$12,153 - \$13,975. The lease liability is measured at a discount rate of 5.50%, which is the City's incremental borrowing rate. The lease requires the City to pay a portion of the operating costs of the building. As a result of the lease, the City has recorded a right to use asset with a net book value of \$785,028 on December 31, 2022.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Total expense related to the leased asset for the year ended December 31, 2022 is as follows:

Amortization expense on building space	\$134,576
Variable lease expense	86,530
Interest on lease liabilities	<u>43,707</u>
 Total expense recognized in relation to leased assets	 <u><u>\$264,813</u></u>

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

Year Ending December 31,	Principal	Interest	Total
2023	\$107,116	\$42,370	\$149,486
2024	131,927	35,777	167,704
2025	139,369	28,335	167,704
2026	147,230	20,474	167,704
2027	155,535	12,169	167,704
2028	<u>136,294</u>	<u>3,459</u>	<u>139,753</u>
 Total	 <u><u>\$817,471</u></u>	 <u><u>\$142,584</u></u>	 <u><u>\$960,055</u></u>

The future minimum lease obligation and the net present value of the minimum lease payments as of December 31, 2022 was as follows:

Year Ending December 31,	Primary Government							
	Governmental Activities						Business-Type Activities	
	G.O. Improvement		G.O. Tax Increment		G.O. Tax Abatement		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$1,465,000	\$1,526,238	\$745,000	\$390,413	\$ -	\$1,030,880	\$575,000	\$55,362
2024	1,535,000	1,451,238	780,000	352,288	965,000	942,325	285,000	46,763
2025	1,615,000	1,372,488	820,000	312,288	1,015,000	892,825	290,000	41,012
2026	1,695,000	1,289,738	860,000	270,288	1,065,000	840,825	295,000	35,163
2027	1,780,000	1,211,763	930,000	225,538	1,120,000	786,200	300,000	29,212
2028	1,850,000	1,139,163	975,000	177,912	1,175,000	728,825	310,000	23,113
2029	1,925,000	1,073,288	1,025,000	143,287	1,230,000	668,700	315,000	16,862
2030	1,985,000	1,014,637	1,045,000	122,587	1,295,000	605,575	320,000	10,512
2031	2,040,000	954,263	1,065,000	101,487	1,360,000	539,200	325,000	3,656
2032	2,105,000	890,771	1,085,000	79,987	1,425,000	469,575	-	-
2033	2,170,000	822,619	1,105,000	58,087	1,500,000	396,450	-	-
2034	2,240,000	750,956	1,130,000	35,737	1,575,000	319,575	-	-
2035	2,315,000	676,937	1,150,000	12,219	1,650,000	247,200	-	-
2036	2,390,000	600,481	-	-	1,715,000	179,900	-	-
2037	2,465,000	520,047	-	-	1,785,000	109,900	-	-
2038	2,550,000	433,825	-	-	1,855,000	37,100	-	-
2039	2,640,000	343,000	-	-	-	-	-	-
2040	2,730,000	249,025	-	-	-	-	-	-
2041	2,825,000	151,812	-	-	-	-	-	-
2042	2,925,000	51,188	-	-	-	-	-	-
 Total	 <u><u>\$43,245,000</u></u>	 <u><u>\$16,523,477</u></u>	 <u><u>\$12,715,000</u></u>	 <u><u>\$2,282,118</u></u>	 <u><u>\$20,730,000</u></u>	 <u><u>\$8,795,055</u></u>	 <u><u>\$3,015,000</u></u>	 <u><u>\$261,655</u></u>

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Beginning Balance as restated*	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
G.O. improvement bonds	\$44,495,000	\$ -	(\$1,250,000)	\$43,245,000	\$1,465,000
G.O. tax increment bonds	13,420,000	-	(705,000)	12,715,000	745,000
G.O. tax abatement bonds	-	20,730,000	-	20,730,000	-
G.O. equipment certificates	150,000	-	(150,000)	-	-
Total bonds payable	58,065,000	20,730,000	(2,105,000)	76,690,000	2,210,000
Bond issuance premium/discount	2,135,244	1,481,771	(200,328)	3,416,687	-
Compensated absences**	1,148,400	66,523	-	1,214,923	839,664
Total governmental activities long-term debt	<u>\$61,348,644</u>	<u>\$22,278,294</u>	<u>(\$2,305,328)</u>	<u>\$81,321,610</u>	<u>\$3,049,664</u>
Business-type activities:					
Bonds payable:					
G.O. revenue bonds	\$3,580,000	\$ -	(\$565,000)	\$3,015,000	\$575,000
Bond issuance premium/discount	108,506	-	(11,837)	96,669	-
Lease liability	919,604	-	(102,133)	817,471	107,115
Total business-type activities long-term debt	<u>\$4,608,110</u>	<u>\$0</u>	<u>(\$678,970)</u>	<u>\$3,929,140</u>	<u>\$682,115</u>

*For the year ended December 31, 2022, the entity implemented GASB 87. In accordance with the requirements of GASB 87, the beginning balances here reflect a restatement as of January 1, 2022.

**The change in compensated absences is presented at the net amount.

All long-term bonded indebtedness outstanding at December 31, 2022 is backed by the full faith and credit of the City, including improvement and revenue bond issues. Delinquent assessments receivable at December 31, 2022 totaled \$28,080

Revenues Pledged

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

Bond Issue	Use of Proceeds	Revenue Pledged				Remaining Principal	Current Year	
		Type	Percent of total debt service	Debt service as a % of net revenues	Term of Pledge		Principal and Interest paid	Pledged Revenue received
2022A	Park Improvements	Property Taxes	100%	-	2020-2038	\$20,730,000	\$ -	\$ -
2020A	Housing Redevelopment	Tax Increment	100%	99.8%	2020-2026	3,205,000	882,875	884,462
2019A	Housing Redevelopment	Tax Increment	100%	98.5%	2020-2035	9,510,000	248,788	252,468
2017A	Building Improvements	Property Taxes	100%	90.0%	2017-2042	43,245,000	2,844,113	3,156,703
2012A	Capital Equipment	Property Taxes	100%	-	2013-2022	-	151,238	-
2016A Water Revenue Bonds	Infrastructure Improvements	Water Customer Net Revenue	100%	11.70%	2016-2031	3,015,000	631,763	4,545,403

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

8. Defined Benefit Pension Plans

A. Plan Description

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

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

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

B. Benefits Provided

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

1. GERF Benefits

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

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

2. PEPFF Benefits

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

Benefit increases are provided to benefit recipients each January. Beginning in 2020, the postretirement increase will be fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

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

1. GERS Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the GERS for the year ended December 31, 2022, were \$569,464. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2022 and the City was required to contribute 17.70% for Police and Fire plan members. The City's contributions to the PEPFF for the year ended December 31, 2022, were \$903,357. The City's contributions were equal to the required contributions as set by state statute.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

D. Pension Costs

1. GERF Pension Costs

At December 31, 2022, the City reported a liability of \$7,777,472 for its proportionate share of GERF's net pension liability. The City 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 \$228,060.

The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0982% at the end of the measurement period and 0.0987% for the beginning of the period.

City's proportionate share of the net pension liability	\$7,777,472
State of Minnesota's proportionate share of the net pension liability associated with the City	228,060
Total	\$8,005,532

For the year ended December 31, 2022, the City recognized pension expense of \$1,034,986 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$34,077 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERF.

At December 31, 2022, the City reported its proportionate share of the GERF'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	\$64,963	\$83,063
Changes in actuarial assumptions	1,760,183	31,552
Net collective difference between projected and actual investment earnings	134,499	-
Changes in proportion	151,894	21,801
Contributions paid to PERA subsequent to the measurement date	289,986	-
Total	\$2,401,525	\$136,416

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

The \$289,986 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. 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>
2023	\$766,819
2024	760,066
2025	(255,118)
2026	703,356
Thereafter	-
	<u>\$1,975,123</u>

2. PEPFF Pension Costs

At December 31, 2022, the City reported a liability of \$17,615,297 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2022 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.4048% at the end of the measurement period and 0.3895% for the beginning of the period.

The State of Minnesota also contributed \$18 million to PEPFF during the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The direct state aid was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the PEPFF until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the PEPFF Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. PEPFF employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$1,336,725 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized an additional \$149,275 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the PEPFF.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$36,432 for the year ended December 31, 2022 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2022, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$1,077,186	\$ -
Changes in actuarial assumptions	10,369,316	107,548
Net collective difference between projected and actual investment earnings	242,292	-
Changes in proportion	387,446	209,473
Contributions paid to PERA subsequent to the measurement date	453,499	
Total	<u><u>\$12,529,739</u></u>	<u><u>\$317,021</u></u>

The \$453,499 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense</u>
2023	\$2,448,099
2024	2,205,686
2025	1,984,816
2026	3,625,984
2027	1,494,634
Thereafter	-
	<u><u>\$11,759,219</u></u>

The net pension liability will be liquidated by the general, water, sewer, storm water and liquor funds.

E. Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25% per year
Investment Rate of Return	6.50%

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

The long-term investment rate of return is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates deemed to be reasonable by the actuary. An investment return of 6.50% was deemed to be within that range of reasonableness for financial reporting purposes.

Benefit increases after retirement are assumed to be 1.25% for the GERF. The PEPFF benefit increase is fixed at 1.00% per year and that increase was used in the valuation.

Salary growth assumptions in the GERF range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the PEPFF, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

Mortality rates for GERF were based on the Pub-2010 General Employee Mortality Table. Mortality rates for PEPFF were based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for GERF are reviewed every four years. The most recent four-year experience study for GERF was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for PEPFF was completed in 2020 and adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

- The single discount rate was changed from 6.50% to 4.50%.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5%	5.10%
International equity	16.5%	5.30%
Fixed income	25.0%	0.75%
Private markets	25.0%	5.90%
Total	100%	

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

F. Discount Rate

The discount rate for the GERP used to measure the total pension liability in 2022 was 6.5%. 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 position of the GERP was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the PEPFF, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40% for the PEPFF was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

G. Pension Liability Sensitivity

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

	<u>1% Decrease in Discount Rate (5.5%)</u>	<u>Discount Rate (6.5%)</u>	<u>1% Increase in Discount Rate (7.5%)</u>
City's Proportionate share of the GERP net pension liability	\$12,284,925	\$7,777,472	\$4,080,666
	<u>1% Decrease in Discount Rate (4.4%)</u>	<u>Discount Rate (5.4%)</u>	<u>1% Increase in Discount Rate (6.4%)</u>
City's Proportionate share of the PEPFF net pension liability	\$26,658,493	\$17,615,297	\$10,304,415

H. Pension Plan Fiduciary Net Position

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

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

I. Pension Expense

Pension expense recognized by the City for the year ended December 31, 2022 is as follows

GERF	\$1,069,063
PEPFF	<u>1,486,000</u>
Total	<u><u>\$2,555,063</u></u>

9. Defined Contribution Plan

Five Council members of the City of Fridley 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.

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

Total contributions made by the City during fiscal year 2022 were:

Contribution Amount		Percentage of Covered Payroll	Employer	Required Rate
Employee	Employer (Pension Expense)			
\$2,138	\$2,138	5%	5%	5%

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

10. Defined Contribution Pension Plan - Fridley Volunteer Firefighters Relief Association

Plan Description

The Fridley Volunteer Firefighters Relief Association (Association), is a single employer public employee retirement system that acts as a common investment administrator for all of the City's firefighters. Pursuant to a 1987 amendment to its by-laws, the pension plan is a defined contribution plan, prior to 1987 the pension plan was a defined benefit pension plan.

Benefits and contribution requirements are established by the Association's by-laws and can be amended by the Association's Board of Trustees with approval from the City of Fridley, Minnesota. All provisions are within limitations established by Minnesota Statutes.

Type of Benefit

The exclusive pension provided by the Association is a "Defined Contribution Lump Sum Service Pension," as defined in Minnesota Statutes §424A.02, Subdivision 4.

Contribution Made

The City collected and remitted \$199,515 and \$184,950 in State Aid to the Association for December 31, 2022 and 2021, respectively. This transaction is recorded as revenue and expenditures in the City's financial statements.

During 2022 and as of December 31, 2022, the Association held no securities issued by the City or other related parties.

11. Post-Employment Benefits Other Than Pensions (OPEB)

A. Plan Description

In addition to providing the pension benefits described in Notes 8 and 9, the City provides post employment health care benefits, as defined in paragraph B, through its group health insurance plan (the plan). The plan is a single-employer defined benefit OPEB plan administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Benefits Provided

The City is required by State Statute to allow retirees to continue participation in the City's group health insurance plan if the individual terminates service with the City through service retirement or disability retirement. Covered spouses may continue coverage after the retiree's death. The surviving spouse of an active employee may continue coverage in the group health insurance plan after the employee's death.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

The City provides health coverage for peace officers or firefighters disabled or killed in the line of duty in accordance with Minnesota Statute 299A.465. The amount of coverage provided is equal to the employer portion of health insurance premiums that would have otherwise been paid if the officer or firefighter was an active employee. During 2022, benefits were provided to four officers disabled in the line of duty.

All health care coverage is provided through the City's group health insurance plans. The retiree is required to pay 100% of their premium cost for the City-sponsored group health insurance plan in which they participate. The premium is a blended rate determined on the entire active and retiree population. Since the projected claims costs for retirees exceed the blended premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit). The coverage levels are the same as those afforded to active employees. Upon a retiree reaching age 65, Medicare becomes the primary insurer.

C. Participants

As of the January 1, 2021 actuarial valuation date, participants of the plan consisted of:

Active employees	146
Inactive employees or beneficiaries currently receiving benefits	4
Total	150

D. Total OPEB Liability and Changes in Total OPEB Liability

The City's total OPEB liability of \$1,542,143 was measured as of January 1, 2022 and was determined by an actuarial valuation as of January 1, 2021. Changes in the total OPEB liability during 2022 were:

Balance - beginning of year	\$1,509,036
Changes for the year:	
Service cost	41,774
Interest cost	30,625
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments	(39,292)
Net changes	33,107
Balance - end of year	\$1,542,143

There were no plan changes since the measurement date of January 1, 2022.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

E. Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	service graded increases ranging from 3% - 12.25%
Discount rate	2.00%
20-year municipal bond yield	2.00%
Healthcare cost trend rates	6.25% in 2022 grading to 5.00% over 5 years and then 4.00% over the next 48 years
Retirees' share of benefit-related costs	100%

Since the plan is funded on a pay-as-you-go basis, both the discount rate and the investment rate of return was based on published rate information for 20-year high quality, tax exempt, general obligation municipal bonds as of the measurement date.

Mortality rates were based on the Pub-2010 Public Retirement Plan Headcount – weighted mortality tables (General, Safety) with MP-2020 Generational Improvement Scale. The actuarial assumptions (retirement withdrawal) used in the January 1, 2022 valuation are similar to those used to value pension liabilities for Minnesota public employees. The state pension plans base their assumptions on periodic experience studies.

There were no changes in assumptions and other inputs since the prior measurement date.

