



2022

*Popular Annual Financial
Report*





Purpose of the PAFR

The Popular Annual Financial Report (PAFR) is intended to increase knowledge of the City of Fridley's (City) financial condition through a readily accessible and easily understandable report. The financial information presented in the PAFR is derived from the City's Annual Comprehensive Financial Report (Annual Report) and is presented here in summarized form. The Annual Report extensively outlines the City's financial position and operating activities for fiscal year 2022. The Annual Report includes financial statements that are prepared in conformance with generally accepted accounting principles (GAAP) and audited by Redpath and Company.

The financial information in this report focuses mainly on the City's governmental activities. Governmental activities are those primarily supported by property tax dollars for services such as public safety, parks and roads, as well as capital expenditures and debt service obligations. They include the General Fund, used to support core city services, Special Revenue Funds, those which funds are earmarked for specific purposes, Capital Project Funds, used to support capital projects and expenditures and Debt Service Funds, used to support debt service obligations.

A Message from the City Finance Director

Dear Fridley Community,

I am pleased to present the City's first ever PAFR for the City's fiscal year ending December 31, 2022. This report contains valuable summarized financial information and showcases various City programs and projects.

The purpose of this report is to inform the community of the City's financial activity in a simple, easy-to-read format. Through more user-friendly financial reporting, the PAFR exemplifies Fridley's commitment to you to maintain transparent communication and preserve public confidence.



Interested in Learning More?

The following document is an overview of City financials for the fiscal year ending on December 31, 2022. View the full Annual Comprehensive Financial Report and more at [FridleyMN.gov/CityFinancials](https://www.fridleymn.gov/CityFinancials).



Development Completed in 2022

Many single-family homeowners took the opportunity to improve their homes in 2022. The City's Housing & Redevelopment Authority (HRA) issued over \$1.3 million in home improvement loans and an additional \$165,000 in home improvement and energy efficiency grants.



Plans for 2023 and Beyond

A major redevelopment project is being planned for 2023 as Roers Companies requested the approval to allow for the redevelopment of the Moon Plaza Property. The redevelopment will allow for the construction of a affordable 169-unit, multi-family rental housing development.



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.

The project to construct a bridge over the BNSF Northern Switching Yard to extend 57th Avenue to East River Road received \$4 million in the 2023 State Bonding Bill. State funds will finalize the design and construction drawings, as well as utility rerouting. Federal funding sources to ensure project construction, continue to be sought out. Construction is likely 3-5 years out.





Major Projects in 2022

The City completed the Lakeview Neighborhood Street Rehabilitation Project in 2022. The 2022 Street Rehabilitation Project began in 2022, but was delayed due to weather conditions in November. Construction will be complete in 2023.

The City completed the majority of work for the 7th Street and 57th Avenue Trail project which involves constructing a shared use trail providing an additional transportation network connectivity for pedestrians and cyclists. Federal funding was secured through a grant to cover 80 percent of the cost, which will be finalized in 2023.

Upcoming Projects for 2023 and Beyond



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 2022. The plan calls for \$30 million in park improvements over the next eight years. The final \$9.3 million will be funded with internal City funds. This project was initiated as a result of an aging park system, and included a robust public input strategy, including

events, surveys, story maps and more. This plan will provide many opportunities for expanded recreation programming, enjoyment of nature and social gatherings. Enhancing and modernizing the City park system will position Fridley as a great place to live, work and play now, and for many years to come.

The City plans on allocating federal American Rescue Plan Act (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. The distribution of ARPA funds will allow these improvements to be completed without affecting utility rates.

Three streets projects are set to be completed in 2023: the 53rd Avenue Roundabout Safety Project, the 53rd Avenue Trail and Walk Improvements, and the 2023 Street Rehabilitation Project, which will include roadway and utility improvements in four distinct project locations. These projects will increase safety, walkability and accessibility in our community. Federal and state funding was secured for these projects.

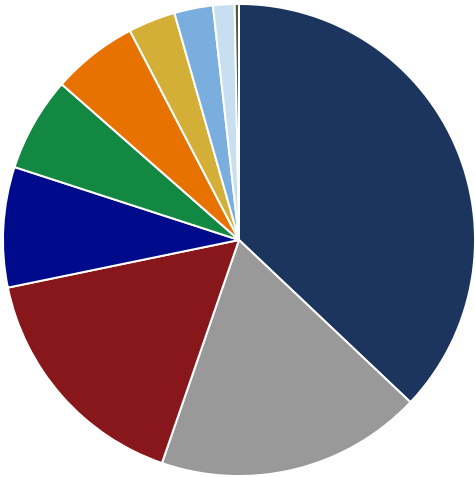


Daily Value of City Tax Dollars

The City Financials section provides a brief analysis of the City's various revenue streams and how they are spent, as well as economic information about the City.

The Daily Value of Your City Tax Dollars at Work

Public Safety	\$1.26
Debt	\$.62
Public Works	\$.56
City Management	\$.28
Finance	\$.22
Community Development	\$.20
Parks & Recreation	\$.11
Springbrook Nature Center	\$.09
City Council	\$.02
IT Infrastructure & Security	\$.01



Total: \$3.38 per day

Why Does the City Borrow Money In the Form of Debt?

The City is committed to managing its finances responsibly and transparently. Debt is issued to finance public infrastructure projects such as public facilities, parks, streets, water, sewer and drainage improvements.