F. Sensitivity of the Total OPEB Liability to Changes in The Discount Rate

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 a discount rate that is 1% lower (1.00%) or 1% higher (3.00%) than the current discount rate:

	1% Decrease <u>(1.00%)</u>	Discount Rate <u>(2.00%)</u>	1% Increase <u>(3.00%)</u>
Total OPEB liability	\$1,723,412	\$1,542,143	\$1,384,473

G. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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 healthcare cost trend rates that are 1% lower (5.25% decreasing to 4.00% over 5 years and then to 3% over the next 48 years) or 1% higher (7.25% decreasing to 6.00% over 5 years and then to 5% over the next 48 years) than the current healthcare cost trend rates:

	1% Decrease <u>(5.25% decreasing to 4.00%)</u>	Healthcare Cost Trend Rates <u>(6.25% decreasing to 5.00%)</u>	1% Increase <u>(7.25% decreasing to 6.00%)</u>
Total OPEB liability	\$1,358,410	\$1,542,143	\$1,756,802

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

For the year ended December 31, 2022, the City recognized \$110,339 of OPEB expense. At December 31, 2022, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$172,610	\$204,570
Changes in actuarial assumptions	200,400	30,513
Contributions subsequent to the measurement date	54,737	-
Total	\$427,747	\$235,083

\$54,737 reported as deferred outflows of resources related to OPEB resulting from City contributions after the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2023. Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	OPEB Expense
2023	\$37,941
2024	37,941
2025	37,941
2026	37,941
2027	2,416
Thereafter	(16,253)

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

12. Interfund Receivables, Payables and Transfers

Interfund payables and receivables are representative of lending/borrowing arrangements to cover deficit cash balances (unless otherwise indicated below) at the end of the fiscal year.

Interfund receivables and payables of the City are as follows:

	Interfund Receivables	Interfund Payables
Due From/Due To:		
Major Funds:		
General Fund (2)	\$15,373	\$ -
Community Investment (1) (3)	3,544,365	
Water (1) (3)	-	3,244,365
Sewer (3)	-	170,000
Storm Water (3)	-	130,000
Nonmajor Governmental Funds:		
Police Activity (2)	-	15,373
Total	\$3,559,738	\$3,559,738

(1) Interfund loan from Community Investment Fund to Water Fund to support capital costs related to the Locke Park Water Treatment Improvement Project Balance was \$2,629,365 at December 31, 2022.

(2) Interfund receivables and payables that relate to lending/ borrowing arrangements to cover deficit cash balances.

(3) Interfund loan from Community Investment Fund to Water, Sewer, and Storm Water Funds to pay off the 2010A revenue bond to save on interest expense. Balance is \$915,000 at December 31, 2022.

Interfund receivables and payables of the HRA component unit at December 31, 2022 are as follows:

	Interfund Receivables	Interfund Payables
Due From/Due To:		
Major Funds:		
General Fund	\$9,731,717	\$ -
Lake Pointe	-	160,303
Gateway Northeast	-	2,458,986
BAE Hazardous Sub District	-	2,471,857
Locke Point Park	-	4,295,325
Nonmajor Governmental Funds:		
Gateway East	-	121,032
Gateway West	-	190,594
Northern Stacks VIII	-	7,767
Holly Center	-	25,853
Total	\$9,731,717	\$9,731,717

The above balances are not expected to be eliminated within one year of December 31, 2022.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Interfund Transfers:

	Transfer In	Transfer Out
Governmental Funds:		
Major Funds:		
General Fund (3) (4) (5)	\$259,715	\$ -
Street Improvements (2) (5)	-	103,800
Community Investment (3)	-	100,000
Park Improvements (1) (4)	100,000	67,415
Nonmajor Governmental Funds:		
Capital Equipment (2)	250,000	-
Total governmental funds	609,715	271,215
Proprietary Funds:		
Liquor (2) (3)	-	338,500
Total	\$609,715	\$609,715

- (1) Transfer of \$100,000 from Community Investment to finance park improvements.
- (2) Transfer from Liquor fund to Capital Equipment (\$250,000).
- (3) Transfer of \$100,000 and \$88,500 from Community Investment to finance park improvements and General Fund activities.
- (4) Transfer of \$67,415 from the Park Improvements Fund to the General Fund cover employee time spent on park improvements
- (5) Transfer of \$103,800 from the Street Improvements Fund to finance General Fund activities.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

13. Fund Balance

A. Fund Balance Classifications

At December 31, 2022, a summary of the governmental fund balance classifications are as follows:

	General	Debt Service	Street Improvements	Community Investment	Park Improvements	CARES/ ARPA	Other Governmental	Total City	Component Unit
Nonspendable:									
Inventory	\$74,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$74,250	\$ -
Prepaid items	151,168	-	-	-	-	-	-	151,168	-
Mortgage loan receivable	-	-	-	-	-	-	-	-	2,968,421
Total nonspendable	225,418	-	-	-	-	-	-	225,418	2,968,421
Restricted for:									
Donations	58,765	-	-	-	-	-	2,218	60,983	-
Debt service	-	3,766,432	-	-	-	-	-	3,766,432	-
Tax increment	-	-	-	-	-	-	-	-	5,527,421
Police forfeitures	-	-	-	-	-	-	117,334	117,334	-
Cable television equipment	-	-	-	-	-	-	67,379	67,379	-
Unspent bond proceeds	-	-	-	-	21,183,039	-	-	21,183,039	-
Total restricted	58,765	3,766,432	-	-	21,183,039	-	186,931	25,195,167	5,527,421
Committed to:									
Cable television programming	-	-	-	-	-	-	1,060,217	1,060,217	-
Recycling programs	-	-	-	-	-	-	86,769	86,769	-
Nature Center activities	-	-	-	-	-	-	228,897	228,897	-
Community investment	-	-	-	13,082,582	-	-	-	13,082,582	-
Police activity	-	-	-	-	-	-	22,599	22,599	-
Capital equipment	-	-	-	-	-	-	2,005,625	2,005,625	-
Emergency reserves	-	-	-	-	-	-	36,314	36,314	-
Housing loan program	-	-	-	-	-	-	-	-	951,769
Total committed	-	-	-	13,082,582	-	-	3,440,421	16,523,003	951,769
Assigned to:									
Capital improvements	-	-	2,529,230	-	2,152,149	-	2,156,837	6,838,216	-
Unassigned	10,563,650	(52,988)	-	-	-	(13,792)	-	10,496,870	8,892,347
Total	\$10,847,833	\$3,713,444	\$2,529,230	\$13,082,582	\$23,335,188	(\$13,792)	\$5,784,189	\$59,278,674	\$18,339,958

B. Minimum Unassigned Fund Balance Policy

The City Council has formally adopted a policy regarding the minimum unassigned fund balance for the General Fund. The most significant revenue source of the General Fund is property taxes. This revenue source is received in two installments during the year – June and December. As such, it is the City's goal to begin each fiscal year with sufficient working capital to fund operations between each semi-annual receipt of property taxes. The City's policy for unassigned funds in the General Fund is equal to 35% - 50% of the following year General Fund expenditures.

At December 31, 2022, the unassigned fund balance of the General Fund was \$10,563,650, compared to its targeted unassigned fund balance of between \$7,369,075 and \$10,527,250.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

14. Tax Increment Districts

The HRA is the administering authority for the following Tax Increment Districts:

Year Established	District	District Name	Tax Capacity Values			Fiscal Disparity Adjustments	Retained By Authority
			Current	Original	Captured		
1985	6	Lake Pointe	\$1,361,732	\$326,940	\$1,034,792	\$ -	\$1,034,792
1995	13	Satellite Lane Apartments	60,660	1,403	59,257	-	59,257
2000	17	Gateway East	64,061	3,147	60,914	-	60,914
2007	18	Gateway West	67,672	4,430	63,242	-	63,242
2007	19	Main Street	277,916	45,628	232,288	-	232,288
2013	20	TIF 20 HSS 20A	2,994,812	278,938	2,715,874	-	2,715,874
2009	21	Gateway Northeast	95,613	28,419	67,194	-	67,194
2013	22	Northstar Transit Station	2,354,626	518,602	1,836,024	-	1,836,024
2017	23	Locke Point Park	405,506	63,447	342,059	-	342,059
2018	24	Northern Stacks VIII	292,652	115,566	177,086	-	177,086
2020	25	Holly Center	314,936	7,049	307,887	-	307,887
2017	HR1/V5	Housing Replacement	3,386	208	3,178	-	3,178
1995	HR1/V6	Housing Replacement	6,992	316	6,676	-	6,676
1995	HR1/V9	Housing Replacement	3,542	286	3,256	-	3,256
1995	HR1/W1	Housing Replacement	3,433	357	3,076	-	3,076
1995	HR1/W2	Housing Replacement	3,198	286	2,912	-	2,912
1995	HR1/W6	Housing Replacement	10,460	516	9,944	-	9,944
1995	HR1/W7	Housing Replacement	3,677	170	3,507	-	3,507
1995	HR1/X8	Housing Replacement	7,424	503	6,921	-	6,921
2017	HR1/X9	Housing Replacement	4,472	164	4,308	-	4,308
1995	HR1/Y1	Housing Replacement	3,443	201	3,242	-	3,242
1995	HR1/Y2	Housing Replacement	3,737	181	3,556	-	3,556
2017	HR1/Y5	Housing Replacement	4,316	328	3,988	-	3,988
2015	HR1/Y4	Housing Replacement	3,912	251	3,661	-	3,661
2020	HR1/AA5	Housing Replacement	4,243	295	3,948	-	3,948
2020	HR1/AA7	Housing Replacement	4,235	299	3,936	-	3,936
2021	HR1/BB3	Housing Replacement	4,919	547	4,372	-	4,372
2021	HR1/BB4	Housing Replacement	4,138	350	3,788	-	3,788
Totals			<u>\$8,369,713</u>	<u>\$1,398,827</u>	<u>\$6,970,886</u>	<u>\$ -</u>	<u>\$6,970,886</u>

15. Commitments and Contingencies

A. Risk Managements

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 1987, the City established the Self Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss.

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the City is subject to a \$25,000 deductible.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Property and casualty insurance coverage is provided through a pooled self-insurance program through LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. For property (other than vehicles for which the City is self-insured) and casualty coverage, the City has a \$75,000 deductible per occurrence with a \$150,000 annual maximum. This deductible gets paid out of the Self-Insurance Fund as necessary.

The City continues to carry commercial insurance for all other risks of loss, including employee health and disability insurance.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

In 1990, the General Fund contributed \$1,000,000 to the Self Insurance Fund in lieu of the Self Insurance Fund charging losses back to each fund.

There is no recorded liability for unpaid claims because the amount of such claims, if any, is considered to be immaterial.

As of December 31, 2022, the Self Insurance Fund has accumulated equity in the amount of \$841,968 to cover future claims and losses.

B. Litigation

The City attorney and management has indicated that existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of the City attorney and management, remotely recoverable by plaintiffs.

C. Federal and State Funds

The City receives 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, 2022.

D. Tax Increment Districts

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

E. Tax Abatements – Pay-As-You-Go Tax Increment

The HRA provides tax abatements pursuant to Minnesota Statutes 469.174 to 469.1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low-to-moderate-income housing, and economic development within the City. TIF captures the increase in tax capacity and property taxes from development or redevelopment to provide funding for the related project.

The HRA has five tax increment pay-as-you-go agreements. The agreements are not a general obligation of the HRA and are payable solely from available tax increment. Accordingly, these agreements are not reflected in the financial statements of the HRA. Details of the pay-as-you-go notes are as follows:

TIF District #6, Lake Pointe (Medtronic):

Issued in 2001 in the principal sum of \$20,000,000 with an interest rate of 6.75% per annum. Principal and interest shall be paid on August 1, 2001 and each February 1 and August 1 thereafter to and including March 1, 2026. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the HRA. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 1, 2026. The current year abatement (TIF note payments) amounted to \$527,281. At December 31, 2022, the principal amount outstanding on the note was \$20,000,000.

TIF District #19, Main Street:

Issued in 2008 in the principal sum of \$1,500,000 with an interest rate of 7.00% per annum. Principal and interest shall be paid on August 1, 2009 and each February 1 and August 1 thereafter to and including February 1, 2025. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the HRA. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for certain public redevelopment costs. The current year abatement (TIF note payments) amounted to \$127,137. At December 31, 2022, the principal amount outstanding on the note was \$1,500,000.

TIF District #22, Northstar – Fridley Senior Apartments

Issued in 2021 in the principal sum of \$3,204,650 with an interest rate of 5.00% per annum. Principal and interest shall be paid on August 1, 2022, and each February 1 and August 1 thereafter to and including February 1, 2043. Payments are solely from available tax increment derived from developed/redeveloped property and paid to the HRA. The pay-as-you-go note provides for payment to the developer equal to 90% of all increments received in the prior six months. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2043. Current year abatement (TIF note payments) amounted to \$242,219. At December 31, 2022, the balance outstanding was \$3,204,650.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

TIF District #22, Fridley Market Apartments

Issued in 2021 in the principal sum of \$2,845,250 with an interest rate of 5.00% per annum. Principal and interest shall be paid on August 1, 2022, and each February 1 and August 1 thereafter to and including February 1, 2043. Payments are solely from available tax increment derived from developed/redeveloped property and paid to the HRA. The pay-as-you-go note provides for payment to the developer equal to 90% of all increments received in the prior six months. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2043. Current year abatement (TIF note payments) amounted to \$282,294. At December 31, 2022, the balance outstanding was \$2,832,465.

TIF District #24, Northern Stacks Phase VIII:

Issued in 2018 in the principal sum of \$660,000 with an interest rate of 5.75% per annum. Principal and interest shall be paid on August 1, 2020 and each February 1 and August 1 thereafter to and including February 1, 2042. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the HRA. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for street, utilities, right-of-way, land acquisition, and other public improvements. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2042. Current year abatement (TIF note payments) amounted to \$41,607. At December 31, 2022, the principal amount outstanding on the note was \$645,676.

16. Conduit Debt Obligation

From time to time, the City has issued Industrial 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.

As of December 31, 2022, there are four series outstanding issued after July 1, 1995 with an aggregate principal amount payable of \$43,983,624.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

17. Deficit Fund Balances

At December 31, 2022, individual funds with a deficit fund balance are as follows:

Primary government:	
Governmental Funds	
CARES/ARPA	(\$13,792)
Internal Service Fund:	
Employee Benefits	(10,685,970)
Component unit:	
Gateway Northeast	(\$2,458,986)
BAE Hazardous Sub District	(2,468,255)
Locke Point Park	(4,292,484)
Lake Pointe	(160,169)
Gateway East	(121,032)
Gateway West	(190,594)
Northern Stacks VIII	(28,570)
Holly Center	(25,853)

18. Contingent Receivable

In 1999, the HRA entered into an agreement with Medtronic for the sale of land from the HRA to Medtronic. The original principal amount of the receivable was \$5,000,000 and the outstanding balance at December 31, 2022 is \$2,957,432. Interest is added quarterly at a rate of 8.25%. Payments on the note receivable are made in an amount equal to 11.11% of tax increment note payments received by Medtronic through 2013, and 22.22% of tax increment note payments receivable from 2013 through 2026.

19. Construction Commitments

At December 31, 2022, the City had construction project contracts in progress. The commitments related to the remaining contract balances amounted to \$786,447.

20. Adoption of New Accounting Standard

The City implemented GASB statement No. 87 for the year ended December 31, 2022. As a result, a lease receivable and deferred inflows of resources are reported on the Statement of Net Position for the government-wide financial statements and the Balance Sheet for the governmental funds financial statements. Additionally, a right to use leased asset and lease liability was added to the Statement of Net Position for the government-wide and proprietary funds financial statements. The standard was implemented as of January 1, 2022 and had no impact on the prior year fund balance or net position.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

21. Prior Period Adjustment

During the 2022 audit, it was determined that the City should have recognized \$50,000 of revenue from a developer's deposit that assisted in financing a City project that was substantially completed and therefore earned in 2021. Below is the impact of the prior period adjustment:

	Storm Water Fund	Businss-Type Activities
Fund balance - January 1, 2022, as previously reported	\$10,389,410	\$35,293,914
Prior period adjustment:		
Revenue unearned in prior year	50,000	50,000
Net position/fund balance - January 1, 2022 as restated	\$10,439,410	\$35,343,914

22. Recently Issued Accounting Standards

The Governmental Accounting Standards Board (GASB) recently approved the following statements which were not implemented for these financial statements:

Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96 *Subscription – Based Information Technology Arrangements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 99 *Omnibus 2022*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 100 *Accounting Changes and Error Corrections* - an amendment to GASB Statement No. 62. The provisions of this Statement are effective for reporting periods beginning after June 15, 2023.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 96 may have a material impact.

23. Subsequent Events and Uncertainties

Subsequent events have been evaluated for recognition or disclosure through June 5, 2023, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2022

	2022			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Taxes and special assessments:				
Current ad valorem taxes	\$13,614,500	\$13,614,500	\$13,641,483	\$26,983
Delinquent ad valorem taxes-net of abatements	14,800	14,800	8,406	(6,394)
Penalties and interest	8,100	8,100	16,973	8,873
Special assessments	22,900	22,900	92,978	70,078
Total taxes and special assessments	<u>13,660,300</u>	<u>13,660,300</u>	<u>13,759,840</u>	<u>99,540</u>
Licenses and permits:				
Licenses:				
Rental	175,000	175,000	179,052	4,052
Business	79,200	79,200	75,440	(3,760)
All other	36,600	36,600	30,138	(6,462)
Permits	893,200	893,200	565,338	(327,862)
Total licenses and permits	<u>1,184,000</u>	<u>1,184,000</u>	<u>849,968</u>	<u>(334,032)</u>
Intergovernmental revenue:				
Federal grants	165,000	165,000	166,072	1,072
State maintenance aid	446,500	446,500	484,832	38,332
Local grants	671,800	671,800	678,447	6,647
Other state grants	194,700	244,700	203,008	(41,692)
Police and fire pension	572,000	649,000	656,150	7,150
Total intergovernmental revenue	<u>2,050,000</u>	<u>2,177,000</u>	<u>2,188,509</u>	<u>11,509</u>
Charges for services:				
General government	1,245,000	1,245,000	1,256,560	11,560
Public safety	354,500	539,500	524,717	(14,783)
Public works	411,700	411,700	287,352	(124,348)
Community development	41,400	224,400	210,486	(13,914)
Recreation	159,500	159,500	142,951	(16,549)
Total charges for services	<u>2,212,100</u>	<u>2,580,100</u>	<u>2,422,066</u>	<u>(158,034)</u>
Fines and forfeits	158,600	158,600	120,612	(37,988)
Investment income:				
Interest and dividends	101,300	101,300	225,682	124,382
Net change in the fair value of investments	-	-	(334,693)	(334,693)
Total investment income	<u>101,300</u>	<u>101,300</u>	<u>(109,011)</u>	<u>(210,311)</u>
Miscellaneous revenue:				
Insurance and other reimbursements	20,300	20,300	61,872	41,572
Gambling tax	35,000	35,000	54,121	19,121
Donations	7,300	7,300	56,197	48,897
Miscellaneous	12,700	87,700	115,629	27,929
Total miscellaneous revenue	<u>75,300</u>	<u>150,300</u>	<u>287,819</u>	<u>137,519</u>
Total revenues	<u>19,441,600</u>	<u>20,011,600</u>	<u>19,519,803</u>	<u>(491,797)</u>

See accompanying notes to required supplementary information

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2022

	2022			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Expenditures:				
General government:				
City management:				
Mayor and council:				
Current:				
Personnel services	\$89,300	\$89,300	\$89,644	(\$344)
Supplies and other charges	76,200	76,200	57,863	18,337
Total mayor and council	165,500	165,500	147,507	17,993
City manager:				
Current:				
Personnel services	353,900	356,900	372,571	(15,671)
Supplies and other charges	23,100	23,100	18,946	4,154
Total city manager	377,000	380,000	391,517	(11,517)
Employee resources:				
Current:				
Personnel services	334,900	345,900	310,150	35,750
Supplies and other charges	61,900	61,900	35,201	26,699
Total employee resources	396,800	407,800	345,351	62,449
Legal:				
Current:				
Supplies and other charges	406,600	406,600	388,790	17,810
Elections:				
Current:				
Personnel services	65,000	65,000	47,044	17,956
Supplies and other charges	33,800	33,800	16,343	17,457
Total elections	98,800	98,800	63,387	35,413
Communications and engagement				
Current:				
Personnel services	196,600	196,600	161,144	\$35,456
Supplies and other charges	74,200	74,200	56,574	17,626
Total communications and engagement	270,800	270,800	217,718	53,082
City clerk/records:				
Personnel services	139,600	152,600	170,827	(18,227)
Supplies and other charges	9,600	9,600	16,353	(6,753)
Total city clerk/records	149,200	162,200	187,180	(24,980)
Total city management	1,864,700	1,891,700	1,741,450	150,250
Finance:				
Accounting:				
Current:				
Personnel services	608,400	608,400	600,088	8,312
Supplies and other charges	108,900	112,900	97,171	15,729
Total accounting	717,300	721,300	697,259	24,041
Assessing:				
Current:				
Personnel services	275,900	280,900	273,618	7,282
Supplies and other charges	15,800	15,800	15,475	325
Total assessing	291,700	296,700	289,093	7,607
ITS:				
Current:				
Personnel services	367,800	397,800	350,944	46,856
Supplies and other charges	279,300	279,300	329,687	(50,387)
Total ITS	647,100	677,100	680,631	(3,531)
Total finance	1,656,100	1,695,100	1,666,983	28,117
Emergency reserves:				
Current:				
Supplies and other charges	88,300	88,300	805	87,495
Nondepartmental:				
Current:				
Personnel services	290,300	95,300	-	95,300
Supplies and other charges	23,700	23,700	15,494	8,206
Total nondepartmental	314,000	119,000	15,494	103,506

See accompanying notes to required supplementary information

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2022

	2022			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Expenditures: (continued)				
General government: (continued)				
Facilities management:				
Current:				
Personnel services	\$291,100	\$296,100	\$288,650	\$7,450
Supplies and other charges	338,000	338,000	406,785	(68,785)
Total facilities management	629,100	634,100	695,435	(61,335)
Total general government	4,552,200	4,428,200	4,120,167	308,033
Public safety:				
Police:				
Police protection:				
Current:				
Personnel services	6,975,300	7,135,300	7,065,364	69,936
Supplies and other charges	673,700	745,700	764,807	(19,107)
Total police protection	7,649,000	7,881,000	7,830,171	50,829
Emergency management:				
Current:				
Supplies and other charges	14,600	14,600	15,435	(835)
Total police	7,663,600	7,895,600	7,845,606	49,994
Fire:				
Fire protection:				
Current:				
Personnel services	1,183,400	1,288,400	1,265,752	22,648
Supplies and other charges	411,000	441,000	498,727	(57,727)
Total fire protection	1,594,400	1,729,400	1,764,479	(35,079)
Rental inspections:				
Current:				
Personnel services	231,500	234,500	228,166	6,334
Supplies and other charges	11,000	11,000	4,707	6,293
Total rental inspections	242,500	245,500	232,873	12,627
Total public safety	9,500,500	9,870,500	9,842,958	27,542
Public works:				
Engineering:				
Current:				
Personnel services	262,800	334,300	268,132	66,168
Supplies and other charges	109,400	109,400	145,418	(36,018)
Total engineering	372,200	443,700	413,550	30,150
Lighting:				
Current:				
Personnel services	18,000	18,000	17,374	626
Supplies and other charges	206,500	206,500	204,562	1,938
Total lighting	224,500	224,500	221,936	2,564

See accompanying notes to required supplementary information

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2022

	2022			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Expenditures: (continued)				
Park maintenance:				
Current:				
Personnel services	744,100	761,100	731,825	29,275
Supplies and other charges	224,400	224,400	231,574	(7,174)
Total park maintenance	968,500	985,500	963,399	22,101
Street:				
Current:				
Personnel services	871,100	871,100	859,169	11,931
Supplies and other charges	568,200	568,200	553,992	14,208
Total street	1,439,300	1,439,300	1,413,161	26,139
Fleet services:				
Current:				
Personnel services	409,400	409,400	401,658	7,742
Supplies and other charges	32,100	32,100	40,033	(7,933)
Total garage	441,500	441,500	441,691	(191)
Forestry				
Current:				
Supplies and other charges	69,900	119,900	125,727	(5,827)
Total forestry	69,900	119,900	125,727	(5,827)
Total public works	3,515,900	3,654,400	3,579,464	74,936
Community development:				
Building inspection:				
Current:				
Personnel services	\$340,900	\$343,900	\$334,734	\$9,166
Supplies and other charges	139,700	210,700	181,953	28,747
Total building inspection	480,600	554,600	516,687	37,913
Planning:				
Current:				
Personnel services	530,900	713,900	689,237	24,663
Supplies and other charges	231,800	231,800	173,483	58,317
Total planning	762,700	945,700	862,720	82,980
Total community development	1,243,300	1,500,300	1,379,407	120,893
Parks and recreation				
Current:				
Personnel services	618,900	618,900	584,478	34,422
Supplies and other charges	203,100	203,100	150,550	52,550
Total parks and recreation	822,000	822,000	735,028	86,972
Total expenditures	19,633,900	20,275,400	19,657,024	618,376
Excess (deficiency) of revenues over (under) expenditures	(192,300)	(263,800)	(137,221)	126,579
Other financing sources (uses):				
Transfers in	192,300	263,800	259,715	(4,085)
Transfers out	-	-	-	-
Total other financing sources	192,300	263,800	259,715	(4,085)
Net change in fund balance	\$ -	\$ -	122,494	\$122,494
Fund balance - January 1			10,725,339	
Fund balance - December 31			\$10,847,833	

See accompanying notes to required supplementary information

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
Last Ten Years

	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service cost	\$ 41,774	\$ 40,554	\$ 29,976	\$ 24,817	\$ 30,073
Interest cost	30,625	46,853	53,743	36,281	14,035
Addition of disabled police officers	-	-	-	-	659,344
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(272,762)	-	345,222	-
Changes in assumptions	-	142,709	149,391	(61,029)	-
Benefit payments	(39,292)	(46,423)	(38,283)	(32,982)	(15,301)
Net change in total OPEB liability	33,107	(89,069)	194,827	312,309	688,151
Total OPEB liability - beginning	1,509,036	1,598,105	1,403,278	1,090,969	402,818
Total OPEB liability - ending	<u>\$ 1,542,143</u>	<u>\$ 1,509,036</u>	<u>\$ 1,598,105</u>	<u>\$ 1,403,278</u>	<u>\$ 1,090,969</u>
Covered-employee payroll	\$11,843,778	\$11,498,814	\$10,759,599	\$10,446,213	\$10,037,870
Total OPEB liability as a percentage of covered payroll	13.0%	13.1%	14.9%	13.4%	10.9%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2018 and is intended to show a ten year trend. Additional years will be added as they become available.

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY* -
GENERAL EMPLOYEES RETIREMENT FUND
Last Ten Years

Measurement Date June 30	Fiscal Year Ending December 31	City's Proportionate Share (Percentage) of the Net Pension Liability	City's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with City (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.1004%	\$5,203,249	\$ -	\$5,203,249	\$5,903,611	88.1%	78.2%
2016	2016	0.1018%	8,265,655	107,922	8,373,577	6,281,307	133.3%	68.9%
2017	2017	0.0979%	6,249,871	78,569	6,328,440	6,269,774	100.9%	75.9%
2018	2018	0.0976%	5,414,448	177,601	5,592,049	6,461,494	86.5%	79.5%
2019	2019	0.0919%	5,080,945	157,993	5,238,938	6,505,506	80.5%	80.2%
2020	2020	0.0946%	5,671,702	174,864	5,846,566	6,747,539	86.6%	79.1%
2021	2021	0.0987%	4,214,932	128,697	4,343,629	7,107,615	61.1%	87.0%
2022	2022	0.0982%	7,777,472	228,060	8,005,532	7,353,484	108.9%	76.7%

* The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS* - GENERAL EMPLOYEES RETIREMENT FUND
Last Ten Years

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2015	\$466,069	\$466,069	\$ -	\$6,214,253	7.5%
December 31, 2016	458,639	458,639	-	6,115,187	7.5%
December 31, 2017	479,410	479,410	-	6,392,134	7.5%
December 31, 2018	480,597	480,597	-	6,407,960	7.5%
December 31, 2019	495,872	495,872	-	6,611,626	7.5%
December 31, 2020	525,081	525,081	-	7,001,082	7.5%
December 31, 2021	541,932	541,932	-	7,225,769	7.5%
December 31, 2022	569,464	569,464	-	7,592,844	7.5%

* The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

See accompanying notes to the required supplementary information.

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY* -
PUBLIC EMPLOYEES POLICE AND FIRE FUND
Last Ten Years

Measurement Date June 30	Fiscal Year Ending December 31	Proportion (Percentage) of the Net Pension Liability	Proportionate Share (Amount) of the Net Pension Liability (a)	Covered Payroll (b)	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.4170%	\$4,738,096	\$3,821,428	124.0%	86.6%
2016	2016	0.4050%	16,253,355	3,898,494	416.9%	63.9%
2017	2017	0.3710%	5,008,941	3,812,191	131.4%	85.4%
2018	2018	0.4185%	4,460,779	4,265,364	104.6%	88.8%
2019	2019	0.4147%	4,414,900	4,373,847	100.9%	89.3%
2020	2020	0.4043%	5,329,107	4,560,658	116.8%	87.2%
2021	2021	0.3895%	3,006,527	4,603,126	65.3%	93.7%
2022	2022	0.4048%	17,615,297	4,917,823	358.2%	70.5%

* The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS* - PUBLIC EMPLOYEES POLICE AND FIRE FUND
Last Ten Years

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2015	\$644,283	\$644,283	\$ -	\$3,977,056	16.20%
December 31, 2016	606,767	606,767	-	3,745,475	16.20%
December 31, 2017	653,014	653,014	-	4,030,951	16.20%
December 31, 2018	700,029	700,029	-	4,321,166	16.20%
December 31, 2019	751,753	751,753	-	4,435,121	16.95%
December 31, 2020	807,829	807,829	-	4,564,003	17.70%
December 31, 2021	839,373	839,373	-	4,742,218	17.70%
December 31, 2022	903,357	903,357	-	5,103,712	17.70%

* The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

See accompanying notes to the required supplementary information.

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2022

A. LEGAL COMPLIANCE – BUDGETS

The General Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the expenditure category level.

B. OPEB INFORMATION

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

2022 Changes

- No benefit changes.
- No assumptions changes.

2021 Changes

- No benefit changes.
- The discount rate was changed from 2.90% to 2.00%.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale to Pub-2010 Public retirement Plans Headcount – Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.

2020 Changes

- No benefit changes.
- The discount rate was changed from 3.80% to 2.90%.

2019 Changes

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for Police and Fire Personnel were updated.
- The discount rate was changed from 3.30% to 3.80%.

C. PENSION INFORMATION

PERA – General Employees Retirement Fund

2022 Changes

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

2021 Changes

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

2020 Changes

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2022

- Assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- Base mortality tables were changed from RP-2014 tables to Pub-2010 tables, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions:

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

Changes in the Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 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 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

2017 Changes

Changes in Actuarial Assumptions:

- The Combined Service Annuity (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, 15.0% for vested deferred member liability and 3.0% for non-vested deferred member liability.
- The assumed post-retirement benefit 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.

2016 Changes

Changes in Actuarial Assumptions:

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

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2022

PERA – Public Employees Police and Fire Fund

2022 Changes

- The single discount rate changed from 6.50% to 5.4%.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 Changes

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

2020 Changes

Changes in Actuarial Assumptions:

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

2019 Changes

Changes in Actuarial Assumptions:

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

Changes in the 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.

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2022

2017 Changes

Changes in Actuarial Assumptions:

- The single discount rate was changed from 5.6% to 7.5%.
- 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 Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% 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 post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00% per year through 2064 and 2.50% thereafter.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% 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 assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND
SCHEDULES**



This page intentionally left blank

SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute or local ordinance and/or resolution to finance particular functions, activities or governments.

CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for the resources expended to acquire permanent or long-term assets.

CITY OF FRIDLEY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2022

	Special Revenue	Capital Project	Total Nonmajor Governmental Funds
Assets			
Cash and investments	\$1,457,295	\$3,788,611	\$5,245,906
Receivables:			
Accounts	106,228	-	106,228
Taxes	11,549	820	12,369
Special assessments	-	41,674	41,674
Due from other governments	127,463	165	127,628
Due from component unit	-	449,017	449,017
	<u>\$1,702,535</u>	<u>\$4,280,287</u>	<u>\$5,982,822</u>
Total assets	<u>\$1,702,535</u>	<u>\$4,280,287</u>	<u>\$5,982,822</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>			
Liabilities:			
Accounts payable	\$53,927	\$34,167	\$88,094
Deposits payable	1,750	-	1,750
Contracts payable	-	4,850	4,850
Due to other governments	7,864	-	7,864
Due to other funds	15,373	-	15,373
Salaries payable	32,512	-	32,512
Unearned revenue	143	-	143
Total liabilities	<u>111,569</u>	<u>39,017</u>	<u>150,586</u>
Deferred inflows of resources:			
Unavailable revenue	<u>5,553</u>	<u>42,494</u>	<u>48,047</u>
Fund balance:			
Restricted	186,931	-	186,931
Committed	1,398,482	2,041,939	3,440,421
Assigned	-	2,156,837	2,156,837
Total fund balance	<u>1,585,413</u>	<u>4,198,776</u>	<u>5,784,189</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$1,702,535</u>	<u>\$4,280,287</u>	<u>\$5,982,822</u>

CITY OF FRIDLEY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2022

	Special Revenue	Capital Project	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$460,519	\$68,500	\$529,019
Special assessments	-	33,194	33,194
Licenses and permits	242,875	-	242,875
Intergovernmental revenue	129,931	1,077,768	1,207,699
Charges for services	614,791	2,500	617,291
Reimbursements	226,953	-	226,953
Fines and forfeits	76,905	-	76,905
Investment income (loss)	(36,778)	(94,391)	(131,169)
Contributions and donations	20,378	-	20,378
Miscellaneous	4,770	22,628	27,398
Total revenues	<u>1,740,344</u>	<u>1,110,199</u>	<u>2,850,543</u>
Expenditures:			
Current:			
General government	847,467	316,531	1,163,998
Public safety	263,994	220,059	484,053
Public works	-	16,416	16,416
Parks and recreation	609,061	55,392	664,453
Community development	-	11,679	11,679
Capital outlay	-	364,726	364,726
Total expenditures	<u>1,720,522</u>	<u>984,803</u>	<u>2,705,325</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,822</u>	<u>125,396</u>	<u>145,218</u>
Other financing sources (uses):			
Proceeds from sale of capital assets	-	48,528	48,528
Transfers in	-	250,000	250,000
Total other financing sources (uses)	<u>-</u>	<u>298,528</u>	<u>298,528</u>
Net change in fund balance	19,822	423,924	443,746
Fund balance - January 1	<u>1,565,591</u>	<u>3,774,852</u>	<u>5,340,443</u>
Fund balance - December 31	<u><u>\$1,585,413</u></u>	<u><u>\$4,198,776</u></u>	<u><u>\$5,784,189</u></u>



This page intentionally left blank

NONMAJOR GOVERNMENTAL FUNDS



This page intentionally left blank

NONMAJOR SPECIAL REVENUE FUNDS

Cable TV Fund - This fund receives revenues from the issuance of a franchise agreement with the cable TV provider. These revenues are used for the operation and maintenance of a government access channel.

Solid Waste Abatement Fund - This fund receives grants, recycling fees and yard waste fees. These revenues finance the City's curbside recycling pickup and operation of the yard waste transfer site.

Drug and Gambling Forfeiture Fund - This fund receives forfeited property in connection with illegal gambling or drug activity. Pursuant to Minnesota Statutes, the proceeds are disbursed between the investigating agency and the prosecuting agency.

Police Activity Fund - This fund is used to track the revenue and expenditures of externally funded police positions.

Springbrook Nature Center Fund - This fund was established in 2005 after a \$275,000 referendum supporting the Springbrook Nature Center was approved by the voters in November of 2004. The revenues from the annual levy are used for the on-going operation of the nature center and the capital improvement projects required in the park.

**CITY OF FRIDLEY, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2022**

<u>Assets</u>	Cable TV	Solid Waste Abatement	Drug and Gambling Forfeiture	Police Activity	Springbrook Nature Center	Totals Nonmajor Special Revenue Funds
Cash and investments	\$1,076,868	\$6,221	\$117,698	\$ -	\$256,508	\$1,457,295
Receivables:						
Accounts	70,119	36,109	-	-	-	106,228
Taxes	-	-	-	-	11,549	11,549
Due from other governments	-	74,618	-	52,845	-	127,463
Total assets	<u>\$1,146,987</u>	<u>\$116,948</u>	<u>\$117,698</u>	<u>\$52,845</u>	<u>\$268,057</u>	<u>\$1,702,535</u>
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>						
Liabilities:						
Accounts payable	\$12,302	\$28,099	\$ -	\$1,106	\$12,420	\$53,927
Deposits payable	-	-	-	-	1,750	1,750
Due to other governments	-	-	221	7,643	-	7,864
Due to other funds	-	-	-	15,373	-	15,373
Salaries payable	7,089	2,080	-	6,124	17,219	32,512
Unearned revenue	-	-	143	-	-	143
Total liabilities	<u>19,391</u>	<u>30,179</u>	<u>364</u>	<u>30,246</u>	<u>31,389</u>	<u>111,569</u>
Deferred inflows of resources:						
Unavailable revenue	-	-	-	-	5,553	5,553
Fund balance:						
Restricted	67,379	-	117,334	-	2,218	186,931
Committed	1,060,217	86,769	-	22,599	228,897	1,398,482
Total fund balance	<u>1,127,596</u>	<u>86,769</u>	<u>117,334</u>	<u>22,599</u>	<u>231,115</u>	<u>1,585,413</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$1,146,987</u>	<u>\$116,948</u>	<u>\$117,698</u>	<u>\$52,845</u>	<u>\$268,057</u>	<u>\$1,702,535</u>

CITY OF FRIDLEY, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2022

	Cable TV	Solid Waste Abatement	Drug and Gambling Forfeiture	Police Activity	Springbrook Nature Center	Totals Nonmajor Special
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$460,519	\$460,519
Licenses and permits	242,875	-	-	-	-	242,875
Intergovernmental revenue	-	129,931	-	-	-	129,931
Charges for services	48,575	390,887	-	-	175,329	614,791
Reimbursements	-	-	-	226,953	-	226,953
Fines and forfeits	-	-	76,905	-	-	76,905
Investment income (loss)	(31,971)	(12)	-	-	(4,795)	(36,778)
Contributions and donations	-	-	-	-	20,378	20,378
Miscellaneous	-	2,910	-	-	1,860	4,770
Total revenues	<u>259,479</u>	<u>523,716</u>	<u>76,905</u>	<u>226,953</u>	<u>653,291</u>	<u>1,740,344</u>
Expenditures:						
Current:						
General government	322,909	524,558	-	-	-	847,467
Public safety	-	-	32,264	231,730	-	263,994
Parks and recreation	-	-	-	-	609,061	609,061
Total expenditures	<u>322,909</u>	<u>524,558</u>	<u>32,264</u>	<u>231,730</u>	<u>609,061</u>	<u>1,720,522</u>
Excess (deficiency) of revenues over (under) expenditures	(63,430)	(842)	44,641	(4,777)	44,230	19,822
Fund balance - January 1	<u>1,191,026</u>	<u>87,611</u>	<u>72,693</u>	<u>27,376</u>	<u>186,885</u>	<u>1,565,591</u>
Fund balance - December 31	<u>\$1,127,596</u>	<u>\$86,769</u>	<u>\$117,334</u>	<u>\$22,599</u>	<u>\$231,115</u>	<u>\$1,585,413</u>



This page intentionally left blank

NONMAJOR CAPITAL PROJECT FUNDS

Special Assessment Construction Capital Projects Fund - is established to account for the construction of public improvements, such as residential streets, sidewalks, and storm sewers or for the provision of services that are to be paid primarily by the benefited property owner.

Building Improvements Fund - is used to account for capital improvements and purchases.

Information System Improvement Fund - is established to account for the purchase of new equipment and replacement equipment such as computers, local area and wide area network equipment, printers, peripheral devices, telecommunications improvements, copiers and software.

Capital Equipment Fund - is used to account for the purchase and repair of major capital equipment.

TIF 20 Note Payoff Fund – services debt on a Tax Increment Financing District created by the Housing and Redevelopment Authority to support the eligible costs associated with the redevelopment of the area known as Northern Stacks.

CITY OF FRIDLEY, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2022

<u>Assets</u>	Special Assessment Construction Capital Projects	Building Improvements	Information System Improvement	Capital Equipment	Totals Nonmajor Capital Project Funds
Cash and investments	\$36,314	\$1,332,296	\$390,214	\$2,029,787	\$3,788,611
Receivables:					
Taxes	820	-	-	-	820
Special assessments	41,674	-	-	-	41,674
Due from other governments	-	165	-	-	165
Due from component unit	-	449,017	-	-	449,017
Total assets	<u>\$78,808</u>	<u>\$1,781,478</u>	<u>\$390,214</u>	<u>\$2,029,787</u>	<u>\$4,280,287</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>					
Liabilities:					
Accounts payable	\$ -	\$10,005	\$ -	\$24,162	\$34,167
Contracts payable	-	4,850	-	-	4,850
Total liabilities	<u>-</u>	<u>14,855</u>	<u>-</u>	<u>24,162</u>	<u>39,017</u>
Deferred inflows of resources:					
Unavailable revenue	<u>42,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,494</u>
Fund balance:					
Committed	36,314	-	-	2,005,625	2,041,939
Assigned	-	1,766,623	390,214	-	2,156,837
Total fund balance	<u>36,314</u>	<u>1,766,623</u>	<u>390,214</u>	<u>2,005,625</u>	<u>4,198,776</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$78,808</u>	<u>\$1,781,478</u>	<u>\$390,214</u>	<u>\$2,029,787</u>	<u>\$4,280,287</u>

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

CITY OF FRIDLEY, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For The Year Ended December 31, 2022

	Special Assessment Construction Capital Projects	Building Improvements	Information System Improvement	Capital Equipment	TIF 20 Note Payoff	Totals Nonmajor Capital Project Funds
Revenues:						
Taxes	\$ -	\$ -	\$68,500	\$ -	\$ -	\$68,500
Special assessments	33,194	-	-	-	-	33,194
Intergovernmental revenue	-	20,000	200,000	857,768	-	1,077,768
Charges for services	-	-	2,500	-	-	2,500
Investment income (loss)	67	(41,306)	(7,948)	(45,239)	35	(94,391)
Miscellaneous	-	18,501	-	4,127	-	22,628
Total revenues	<u>33,261</u>	<u>(2,805)</u>	<u>263,052</u>	<u>816,656</u>	<u>35</u>	<u>1,110,199</u>
Expenditures:						
Current:						
General government	33,413	50,474	230,862	1,782	-	316,531
Public safety	-	39,422	-	180,637	-	220,059
Public works	-	-	-	16,416	-	16,416
Parks and recreation	-	-	-	55,392	-	55,392
Community development	-	-	-	6,411	5,268	11,679
Capital outlay	-	100,909	63,176	200,641	-	364,726
Total expenditures	<u>33,413</u>	<u>190,805</u>	<u>294,038</u>	<u>461,279</u>	<u>5,268</u>	<u>984,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(152)</u>	<u>(193,610)</u>	<u>(30,986)</u>	<u>355,377</u>	<u>(5,233)</u>	<u>125,396</u>
Other financing sources (uses):						
Proceeds from sale of capital assets	-	-	-	48,528	-	48,528
Transfers in	-	-	-	250,000	-	250,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,528</u>	<u>-</u>	<u>298,528</u>
Net change in fund balance	(152)	(193,610)	(30,986)	653,905	(5,233)	423,924
Fund balance - January 1	36,466	1,960,233	421,200	1,351,720	5,233	3,774,852
Fund balance - December 31	<u>\$36,314</u>	<u>\$1,766,623</u>	<u>\$390,214</u>	<u>\$2,005,625</u>	<u>\$0</u>	<u>\$4,198,776</u>

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



This page intentionally left blank

**INDIVIDUAL BUDGET TO ACTUAL STATEMENTS
SPECIAL REVENUE FUNDS**

CITY OF FRIDLEY, MINNESOTA
SPECIAL REVENUE FUND - CABLE TV FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Licenses - franchise fee	\$251,900	\$251,900	\$242,875
Charges for services	31,600	31,600	48,575
Investment income:			
Interest and dividends	13,400	13,400	12,711
Net change in the fair value of investments	-	-	(44,682)
Total revenues	<u>296,900</u>	<u>296,900</u>	<u>259,479</u>
Expenditures:			
Current:			
General government:			
Personal services	218,400	218,400	175,847
Supplies and other charges	161,600	161,600	147,062
Total expenditures	<u>380,000</u>	<u>380,000</u>	<u>322,909</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(\$83,100)</u>	<u>(\$83,100)</u>	(63,430)
Fund balance - January 1			<u>1,191,026</u>
Fund balance - December 31			<u>\$1,127,596</u>

CITY OF FRIDLEY, MINNESOTA
SPECIAL REVENUE FUND - SOLID WASTE ABATEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Intergovernmental revenue:			
State	\$129,900	\$129,900	\$129,931
Charges for services	384,800	384,800	390,887
Investment income:			
Interest and dividends	400	400	91
Net change in the fair value of investments	-	-	(103)
Miscellaneous	5,300	5,300	2,910
Total revenues	520,400	520,400	523,716
Expenditures:			
Current:			
General government:			
Personal services	61,600	61,600	60,562
Supplies and other charges	456,300	456,300	463,996
Total expenditures	517,900	517,900	524,558
Excess (deficiency) of revenues over (under) expenditures	\$2,500	\$2,500	(842)
Fund balance - January 1			87,611
Fund balance - December 31			\$86,769

CITY OF FRIDLEY, MINNESOTA
SPECIAL REVENUE FUND - POLICE ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues:			
Charges for services	\$255,900	\$255,900	\$226,953
Expenditures:			
Public safety:			
Personal services	151,200	151,200	155,424
Supplies and other charges	104,700	104,700	76,306
Total expenditures	255,900	255,900	231,730
Excess (deficiency) of revenues over (under) expenditures	\$0	\$0	(4,777)
Fund balance - January 1			27,376
Fund balance - December 31			\$22,599

CITY OF FRIDLEY, MINNESOTA
SPECIAL REVENUE FUND - SPRINGBROOK NATURE CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2022

	2022		Actual Amounts
	Budgeted Amounts		
	Original	Final	
Revenues:			
Taxes	\$460,400	\$460,400	\$460,519
Intergovernmental revenue	-	-	-
Charges for service	171,200	171,200	175,329
Investment income:			
Interest and dividends	1,900	1,900	1,813
Net change in the fair value of investments	-	-	(6,608)
Contributions and donations	43,700	43,700	20,378
Miscellaneous	1,500	1,500	1,860
Total revenues	<u>678,700</u>	<u>678,700</u>	<u>653,291</u>
Expenditures:			
Current:			
Parks, recreation and naturalist			
Personal services	556,900	556,900	507,995
Supplies and other charges	134,700	134,700	101,066
Total expenditures	<u>691,600</u>	<u>691,600</u>	<u>609,061</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,900)</u>	<u>(12,900)</u>	44,230
Fund balance - January 1			<u>186,885</u>
Fund balance - December 31			<u>\$231,115</u>



This page intentionally left blank

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for goods and services that are provided on a cost reimbursement or fee basis to departments or agencies within the City. These funds are essential for segregating costs for determining the total cost of providing a service and for assuring that the goods and services provided are properly utilized. These funds are accounted for on a capital maintenance measurement focus and use the accrual basis of accounting.

Employee Benefits Fund – This fund is used to account for the expenses associated with providing fringe and pension benefits for employees.

Self Insurance Fund – This fund is used to account for all revenues and expenses associated with the \$50,000 deductible in the City's general liability policy.

CITY OF FRIDLEY, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2022

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Total</u>
Assets:			
Cash and investments	\$1,572,746	\$900,513	\$2,473,259
Accounts receivable	-	6,707	6,707
Total assets	<u>1,572,746</u>	<u>907,220</u>	<u>2,479,966</u>
Deferred outflows of resources:			
Pension related	<u>14,931,264</u>	<u>-</u>	<u>14,931,264</u>
Liabilities:			
Current liabilities:			
Accounts payable	-	65,252	65,252
Payroll deductions payable	128,851	-	128,851
Compensated absences payable - current portion	839,664	-	839,664
Total current liabilities	<u>968,515</u>	<u>65,252</u>	<u>1,033,767</u>
Noncurrent liabilities:			
Compensated absences payable - long-term portion	375,259	-	375,259
Net pension liability	25,392,769	-	25,392,769
Total liabilities	<u>26,736,543</u>	<u>65,252</u>	<u>26,801,795</u>
Deferred inflows of resources:			
Pension related	<u>453,437</u>	<u>-</u>	<u>453,437</u>
Net position:			
Unrestricted	<u>(10,685,970)</u>	<u>841,968</u>	<u>(9,844,002)</u>
Total net position	<u><u>(\$10,685,970)</u></u>	<u><u>\$841,968</u></u>	<u><u>(\$9,844,002)</u></u>

CITY OF FRIDLEY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2022

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$1,544,433	\$336,400	\$1,880,833
Operating expenses:			
Personal services	2,626,675	-	2,626,675
Supplies and other charges	3,539	501,024	504,563
Total operating expenses	<u>2,630,214</u>	<u>501,024</u>	<u>3,131,238</u>
Operating income (loss)	<u>(1,085,781)</u>	<u>(164,624)</u>	<u>(1,250,405)</u>
Nonoperating revenues:			
Investment income (loss)	(44,327)	(28,799)	(73,126)
Intergovernmental	219,784	-	219,784
Insurance reimbursement	-	9,474	9,474
Total nonoperating revenues	<u>175,457</u>	<u>(19,325)</u>	<u>156,132</u>
Change in net position	(910,324)	(183,949)	(1,094,273)
Net position - January 1	<u>(9,775,646)</u>	<u>1,025,917</u>	<u>(8,749,729)</u>
Net position - December 31	<u>(\$10,685,970)</u>	<u>\$841,968</u>	<u>(\$9,844,002)</u>

CITY OF FRIDLEY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2022

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from interfund services provided	\$1,544,433	\$329,693	\$1,874,126
Payment to suppliers	(3,909)	(436,536)	(440,445)
Payment to employees	(1,714,756)	-	(1,714,756)
Net cash flows from operating activities	<u>(174,232)</u>	<u>(106,843)</u>	<u>(281,075)</u>
Cash flows from noncapital financing activities:			
Intergovernmental revenue	<u>219,784</u>	<u>-</u>	<u>219,784</u>
Cash flows from capital and related financing activities:			
Insurance reimbursement	<u>-</u>	<u>9,474</u>	<u>9,474</u>
Cash flows from investing activities:			
Investment income	<u>(44,327)</u>	<u>(28,799)</u>	<u>(73,126)</u>
Net increase (decrease) in cash and cash equivalents	1,225	(126,168)	(124,943)
Cash and cash equivalents - January 1	<u>1,571,521</u>	<u>1,026,681</u>	<u>2,598,202</u>
Cash and cash equivalents - December 31	<u>\$1,572,746</u>	<u>\$900,513</u>	<u>\$2,473,259</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>(\$1,085,781)</u>	<u>(\$164,624)</u>	<u>(\$1,250,405)</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Changes in assets and liabilities:			
Decrease (increase) in receivables	-	(6,707)	(6,707)
Decrease (increase) in deferred outflows of resources	(6,205,247)	-	(6,205,247)
Increase (decrease) in payables	18,220,401	64,488	18,284,889
Increase (decrease) in deferred inflows of resources	(11,103,605)	-	(11,103,605)
Total adjustments	<u>911,549</u>	<u>57,781</u>	<u>969,330</u>
Net cash provided by operating activities	<u>(\$174,232)</u>	<u>(\$106,843)</u>	<u>(\$281,075)</u>

**HOUSING AND REDEVELOPMENT AUTHORITY
COMPONENT UNIT**

CITY OF FRIDLEY, MINNESOTA
BALANCE SHEET - GOVERNMENTAL FUNDS
HOUSING AND REDEVELOPMENT AUTHORITY
December 31, 2022

<u>Assets</u>	<u>General</u>	<u>Housing Loan</u>	<u>Gateway Northeast</u>	<u>BAE Northern Stacks</u>
Cash and investments	\$9,781,195	\$119,061	\$ -	\$2,738,833
Receivables:				
Accounts	82,581	-	-	-
Note	1,000,000	-	-	-
Taxes	15,780	-	-	5,317
Mortgage:				
Deferred	-	2,968,421	-	-
Interest	51,407	-	-	-
Due from other funds	9,731,717	-	-	-
Land held for resale	374,170	-	-	-
Total assets	\$21,036,850	\$3,087,482	\$0	\$2,744,150
 <u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>				
Liabilities:				
Accounts payable	\$23,182	\$309,039	\$ -	\$ -
Due to primary government	452,189	-	-	-
Due to other funds	-	-	2,458,986	-
Total liabilities	475,371	309,039	2,458,986	-
Deferred inflows of resources:				
Unavailable revenue	781,442	-	-	5,317
Fund balance (deficit):				
Nonspendable	-	2,968,421	-	-
Restricted	-	-	-	2,738,833
Committed	951,769	-	-	-
Unassigned	18,828,268	(189,978)	(2,458,986)	-
Total fund balance (deficit)	19,780,037	2,778,443	(2,458,986)	2,738,833
 Total liabilities, deferred inflows of resources, and fund balance	 \$21,036,850	 \$3,087,482	 \$0	 \$2,744,150

BAE Hazardous Sub District	Locke Point Park	Lake Pointe	Northstar Transit Station	Other Governmental Funds	Intra - Activity Eliminations	Totals Governmental Funds
\$3,602	\$ -	\$263,774	\$2,357,579	\$763,398	\$ -	\$16,027,442
-	-	-	-	-	-	82,581
-	-	-	-	-	-	1,000,000
-	2,841	-	-	1,025	-	24,963
-	-	-	-	-	-	2,968,421
-	-	-	-	-	-	51,407
-	-	-	-	-	(9,731,717)	-
-	-	-	-	83,660	-	457,830
<u>\$3,602</u>	<u>\$2,841</u>	<u>\$263,774</u>	<u>\$2,357,579</u>	<u>\$848,083</u>	<u>(\$9,731,717)</u>	<u>\$20,612,644</u>
\$ -	\$ -	\$263,640	\$262,256	\$91,950	\$ -	\$950,067
-	-	-	-	-	-	452,189
<u>2,471,857</u>	<u>4,295,325</u>	<u>160,303</u>	<u>-</u>	<u>345,246</u>	<u>(9,731,717)</u>	<u>-</u>
<u>2,471,857</u>	<u>4,295,325</u>	<u>423,943</u>	<u>262,256</u>	<u>437,196</u>	<u>(9,731,717)</u>	<u>1,402,256</u>
-	-	-	-	83,671	-	870,430
-	-	-	-	-	-	2,968,421
-	-	-	2,095,323	693,265	-	5,527,421
-	-	-	-	-	-	951,769
<u>(2,468,255)</u>	<u>(4,292,484)</u>	<u>(160,169)</u>	<u>-</u>	<u>(366,049)</u>	<u>-</u>	<u>8,892,347</u>
<u>(2,468,255)</u>	<u>(4,292,484)</u>	<u>(160,169)</u>	<u>2,095,323</u>	<u>327,216</u>	<u>-</u>	<u>18,339,958</u>
<u>\$3,602</u>	<u>\$2,841</u>	<u>\$263,774</u>	<u>\$2,357,579</u>	<u>\$848,083</u>	<u>(\$9,731,717)</u>	<u>\$20,612,644</u>
Fund balance reported above						\$18,339,958
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds						1,011,755
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue						870,430
Other post employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.						(1,387)
Net position of governmental activities						<u>\$20,220,756</u>

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
HOUSING AND REDEVELOPMENT AUTHORITY
For The Year Ended December 31, 2022

	General	Housing Loan	Gateway Northeast	BAE Northern Stacks
Revenues:				
Tax increment	\$ -	\$ -	\$561,067	\$2,197,930
Property taxes	596,391	-	-	-
Investment income/(loss)	(208,943)	(15,938)	(4,830)	(37,723)
Mortgage interest earnings	-	34,018	-	-
Interfund and other loan interest earnings	432,192	-	-	-
Miscellaneous	162,520	-	-	-
Total revenues	<u>982,160</u>	<u>18,080</u>	<u>556,237</u>	<u>2,160,207</u>
Expenditures:				
Personal services	2,558	-	-	-
Supplies and other charges	672,104	67,343	30,062	54,900
Developer assistance	841	168,831	-	-
Interest expense	18,501	-	118,288	-
Payments to primary government	-	-	-	1,131,663
Redevelopment expense	176,778	-	-	-
Total expenditures	<u>870,782</u>	<u>236,174</u>	<u>148,350</u>	<u>1,186,563</u>
Excess (deficiency of revenues over (under expenditures)	111,378	(218,094)	407,887	973,644
Other financing sources:				
Sale of real estate	117,162	-	-	-
Net change in fund balance	228,540	(218,094)	407,887	973,644
Fund balance (deficit) - January 1	<u>19,551,497</u>	<u>2,996,537</u>	<u>(2,866,873)</u>	<u>1,765,189</u>
Fund balance (deficit) - December 31	<u>\$19,780,037</u>	<u>\$2,778,443</u>	<u>(\$2,458,986)</u>	<u>\$2,738,833</u>

BAE Hazardous Sub District	Locke Point Park	Lake Pointe	Northstar Transit Station	Other Governmental Funds	Totals Governmental Funds
\$289,719	\$229,585	\$585,868	\$1,251,032	\$401,001	\$5,516,202
-	-	-	-	-	596,391
(3,330)	(1,925)	(2,181)	(43,190)	(16,150)	(334,210)
-	-	-	-	-	34,018
-	-	-	-	-	432,192
-	-	-	-	-	162,520
<u>286,389</u>	<u>227,660</u>	<u>583,687</u>	<u>1,207,842</u>	<u>384,851</u>	<u>6,407,113</u>
-	-	-	-	-	2,558
639	12,693	6,634	58,094	14,709	917,178
-	-	527,281	524,512	239,172	1,460,637
93,396	173,921	-	-	22,588	426,694
-	-	-	-	-	1,131,663
-	-	-	-	-	176,778
<u>94,035</u>	<u>186,614</u>	<u>533,915</u>	<u>582,606</u>	<u>276,469</u>	<u>4,115,508</u>
192,354	41,046	49,772	625,236	108,382	2,291,605
-	-	-	-	-	117,162
192,354	41,046	49,772	625,236	108,382	2,408,767
<u>(2,660,609)</u>	<u>(4,333,530)</u>	<u>(209,941)</u>	<u>1,470,087</u>	<u>218,834</u>	<u>15,931,191</u>
<u>(\$2,468,255)</u>	<u>(\$4,292,484)</u>	<u>(\$160,169)</u>	<u>\$2,095,323</u>	<u>\$327,216</u>	<u>\$18,339,958</u>

Amounts reported for governmental activities in the statement of activities (Exhibit A-2) are different because:

Net changes in fund balances - total above	\$2,408,767
Other post employment benefits in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.	(28)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	87,536
Changes in net position of governmental activities (Exhibit A-2)	<u>\$2,496,275</u>

CITY OF FRIDLEY, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
HOUSING AND REDEVELOPMENT AUTHORITY
December 31, 2022

	Gateway East	Gateway West	Housing Replacement
<u>Assets</u>			
Cash and investments	\$ -	\$ -	\$184,031
Taxes receivable	-	-	11
Land held for resale	-	2,610	81,050
 Total assets	 \$0	 \$2,610	 \$265,092
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	121,032	190,594	-
Total liabilities	121,032	190,594	-
Deferred inflows of resources:			
Unavailable revenue	-	2,610	81,061
Fund balance (deficit):			
Restricted	-	-	184,031
Unassigned	(121,032)	(190,594)	-
Total fund balance (deficit)	(121,032)	(190,594)	184,031
 Total liabilities, deferred inflows of resources, and fund balance	 \$0	 \$2,610	 \$265,092

McGlynn Bakeries	Satellite Lane Apts.	Main Street	Northern Stacks VIII	Holly Center	Total Nonmajor Capital Project Funds
\$68,919	\$446,879	\$63,569	\$ -	\$ -	\$763,398
-	1,014	-	-	-	1,025
-	-	-	-	-	83,660
<u>\$68,919</u>	<u>\$447,893</u>	<u>\$63,569</u>	<u>\$0</u>	<u>\$0</u>	<u>\$848,083</u>
\$7,578	\$ -	\$63,569	\$20,803	\$ -	\$91,950
-	-	-	7,767	25,853	345,246
<u>7,578</u>	<u>-</u>	<u>63,569</u>	<u>28,570</u>	<u>25,853</u>	<u>437,196</u>
-	-	-	-	-	83,671
61,341	447,893	-	-	-	693,265
-	-	-	(28,570)	(25,853)	(366,049)
<u>61,341</u>	<u>447,893</u>	<u>-</u>	<u>(28,570)</u>	<u>(25,853)</u>	<u>327,216</u>
<u>\$68,919</u>	<u>\$447,893</u>	<u>\$63,569</u>	<u>\$0</u>	<u>\$0</u>	<u>\$848,083</u>

CITY OF FRIDLEY, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECT FUNDS
HOUSING AND REDEVELOPMENT AUTHORITY
For The Year Ended December 31, 2022

	<u>Gateway East</u>	<u>Gateway West</u>	<u>Housing Replacement</u>
Revenues:			
Tax increment	\$49,200	\$43,859	\$61,436
Investment income/(loss)	(1,694)	(754)	(3,586)
Total revenues	<u>47,506</u>	<u>43,105</u>	<u>57,850</u>
Expenditures:			
Supplies and other charges	993	732	1,023
Developer assistance	-	-	-
Interest expense	10,583	12,005	-
Total expenditures	<u>11,576</u>	<u>12,737</u>	<u>1,023</u>
Excess (deficiency of revenues over (under expenditures)	35,930	30,368	56,827
Fund balance (deficit) - January 1	<u>(156,962)</u>	<u>(220,962)</u>	<u>127,204</u>
Fund balance (deficit) - December 31	<u><u>(\$121,032)</u></u>	<u><u>(\$190,594)</u></u>	<u><u>\$184,031</u></u>

McGlynn Bakeries	Satellite Lane Apts.	Main Street	Northern Stacks VIII	Holly Center	Totals Nonmajor Capital Project Funds
\$ -	\$59,013	\$141,263	\$46,230	\$ -	\$401,001
-	(10,116)	-	-	-	(16,150)
-	48,897	141,263	46,230	-	384,851
-	932	9,955	468	606	14,709
70,428	-	127,137	41,607	-	239,172
-	-	-	-	-	22,588
70,428	932	137,092	42,075	606	276,469
(70,428)	47,965	4,171	4,155	(606)	108,382
131,769	399,928	(4,171)	(32,725)	(25,247)	218,834
\$61,341	\$447,893	\$0	(\$28,570)	(\$25,853)	\$327,216



This page intentionally left blank

CUSTODIAL FUNDS

Custodial Funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

CITY OF FRIDLEY, MINNESOTA
COMBINING STATEMENT OF NET POSITION
CUSTODIAL FUND
December 31, 2022

	<u>Hotel/Motel Tax</u>
Assets:	
Accounts receivables	<u>\$8,200</u>
Liabilities:	
Accounts payable	<u>8,200</u>
Net Position:	
Restricted	<u>\$ -</u>

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
For The Year Ended December 31, 2022

	<u>Hotel/Motel Tax</u>
Additions:	
Tax collections from other government	\$121,695
Total additions	121,695
Deductions:	
Payments of tax to other governments	115,610
Administrative fee	6,085
Total deductions	121,695
Net increase (decrease) in Fiduciary net position	-
Net position - beginning	-
Net position - ending	\$ -



This page intentionally left blank

III. STATISTICAL SECTION (UNAUDITED)



This page intentionally left blank

Statistical Section (Unaudited)

This part of the City of Fridley's statistical 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.

<u>Contents</u>	<u>Page</u>
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.	158
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property tax.	168
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.	174
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 and to help make comparisons over time and with other governments.	180
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	184

CITY OF FRIDLEY, MINNESOTA
NET POSITION BY COMPONENT
Last ten fiscal years
(Accrual Basis of Accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities:				
Net investment in capital assets	\$13,842,497	\$14,186,359	\$16,811,842	\$23,932,586
Restricted	3,050,204	2,673,982	2,233,179	2,204,983
Unrestricted	24,551,730	25,321,659	16,052,833	13,175,954
Total governmental activities net position	<u>\$41,444,431</u>	<u>\$42,182,000</u>	<u>\$35,097,854</u>	<u>\$39,313,523</u>
Business-type activities:				
Net investment in capital assets	\$12,910,117	\$13,053,816	\$14,234,711	\$13,913,434
Unrestricted	8,417,085	8,727,382	8,058,181	9,567,290
Total business-type activities net position	<u>\$21,327,202</u>	<u>\$21,781,198</u>	<u>\$22,292,892</u>	<u>\$23,480,724</u>
Primary government:				
Net investment in capital assets	\$26,752,614	\$27,240,175	\$31,046,553	\$37,846,020
Restricted	3,050,204	2,673,982	2,233,179	2,204,983
Unrestricted	32,968,815	34,049,041	24,111,014	22,743,244
Total primary government net position	<u>\$62,771,633</u>	<u>\$63,963,198</u>	<u>\$57,390,746</u>	<u>\$62,794,247</u>

Note: GASB 68 was implemented in 2015. Net position was restated for 2014 to reflect the reporting of net position liability and pension related deferred outflows of resources. Net position for years prior to 2014 was not restated.

Table 1

2017	2018	2019	2020	2021	2022
\$31,006,344	\$30,070,173	\$27,349,945	\$31,075,685	\$29,987,129	\$27,164,052
2,739,575	2,977,454	3,047,005	3,662,136	2,763,121	3,957,778
8,889,557	11,049,555	15,961,597	5,783,139	9,898,422	9,915,345
<u>\$42,635,476</u>	<u>\$44,097,182</u>	<u>\$46,358,547</u>	<u>\$40,520,960</u>	<u>\$42,648,672</u>	<u>\$41,037,175</u>
\$13,897,925	\$15,068,876	\$18,211,710	\$21,135,232	\$23,043,111	\$23,290,271
11,077,566	12,674,876	11,837,418	11,052,792	12,250,803	15,034,748
<u>\$24,975,491</u>	<u>\$27,743,752</u>	<u>\$30,049,128</u>	<u>\$32,188,024</u>	<u>\$35,293,914</u>	<u>\$38,325,019</u>
\$44,904,269	\$45,139,049	\$45,561,655	\$52,210,917	\$53,030,240	\$50,454,323
2,739,575	2,977,454	3,047,005	3,662,136	2,763,121	3,957,778
19,967,123	23,724,431	27,799,015	16,835,931	22,149,225	24,950,093
<u>\$67,610,967</u>	<u>\$71,840,934</u>	<u>\$76,407,675</u>	<u>\$72,708,984</u>	<u>\$77,942,586</u>	<u>\$79,362,194</u>

CITY OF FRIDLEY, MINNESOTA
CHANGES IN NET POSITION
Last ten fiscal years
(Accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses				
Governmental activities:				
General government	\$3,434,479	\$4,092,123	\$4,156,904	\$4,398,370
Public safety	7,101,331	7,570,322	8,048,655	10,313,163
Public works	5,928,331	5,959,595	5,127,667	4,975,340
Community development	935,716	898,455	1,107,348	1,126,835
Parks and recreation	1,456,841	1,513,135	1,353,320	1,440,232
Interest on long-term debt	218,610	179,420	144,064	97,684
Total governmental activities expenses	<u>19,075,308</u>	<u>20,213,050</u>	<u>19,937,958</u>	<u>22,351,624</u>
Business-type activities:				
Liquor	4,148,447	4,596,316	4,914,786	5,043,703
Water	2,815,588	2,902,419	3,101,356	3,076,493
Sanitary sewer	4,974,525	4,988,587	5,040,861	5,068,146
Storm water	587,036	597,915	785,626	1,030,467
Total business-type activities expenses	<u>12,525,596</u>	<u>13,085,237</u>	<u>13,842,629</u>	<u>14,218,809</u>
Total primary government expenses	<u>\$31,600,904</u>	<u>\$33,298,287</u>	<u>\$33,780,587</u>	<u>\$36,570,433</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$2,025,108	\$2,079,719	\$1,905,021	\$2,031,207
Public safety	864,435	683,418	619,630	742,523
Public works	99,289	27,312	53,589	32,522
Community development	582,280	798,392	1,194,534	1,108,177
Parks and recreation	326,067	327,508	336,847	333,766
Operating grants and contributions	1,095,724	1,837,860	1,139,385	1,077,559
Capital grants and contributions	1,747,303	1,220,903	2,370,009	6,296,532
Total governmental activities program revenues	<u>6,740,206</u>	<u>6,975,112</u>	<u>7,619,015</u>	<u>11,622,286</u>
Business-type activities:				
Charges for services:				
Liquor	4,308,791	4,786,987	5,256,840	5,439,423
Water	2,788,146	2,913,717	2,907,123	3,330,350
Sanitary sewer	4,572,798	4,754,492	4,809,679	5,298,995
Storm water	613,818	732,961	1,225,153	1,324,460
Operating grants and contributions	50,000	-	-	67,551
Capital grants and contributions	-	440,627	421,990	186,791
Total business-type activities program revenues	<u>12,333,553</u>	<u>13,628,784</u>	<u>14,620,785</u>	<u>15,647,570</u>
Total primary government program revenues	<u>\$19,073,759</u>	<u>\$20,603,896</u>	<u>\$22,239,800</u>	<u>\$27,269,856</u>

Table 2
Page 1 of 2

2017	2018	2019	2020	2021	2022
\$4,298,149	\$3,697,097	\$5,504,858	\$6,003,817	\$5,851,445	\$6,389,864
9,129,111	9,274,465	10,035,219	9,946,434	9,816,095	12,178,884
5,112,090	4,699,946	5,677,069	5,304,937	5,698,161	6,186,146
981,433	946,173	973,708	16,037,288	1,051,339	1,478,757
1,720,811	1,835,082	1,565,950	1,459,005	1,754,110	1,854,907
2,292,957	1,685,039	1,795,560	2,012,685	1,881,282	2,795,304
<u>23,534,551</u>	<u>22,137,802</u>	<u>25,552,364</u>	<u>40,764,166</u>	<u>26,052,432</u>	<u>30,883,862</u>
5,110,714	5,544,091	5,698,502	6,115,659	6,552,204	6,098,010
3,531,649	3,047,417	2,811,051	3,192,159	3,086,716	3,270,302
5,340,062	5,347,742	5,722,230	5,911,370	5,776,014	6,266,036
1,085,780	1,071,446	1,208,564	1,243,060	1,288,000	1,496,526
<u>15,068,205</u>	<u>15,010,696</u>	<u>15,440,347</u>	<u>16,462,248</u>	<u>16,702,934</u>	<u>17,130,874</u>
<u>\$38,602,756</u>	<u>\$37,148,498</u>	<u>\$40,992,711</u>	<u>\$57,226,414</u>	<u>\$42,755,366</u>	<u>\$48,014,736</u>
\$2,021,012	\$2,244,912	\$2,236,868	\$1,490,036	\$1,623,061	\$2,157,317
798,510	840,976	558,695	2,181,463	2,066,986	791,031
34,681	53,360	31,841	792,658	874,269	553,539
895,125	1,206,364	1,502,589	971,674	1,299,234	1,982,209
352,245	319,998	317,088	59,289	233,035	320,780
1,847,380	1,185,939	1,845,628	1,603,520	1,483,495	2,082,891
5,333,480	520,201	1,334,148	6,096,584	1,265,349	2,135,051
<u>11,282,433</u>	<u>6,371,750</u>	<u>7,826,857</u>	<u>13,195,224</u>	<u>8,845,429</u>	<u>10,022,818</u>
5,520,161	6,029,627	6,195,797	6,708,539	7,290,355	6,521,618
3,486,965	3,912,727	3,798,381	4,143,249	4,666,860	4,545,403
5,640,419	6,095,556	6,075,840	5,937,276	6,325,191	6,639,735
1,378,095	1,433,935	1,491,252	1,523,085	1,600,201	1,767,347
61,476	-	251,666	118,410	-	84,590
713,655	499,800	-	163,816	275,449	466,483
<u>16,800,771</u>	<u>17,971,645</u>	<u>17,812,936</u>	<u>18,594,375</u>	<u>20,158,056</u>	<u>20,025,176</u>
<u>\$28,083,204</u>	<u>\$24,343,395</u>	<u>\$25,639,793</u>	<u>\$31,789,599</u>	<u>\$29,003,485</u>	<u>\$30,047,994</u>

CITY OF FRIDLEY, MINNESOTA
CHANGES IN NET POSITION
Last ten fiscal years
(Accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net (expense) revenue:				
Governmental activities	(\$12,335,102)	(\$13,237,938)	(\$12,318,943)	(\$10,729,338)
Business-type activities	(192,043)	543,547	778,156	1,428,761
Total primary government net (expense) revenue	<u>(\$12,527,145)</u>	<u>(\$12,694,391)</u>	<u>(\$11,540,787)</u>	<u>(\$9,300,577)</u>
General revenues and other changes in net position				
Governmental activities:				
General property taxes	\$11,003,455	\$11,521,196	\$11,795,707	\$12,222,937
Grants not restricted to programs	1,033,814	1,476,664	1,325,388	1,763,614
Investment income/(loss)	(216,821)	634,411	157,281	254,379
Gain (loss) on sale of property	35,680	-	67,581	11,005
Other	-	93,236	418,640	354,572
Transfers	250,000	250,000	338,600	338,500
Total governmental activities	<u>12,106,128</u>	<u>13,975,507</u>	<u>14,103,197</u>	<u>14,945,007</u>
Business-type activities:				
Grants not restricted to programs	-	-	2,413	-
Investment earnings	(52,346)	148,248	42,722	95,713
Gain (loss) on sale of property	-	-	10,672	-
Other	24,663	12,201	16,331	1,858
Transfers	(250,000)	(250,000)	(338,600)	(338,500)
Total business-type activities	<u>(277,683)</u>	<u>(89,551)</u>	<u>(266,462)</u>	<u>(240,929)</u>
Total primary government	<u>\$11,828,445</u>	<u>\$13,885,956</u>	<u>\$13,836,735</u>	<u>\$14,704,078</u>
Change in net position:				
Governmental activities	(\$228,974)	\$737,569	\$1,784,254	\$4,215,669
Business-type activities	(469,726)	453,996	511,694	1,187,832
Total primary government	<u>(\$698,700)</u>	<u>\$1,191,565</u>	<u>\$2,295,948</u>	<u>\$5,403,501</u>

Note: GASB 68 was implemented in 2015. Pension expense for years prior to 2015 was not restated.

Table 2
Page 2 of 2

2017	2018	2019	2020	2021	2022
(\$12,252,118)	(\$15,766,052)	(\$17,725,507)	(\$27,568,942)	(\$17,207,003)	(\$20,861,044)
1,732,566	2,960,949	2,372,589	2,132,127	3,455,122	2,894,302
<u>(\$10,519,552)</u>	<u>(\$12,805,103)</u>	<u>(\$15,352,918)</u>	<u>(\$25,436,815)</u>	<u>(\$13,751,881)</u>	<u>(\$17,966,742)</u>
\$13,884,775	\$14,839,034	\$15,387,457	\$16,225,057	\$16,932,793	\$17,340,718
657,546	1,613,020	1,670,719	3,948,112	1,848,065	1,839,727
413,165	651,609	811,009	980,709	(180,488)	(576,946)
-	(335,183)	(249,165)	21,429	129,604	48,528
280,085	120,778	2,028,352	298,544	266,241	259,020
338,500	338,500	338,500	257,504	338,500	338,500
<u>15,574,071</u>	<u>17,227,758</u>	<u>19,986,872</u>	<u>21,731,355</u>	<u>19,334,715</u>	<u>19,249,547</u>
-	8,957	8,957	-	-	794,835
68,805	142,716	257,520	262,616	(24,062)	(387,377)
16,000	(7,046)	3,772	-	12,450	17,550
15,896	1,185	1,038	1,657	880	295
(338,500)	(338,500)	(338,500)	(257,504)	(338,500)	(338,500)
<u>(237,799)</u>	<u>(192,688)</u>	<u>(67,213)</u>	<u>6,769</u>	<u>(349,232)</u>	<u>86,803</u>
<u>\$15,336,272</u>	<u>\$17,035,070</u>	<u>\$19,919,659</u>	<u>\$21,738,124</u>	<u>\$18,985,483</u>	<u>\$19,336,350</u>
\$3,321,953	\$1,461,706	\$2,261,365	(\$5,837,587)	\$2,127,712	(\$1,611,497)
1,494,767	2,768,261	2,305,376	2,138,896	3,105,890	2,981,105
<u>\$4,816,720</u>	<u>\$4,229,967</u>	<u>\$4,566,741</u>	<u>(\$3,698,691)</u>	<u>\$5,233,602</u>	<u>\$1,369,608</u>

CITY OF FRIDLEY, MINNESOTA
FUND BALANCES - GOVERNMENTAL FUNDS
Last ten fiscal years
(Modified accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund:				
Nonspendable	\$50,366	\$60,123	\$66,265	\$51,305
Restricted	40,012	15,176	19,376	35,903
Unassigned	7,997,036	8,242,331	8,858,309	9,084,228
Total general fund	<u>\$8,087,414</u>	<u>\$8,317,630</u>	<u>\$8,943,950</u>	<u>\$9,171,436</u>
All other governmental funds:				
Restricted	\$2,233,664	\$2,071,259	\$1,808,572	\$1,903,290
Committed	2,124,944	2,566,101	2,709,638	2,549,903
Assigned	11,618,835	11,949,555	11,272,588	10,573,287
Unassigned	(98,566)	(97,712)	(43,153)	(27,574)
Total all other governmental funds	<u>\$15,878,877</u>	<u>\$16,489,203</u>	<u>\$15,747,645</u>	<u>\$14,998,906</u>

Table 3

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$55,777	\$77,801	\$53,334	\$65,779	\$105,578	\$225,418
14,466	20,335	42,180	24,513	20,849	58,765
9,522,843	11,045,978	10,166,947	13,603,533	10,598,912	10,563,650
<u>\$9,593,086</u>	<u>\$11,144,114</u>	<u>\$10,262,461</u>	<u>\$13,693,825</u>	<u>\$10,725,339</u>	<u>\$10,847,833</u>
\$34,821,855	\$5,009,553	\$12,775,223	\$3,566,713	\$3,720,128	\$27,174,772
2,658,339	6,765,928	11,165,161	11,550,431	16,180,954	16,523,003
8,510,134	4,567,369	6,177,195	6,362,198	6,811,853	4,799,846
(9,453)	-	-	(567)	(52,012)	(66,780)
<u>\$45,980,875</u>	<u>\$16,342,850</u>	<u>\$30,117,579</u>	<u>\$21,478,775</u>	<u>\$26,660,923</u>	<u>\$48,430,841</u>

CITY OF FRIDLEY, MINNESOTA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last ten fiscal years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:				
General property taxes	\$11,024,785	\$11,554,557	\$11,805,580	\$12,244,211
Special assessments	834,120	938,290	542,248	865,722
Licenses and permits	1,123,635	1,171,365	1,549,785	1,442,895
Intergovernmental	2,643,728	3,208,442	4,375,972	7,330,338
Charges for services	2,545,908	2,518,062	2,374,896	2,592,665
Fines and forfeits	218,194	226,922	184,940	212,635
Earnings on investments	(185,473)	565,245	157,281	254,379
Interest on loan	-	-	-	-
Other	295,409	314,416	429,713	887,678
Total revenues	<u>\$18,500,306</u>	<u>\$20,497,299</u>	<u>\$21,420,415</u>	<u>\$25,830,523</u>
Expenditures:				
Current:				
General government	3,279,657	3,732,056	3,777,688	3,924,877
Public safety	6,794,524	7,165,678	7,319,564	7,537,051
Public works	3,530,939	4,635,752	3,575,252	2,824,319
Community development	817,895	894,785	1,081,549	942,768
Parks and recreation	1,305,158	1,422,405	1,288,684	1,341,444
Debt service:				
Principal	980,000	1,150,000	1,190,000	1,230,000
Interest	227,326	190,890	152,894	112,421
Bond issuance costs	-	3,150	7,462	2,700
Capital outlay	2,536,286	1,290,008	3,645,425	8,618,369
Total expenditures	<u>19,471,785</u>	<u>20,484,724</u>	<u>22,038,518</u>	<u>26,533,949</u>
Revenues over (under) expenditures	<u>(\$971,479)</u>	<u>\$12,575</u>	<u>(\$618,103)</u>	<u>(\$703,426)</u>
Other financing sources (uses):				
Bonds issued	-	-	-	-
Premium/(discount) on bonds issue	-	-	-	-
Proceeds from sale of capital assets	35,679	36,836	93,670	43,673
Transfers in	250,000	8,253,616	1,065,410	2,047,849
Transfers out	(125,000)	(7,462,485)	(726,810)	(1,909,349)
Total other financing sources (uses)	<u>160,679</u>	<u>827,967</u>	<u>432,270</u>	<u>182,173</u>
Net change in fund balance	<u>(\$810,800)</u>	<u>\$840,542</u>	<u>(\$185,833)</u>	<u>(\$521,253)</u>
Debt service as a percentage of noncapital expenditures	6.8%	7.0%	7.3%	7.5%
Debt service as percentage of total expenditures	6.2%	6.6%	6.1%	5.1%

Table 4

2017	2018	2019	2020	2021	2022
\$13,878,204	\$14,857,454	\$15,337,464	\$16,133,737	\$16,977,698	\$17,352,753
621,621	501,045	467,953	819,347	840,389	657,413
1,272,753	1,538,758	1,501,526	1,559,003	1,526,246	1,092,843
4,227,709	3,035,084	4,446,430	8,111,582	3,888,549	5,038,786
2,560,831	2,863,220	2,958,748	2,795,287	3,230,503	3,039,357
267,989	263,632	186,807	169,156	151,219	197,517
413,165	651,609	811,009	898,347	(164,818)	(503,820)
-	-	-	108,000	98,579	111,276
766,059	374,415	2,178,614	1,232,731	1,392,806	1,801,529
<u>\$24,008,331</u>	<u>\$24,085,217</u>	<u>\$27,888,551</u>	<u>\$31,827,190</u>	<u>\$27,941,171</u>	<u>\$28,787,654</u>
3,953,025	3,659,534	4,677,076	5,177,833	5,023,569	5,295,200
8,001,032	8,317,478	8,831,505	8,924,373	9,761,947	10,327,011
3,468,102	3,316,912	3,535,263	3,222,623	3,451,877	3,636,672
934,074	909,481	982,166	15,999,027	1,073,651	1,391,086
1,417,611	1,557,052	1,244,351	1,175,270	1,438,269	1,471,176
1,730,000	1,390,000	1,495,000	1,540,000	2,070,000	2,105,000
931,527	1,761,843	1,721,308	1,958,725	2,106,674	2,022,014
715,461	2,800	155,218	62,855	-	558,999
22,577,062	31,660,699	2,721,649	4,412,516	1,269,626	2,686,883
<u>43,727,894</u>	<u>52,575,799</u>	<u>25,363,536</u>	<u>42,473,222</u>	<u>26,195,613</u>	<u>29,494,041</u>
<u>(\$19,719,563)</u>	<u>(\$28,490,582)</u>	<u>\$2,525,015</u>	<u>(\$10,646,032)</u>	<u>\$1,745,558</u>	<u>(\$706,387)</u>
49,130,000	-	9,510,000	4,540,000	-	20,730,000
1,584,898	-	504,837	619,659	-	1,481,771
69,784	65,085	14,724	21,429	129,604	48,528
1,361,189	7,795,728	2,819,740	338,500	338,500	338,500
(1,022,689)	(7,457,228)	(2,481,240)	(80,996)	-	-
<u>51,123,182</u>	<u>403,585</u>	<u>10,368,061</u>	<u>5,438,592</u>	<u>468,104</u>	<u>22,598,799</u>
<u>\$31,403,619</u>	<u>(\$28,086,997)</u>	<u>\$12,893,076</u>	<u>(\$5,207,440)</u>	<u>\$2,213,662</u>	<u>\$21,892,412</u>
13.0%	15.1%	14.3%	9.2%	16.8%	15.7%
6.1%	6.0%	12.7%	8.2%	15.9%	14.0%

CITY OF FRIDLEY, MINNESOTA
TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
Last ten fiscal years

Fiscal Year	Residential Property	Commercial/ Industrial Property	Public Utility	All Other
2013	\$8,713,053	\$13,207,351	\$45,306	\$4,286,829
2014	7,885,298	12,520,981	44,648	4,362,496
2015	9,538,484	12,771,829	49,868	4,737,031
2016	9,488,686	13,688,867	58,699	4,958,693
2017	10,488,279	15,061,056	59,759	5,564,751
2018	11,639,971	15,097,292	62,282	5,961,619
2019	18,645,518	16,935,599	69,652	1,189,818
2020	20,305,713	18,228,064	52,061	1,200,626
2021	23,149,590	19,713,466	62,485	1,415,212
2022	23,326,147	19,746,828	61,735	1,072,472

Source: Continuing Disclosure Document

¹ Property values are determined on January 2 of the preceeding year.

Table 5

Total Tax Capacity	Add: for Area-wide Values and Increment	Less: Fiscal Disparity Contribution	Adjusted Tax Capacity Value	Total Direct Tax Rate	Estimated Market Value ¹	Tax Capacity as a Percent of EMV
\$26,252,539	\$2,844,689	\$5,373,202	\$23,724,026	47.362%	\$ 2,057,500,500	110.66%
24,813,423	2,799,171	4,509,587	23,103,007	48.577%	1,948,580,100	107.40%
27,097,212	2,934,045	4,358,570	25,672,687	43.508%	2,146,063,300	105.55%
28,194,945	2,986,838	4,681,350	26,500,433	44.960%	2,207,363,400	106.39%
31,173,845	2,946,266	5,225,764	28,894,347	48.218%	2,416,338,500	107.89%
32,761,164	2,918,699	5,571,692	30,108,171	47.907%	2,557,662,900	108.81%
36,840,587	3,230,754	5,830,355	34,240,986	45.380%	2,854,939,900	107.59%
39,786,464	3,841,599	6,520,022	37,108,041	45.253%	3,073,484,500	107.22%
44,340,753	5,047,146	7,707,520	41,680,379	44.941%	3,427,584,200	106.38%
44,207,182	5,039,430	7,707,747	41,538,865	45.242%	3,425,676,400	106.42%

CITY OF FRIDLEY, MINNESOTA
DIRECT AND OVERLAPPING PROPERTY TAX CAPACITY RATES
Last ten fiscal years

Fiscal Year	City	School District No. 11	School District No. 13	School District No. 14
2013	47.362%	26.801%	27.449%	50.112%
2014	48.577%	28.265%	24.824%	49.552%
2015	43.508%	22.482%	32.562%	48.422%
2016	44.960%	20.885%	29.442%	54.252%
2017	48.218%	18.590%	27.633%	49.408%
2018	47.907%	18.392%	27.900%	51.006%
2019	45.382%	16.330%	33.148%	49.055%
2020	45.253%	16.948%	23.385%	46.213%
2021	44.941%	16.152%	28.771%	44.306%
2022	45.242%	16.319%	24.986%	43.699%

Source: Anoka County Property Records and Taxation Department

Notes:

⁽¹⁾Coon Creek Watershed District is included with School District No. 11.

⁽²⁾Rice Creek Watershed District is included with School District No. 13, 14 and 16.

Table 6

School District No. 16⁽¹⁾	County	Special Districts with Coon Creek	Special Districts with Rice Creek	Total Tax Capacity Rates By School Districts			
				School District No. 11⁽¹⁾	School District No. 13⁽²⁾	School District No. 14⁽²⁾	School District No. 16⁽²⁾
44.440%	44.411%	9.448%	N/A	128.022%	129.850%	152.513%	146.841%
44.562%	43.239%	9.559%	10.296%	129.640%	126.936%	151.664%	146.674%
40.045%	38.123%	8.591%	9.079%	112.704%	123.272%	139.132%	130.755%
39.609%	38.894%	9.688%	9.622%	114.427%	122.918%	147.728%	133.085%
40.229%	36.841%	6.758%	7.200%	110.407%	119.892%	141.667%	132.488%
39.617%	37.792%	6.892%	7.282%	110.983%	120.881%	143.987%	132.598%
37.632%	34.473%	6.265%	6.699%	102.450%	119.702%	135.609%	124.186%
35.452%	33.440%	6.120%	6.642%	101.761%	108.720%	131.548%	120.787%
33.110%	32.885%	4.354%	4.876%	98.332%	111.473%	127.008%	115.812%
33.380%	29.254%	4.224%	4.582%	95.039%	104.064%	122.777%	112.458%

Table 7

CITY OF FRIDLEY, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
Current year and nine years ago

Taxpayer	2022			2013		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Medtronic, Inc.	\$1,977,709	1	4.47%	\$1,694,986	1	6.46%
Hyde Development	1,859,738	2	4.21%	N/A		N/A
Onan Corp (Cummins Power)	762,938	3	1.73%	387,262	4	1.48%
BNSF Railroad	715,926	4	1.62%	N/A		N/A
Target Corporation	712,850	5	1.61%	556,928	2	2.12%
Industrial Equities Group	607,784	6	1.37%	N/A		N/A
Fridley Medical Clinic	605,644	7	1.37%	N/A		N/A
Shamrock Investments	487,056	8	1.10%	531,876	3	2.03%
Cielo Partners LLC	483,191	9	1.09%	N/A		N/A
Fridley Market (60th/Main)	462,239	10	1.05%	N/A		N/A
University Avenue Associates	N/A		N/A	238,944	8	0.91%
Wal-Mart/Sam's Club	N/A		N/A	336,460	5	1.28%
Georgetown Apartments	N/A		N/A	244,066	7	0.93%
GPT Fridley / BAE	N/A		N/A	283,118	6	1.08%
River Pointe Apartments	N/A		N/A	187,570	10	0.71%
Lifetime Fitness	N/A		N/A	196,832	9	0.75%
Total	<u>\$8,675,075</u>		<u>19.62%</u>	<u>\$4,658,042</u>		<u>17.75%</u>
Total All Property	<u>\$44,207,182</u>			<u>\$26,252,539</u>		

Source: City Assessor

CITY OF FRIDLEY, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
Last ten fiscal years

Fiscal Year Ended Dec. 31	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of the Levy Amount	Percentage of Levy	Collections in Subsequent Years ¹	Total Collections to Date Amount	Percentage of Levy
2013	\$11,252,481	\$11,247,943	99.96%	\$4,538	\$11,252,481	100.00%
2014	11,511,288	11,372,812	98.80%	137,539	11,510,351	99.99%
2015	11,734,607	11,657,855	99.35%	75,335	11,733,190	99.99%
2016	12,200,835	12,172,555	99.77%	25,383	12,197,938	99.98%
2017	14,122,251	13,990,154	99.06%	124,808	14,114,962	99.95%
2018	14,807,913	14,804,501	99.98%	(5,939)	14,798,562	99.94%
2019	15,494,419	15,339,721	99.00%	101,240	15,440,961	99.65%
2020	16,109,557	16,030,087	99.51%	28,580	16,058,667	99.68%
2021	16,890,084	16,834,247	99.67%	24,165	16,834,247	99.67%
2022	17,392,070	17,326,104	99.62%	N/A	17,326,104	99.62%

¹Includes repayment of property taxes abatements

Source: City Finance Department

CITY OF FRIDLEY, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten fiscal years

Fiscal Year	Governmental Activities				Total	Business Type	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	Improvement Bonds ²	Tax Increment Bonds ²	Equipment Certificates ²	Tax Abatement ²		Revenue Bonds ² Activities			
2013	\$4,955,000	\$ -	\$1,725,000	\$ -	\$6,680,000	\$6,415,000	\$13,095,000	1.69%	240
2014	4,000,000	-	1,530,000	-	5,530,000	5,845,000	11,375,000	1.58%	198
2015	3,010,000	-	1,330,000	-	4,340,000	5,260,000	9,600,000	1.31%	152
2016	1,980,000	-	1,130,000	-	3,110,000	10,645,000	13,755,000	1.69%	109
2017	49,585,000	-	925,000	-	50,510,000	8,045,000	58,555,000	7.25%	1,815
2018	48,400,000	-	720,000	-	49,120,000	7,130,000	56,250,000	6.74%	1,755
2019	47,115,000	9,510,000	510,000	-	57,135,000	6,185,000	63,320,000	7.28%	2,010
2020	45,790,000	14,050,000	295,000	-	60,135,000	5,455,000	65,590,000	7.01%	2,111
2021	44,495,000	13,420,000	150,000	-	58,065,000	3,580,000	61,645,000	6.61%	2,072
2022	43,245,000	12,715,000	-	20,730,000	76,690,000	3,015,000	79,705,000	7.50%	2,667

¹Demographic information can be found on Table 13

² Presented as gross amount of debt, not adjusted for original issuance premiums and discounts

CITY OF FRIDLEY, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2022

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Independent School District No. 11	\$245,055,000	1.60%	\$3,920,880
Independent School District No. 13	18,433,058	31.46%	5,799,040
Independent School District No. 14	42,025,000	100.00%	42,025,000
Independent School District No. 16	99,105,000	36.80%	36,470,640
Metro Council	1,717,186,171	1.19%	20,434,515
Anoka County	42,415,000	18.04%	7,651,666
Vocational/Technical District No. 916	71,500,000	2.21%	1,580,150
Subtotal - overlapping debt			117,881,891
City of Fridley - Direct debt			78,624,915
Total direct and overlapping debt	\$78,624,915	100.00%	\$196,506,806

Sources: Continuing Disclosure Document

¹Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.



This page intentionally left blank

CITY OF FRIDLEY, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
Last ten fiscal years

Market Value	\$3,425,676,400	
Debt Limit 3% of Market Value		\$102,770,292
Amount of Debt Applicable to Debt Limit:		
Total Debt	\$46,260,000	
Deductions:		
Revenue Bonds	3,015,000	3,015,000
Total Amount of Debt Applicable to Debt Limit		43,245,000
Legal Debt Margin		\$59,525,292

Legal Debt Margin Calculation for the last 10 Fiscal Years

Fiscal Year	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Amount of Debt Applicable to Debt Limit
2013	\$61,725,015	\$1,725,000	\$60,000,015	2.79%
2014	58,457,403	1,530,000	56,927,403	2.62%
2015	64,381,899	1,330,000	63,051,899	2.07%
2016	66,220,902	1,130,000	65,090,902	1.71%
2017	72,490,155	50,055,000	22,435,155	69.05%
2018	76,729,887	48,790,000	27,939,887	63.59%
2019	85,648,197	56,935,000	28,713,197	66.48%
2020	92,204,535	60,070,000	32,134,535	65.15%
2021	102,827,526	58,065,000	44,762,526	56.47%
2022	102,770,292	46,260,000	59,525,292	57.92%

CITY OF FRIDLEY, MINNESOTA
PLEGGED-REVENUE COVERAGE
Last ten fiscal years

Fiscal Year	Improvement Bonds				Equipment Certificates			
	Special Assessment Collections	Debt Service		Coverage	Property Tax Collections	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2013	\$376,026	\$925,000	\$198,413	0.33	\$233,749	\$55,000	\$25,763	2.89
2014	932,078	955,000	166,235	0.83	234,357	195,000	25,653	1.06
2015	188,303	990,000	129,815	0.17	231,310	200,000	23,080	1.04
2016	166,895	1,030,000	92,090	0.15	234,359	200,000	20,330	1.06
2017	105,827	1,525,000	914,322	0.04	225,962	205,000	17,205	1.02
2018	52,979	1,185,000	1,747,988	0.02	232,848	205,000	13,855	1.06
2019	48,680	1,285,000	1,710,938	0.02	231,149	210,000	10,371	1.05
2020	25,154	1,325,000	1,671,788	0.01	157,817	215,000	6,570	0.71
2021	10,336	1,295,000	1,638,638	0.00	160,511	145,000	3,526	1.08
2022	-	1,250,000	1,594,113	0.00	(95)	150,000	1,238	0.00

Table 12

Utility Revenue Bonds						Tax Increment Bonds			
Utility Service Revenues	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	Tax Increment Collections	Debt Service		Coverage
			Principal	Interest			Principal	Interest	
\$7,961,738	\$6,839,852	\$1,121,886	\$655,000	\$235,474	1.26	\$0	\$0	\$0	0.00
8,363,415	6,987,095	1,376,320	570,000	223,459	1.73	-	-	-	-
8,936,287	7,405,596	1,530,691	585,000	203,060	1.94	-	-	-	-
9,938,517	7,381,382	2,557,135	610,000	181,610	3.23	-	-	-	-
10,499,230	8,374,461	2,124,769	2,600,000	261,888	0.74	-	-	-	-
11,442,218	9,307,210	2,135,008	915,000	180,688	1.95	-	-	-	-
11,365,473	9,608,209	1,757,264	945,000	155,763	1.60	-	-	-	-
11,603,610	9,812,423	1,791,187	730,000	134,838	2.07	-	-	280,368	-
12,592,252	9,681,907	2,910,345	1,875,000	131,838	1.45	-	630,000	460,038	-
12,952,485	12,091,570	860,915	565,000	66,763	1.36	-	705,000	426,663	-

CITY OF FRIDLEY, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last ten fiscal years

<u>Fiscal Year</u>	<u>Population</u>	<u>Unemployment Rate</u>	<u>Total Personal Income</u>	<u>Per Capita Personal Income</u>
2013	27,785	4.4%	774,145,670	27,862
2014	27,952	4.2%	720,406,896	25,773
2015	28,547	3.9%	747,503,195	26,185
2016	28,631	3.9%	810,142,776	28,296
2017	28,667	3.8%	829,622,980	28,940
2018	28,824	3.1%	862,385,256	29,919
2019	28,981	3.3%	897,599,532	30,972
2020	29,924	7.5%	971,033,800	32,450
2021	29,806	5.0%	981,899,058	32,943
2022	29,962	2.6%	1,062,531,280	36,040

Sources: Metropolitan Council (population), Continuing Disclosure Document (unemployment rate)

CITY OF FRIDLEY, MINNESOTA
PRINCIPAL EMPLOYERS
Current year and nine years ago

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Medtronic, Inc.	3,400	1	14.02%	2,693	1	12.05%
Target	1,471	2	6.06%	758	4	3.39%
Mercy - Unity Medical Center	1,448	3	5.97%	1,510	2	6.76%
Cummins Power (Onan)	1,100	4	4.53%	1,325	3	5.93%
BAE Systems	600	5	2.47%	375	7	1.68%
ISD #14 (Fridley Schools)	563	6	2.32%	525	5	2.35%
Minco Products	350	7	1.44%	500	6	2.24%
Kurt Manufacturing	310	8	1.28%	250	9	1.12%
Wal-Mart	305	9	1.26%	288	8	1.29%
Taylor Communications	255	10	1.05%	N/A		N/A
Lofthouse Bakery	N/A		N/A	185	10	0.83%
Total	<u>9,802</u>		<u>40.41%</u>	<u>8,409</u>		<u>37.63%</u>
Total City Employment	<u>24,257</u>			<u>22,345</u>		

Source: Fridley Community Development Dept, MN Department of Employment and Economic Development

CITY OF FRIDLEY, MINNESOTA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last ten fiscal years

<u>Function/Program</u>	<u>Full-Time Equivalent Employees as of December 31,</u>			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government:				
City administration	4.0	4.7	4.7	5.0
Finance	18.0	16.0	16.0	15.0
Human resource	2.0	2.0	2.0	2.0
Community development	8.2	9.8	9.6	10.0
Customer Relations	-	-	-	-
Public safety:				
Police department	50.6	51.6	52.6	52.4
Fire department	7.8	7.6	7.0	7.0
Public works:				
Administration	1.2	0.6	1.5	1.5
Engineering	5.0	5.0	1.8	1.8
Mechanic	4.5	4.0	3.8	3.8
Streets	9.0	8.5	8.5	8.5
Water	7.0	7.0	7.8	7.8
Sewer	5.0	5.0	3.7	3.7
Parks	7.0	6.5	5.8	5.8
Storm Water	-	-	5.1	5.1
Parks and recreation:				
Parks and recreation	8.0	9.6	9.0	9.0
Total	<u>137.3</u>	<u>137.9</u>	<u>138.9</u>	<u>138.4</u>

Source: City Finance Department

Table 15

Full-Time Equivalent Employees as of December 31,						
2017	2018	2019	2020	2021	2022	
5.0	5.0	5.0	4.0	5.0	7.0	
15.0	16.1	16.9	3.0	3.0	3.0	
2.0	2.8	3.0	-	-	-	
10.0	10.0	10.0	17.9	23.5	21.6	
-	0.7	1.0	10.0	10.0	10.0	
52.4	52.1	54.1	54.9	55.8	55.8	
7.0	7.0	6.0	4.9	6.0	6.0	
1.8	1.8	2.8	2.8	3.0	3.0	
2.1	2.1	2.1	2.1	2.1	2.1	
3.8	3.8	3.8	5.8	5.8	5.8	
8.8	8.8	8.8	8.9	8.7	8.7	
7.9	7.9	7.9	4.0	3.6	3.6	
3.7	3.7	3.7	7.9	8.2	8.4	
5.8	5.8	5.8	4.6	4.2	4.2	
5.1	5.0	5.0	6.7	5.3	6.1	
9.8	10.2	9.0	11.7	10.8	11.3	
140.0	142.8	144.9	149.1	155.0	156.6	

CITY OF FRIDLEY, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last ten fiscal years

Function/Program	Fiscal Year			
	2013	2014	2015	2016
Police:				
Physical arrests	1,344	1,256	1,386	752
Parking violations	562	373	278	922
Traffic violations	2,826	3,245	2,592	2,601
Fire:				
Emergency responses	3,003	3,089	3,047	3,268
Fires occurred	119	110	103	127
Commercial inspections	1,110	1,505	1,663	789
Community development:				
Rental inspections	1,145	1,428	1,881	1,559
Refuse collection:				
Recyclables collected (tons per day)	6.21	6.22	6.33	5.99
Recyclables collected (pounds per person)	164.67	164.59	165.96	156.54
Building inspection:				
Permits issued:				
Residential	2,191	1,974	4,642	2,227
Commercial	440	492	642	599
Total permit valuation	\$40,697,477	\$47,109,811	\$60,598,103	\$73,636,057
Other public works:				
Street resurfacing (miles)	3.8	3.3	2.9	2.2
Recreation				
Total Program Participant hours	305,975	310,000	311,500	315,000
Total Senior Program Participant hours	69,818	70,000	62,218	65,500
Nature Center Education Participants	23,419	23,860	20,404	15,609
Nature Center Special Event Participants	N/A	N/A	N/A	4,751
Nature Center Facility Rental Visitors	N/A	N/A	N/A	N/A
Water:				
Connections	8,230	8,243	8,245	8,374
Storage capacity (gallons)	6,500,000	6,500,000	6,500,000	6,500,000
Average daily demand (gallons)	4,227,975	2,517,808	2,968,901	3,560,000
Peak daily demand (gallons)	9,009,000	7,439,000	6,803,000	6,392,000
Sewer:				
Connections	8,239	8,252	8,254	8,271

Sources: Various City departments.

Table 16

Fiscal Year						
2017	2018	2019	2020	2021	2022	
979	1,043	911	761	1,247	1,365	
553	612	1,741	671	841	1,289	
2,250	2,622	1,932	1,883	1,395	1,258	
3,439	2,415	2,596	3,342	3,003	3,372	
126	126	105	123	159	162	
867	829	1,672	862	397	588	
1,434	1,410	1,643	1,260	1,374	1,494	
6.62	6.20	6.37	6.57	5.79	5.68	
169.25	158.29	162.28	163.28	142.72	140.32	
1,804	2,007	2,093	2,329	2,278	2,095	
612	514	453	378	430	297	
\$103,663,306	\$91,601,072	\$98,100,786	\$99,191,402	\$87,575,510	\$32,218,314	
1.9	0.2	0.6	3.6	2.2	1.8	
300,000	321,927	58,354	6,892	50,765	50,770	
65,500	21,615	N/A	N/A	N/A	N/A	
16,339	16,872	15,587	3,785	10,581	18,343	
2,670	4,200	3,700	145	3,528	6,168	
5,364	5,500	4,456	1,059	1,419	3,901	
8,259	8,261	8,305	8,343	8,362	8,364	
6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	
3,390,000	3,233,000	3,056,000	3,370,000	3,480,000	3,490,000	
6,379,000	5,900,000	5,720,000	6,458,000	7,345,000	6,443,000	
8,235	8,239	8,291	8,326	8,344	8,346	

CITY OF FRIDLEY, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last ten fiscal years

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Squad cars	12	15	13	13	12	15	15	15	15	15
Fire stations										
	3	3	3	3	3	3	2	2	2	2
Other public works:										
Streets (miles)	125.3	125.3	125.5	125.5	125.5	125.8	126.1	126.1	126.1	126.1
Highways (miles)	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3
Streetlights	1,059	1,059	1,059	1,059	1,059	1,059	1,093	1,123	1,123	1,123
Traffic signals	36	36	36	36	36	36	36	36	36	36
Parks and recreation:										
Acreage	682	682	682	682	682	665	665	666	666	666
Playgrounds	29	29	29	29	29	28	28	29	29	29
Baseball/softball diamonds	22	22	22	22	21	21	21	21	21	21
Soccer/football fields	2	2	2	2	2	2	2	2	2	2
Water:										
Water mains (miles)	113.0	113.0	113.2	113.2	113.2	116.0	117.5	127.0	127.8	127.8
Fire hydrants	1,013	1,013	1,013	1,013	1,013	1,020	1,040	1,040	1,070	1,420
Storage capacity (million gallons)	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Wastewater:										
Sanitary sewers (miles)	103.0	103.0	103.0	103.0	103.0	106.0	107.5	109.0	109.0	109.2
Storm sewers (miles)	102.0	102.0	102.2	102.2	102.2	104.5	107.0	115.5	115.5	115.5

Sources: Various City departments.