The City limits its borrowing for the purchase of assets with a useful life of 20 or more years, much like families who borrow money for large purchases, like a home, but not to pay their electric bill. The City never borrows money to pay for day-to-day operations.

Issuing bonds for important City projects allows the City to move forward to meet service needs like expanded roadways, but spreads the cost over several years and allows for future taxpayers (who enjoy the benefit of the facility) to help pay for the asset. Most recently, it was used to build the Civic Campus and will be used in the coming years for the Park System Improvement Plan.



Property taxes are distributed among various taxing entities, with the majority going to the tax payer's school district, city and county services. Values are determined through real estate market activity and then used to calculate levy rates.

Property Tax Revenue Distribution



● School District ● City ● County ● Other

How are Assessed and Taxable Values Determined?

The City's Assessing Division (partnered with Anoka County) establishes the assessed and taxable values of real and personal property on the tax roll every year. This is accomplished by examining real estate market activity, inspecting properties to assure the accuracy of data used to estimate market value, adjusting land and building values to meet assessment level standards, and applying all applicable class codes and exemptions. The taxable values are used to calculate levy rates for multiple taxing jurisdictions, including the City of Fridley, Anoka County and the Fridley School District.

Important Dates for the Property Tax Process

January	On January 2, market values for property are established for the following year.
March	Valuation notices are mailed in March.
April	Property owners are able to appeal their valuations at the Local Board of Appeal and Equalization typically held in April.
May	First half of property taxes payable for the current year are due by May 15.
June	Property owners are able to appeal their valuations at the County Board of Appeal and Equalization, typically held in June.
July	The assessed values for the following year are finalized in early July.
October	Second half of property taxes payable for the current year are due by October 15.
November	Proposed tax notices for the upcoming year are mailed out in November.



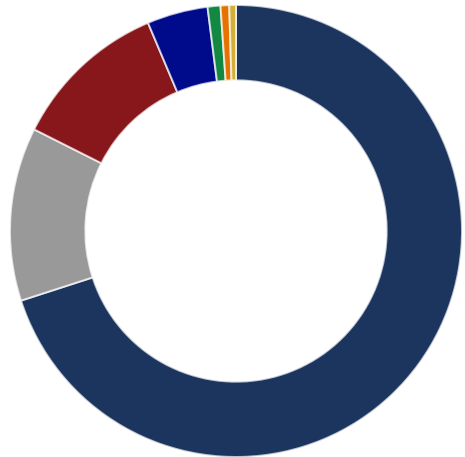
General Fund

The General Fund is the City's primary operating fund and finances core services. It accounts for all financial resources of the general government, except those required to be accounted for elsewhere.

2022 Revenue: \$19.5 million

How are City Operations Funded?

● Taxes	70.02%
● Charges for Services	12.41%
● Intergovernmental	11.21%
● Licenses and Permits	4.35%
● Miscellaneous	.92%
● Fines and Forfeitures	.62%
● Special Assessments	.48%



What Are Each of these Revenue Sources?

Taxes | Taxes collected from property owners based upon assessed valuation, exemptions and tax rate. Revenue is used to fund governmental services.

Charges for Services | The combined resources of various departments for services provided.

Intergovernmental | Resources received from outside governments, which is mainly represented in grants received.

Licenses and Permits Fees | Fees collected for the issuance of licenses and permits by the City.

Miscellaneous Revenues | Sources not classified elsewhere.

Fines and Forfeitures Revenues | Funds from fines and penalties for offenses.

Special Assessments | A levy made against a property to cover all, or part, of the cost of a capital improvement or service deemed to benefit that property.



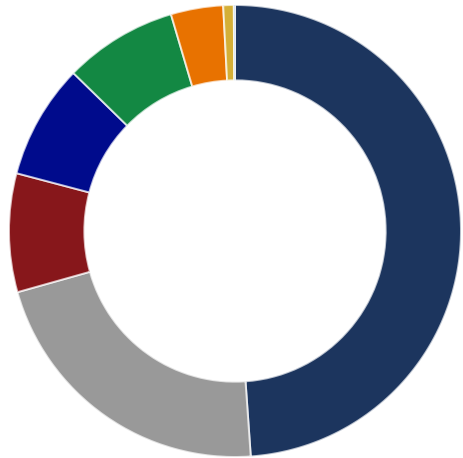
General Fund

The General Fund is the City's primary operating fund and finances core services. It accounts for all financial resources of the general government, except those required to be accounted for elsewhere.

2022 Expenditures: \$19.7 million

Where Are the Funds Going?

Public Safety	48.89%
Public Works	21.75%
Finance	8.48%
Community Development	8.20%
City Management	8.11%
Parks and Recreation	3.74%
Legislative	.75%
Non-departmental	.08%



What Are These Expenditures?

Public Safety | Services provided through police, fire and emergency management.

Public Works | Services provided through facilities management, engineering, street lighting and maintenance, parks maintenance and fleet services.

Finance | Services provided through accounting, assessing and information technology.

Community Development | Services provided through building, planning and rental inspections.

City Management | Services provided through the City Manager and administration, such as communications, human resources, legal, elections and records management.

Parks and Recreation | Recreation programs and services provided to adults, children and families.

Legislative | Services provided by the City Council.

Non-departmental | Provides services that serve all departments, such as postage or emergency reserves.

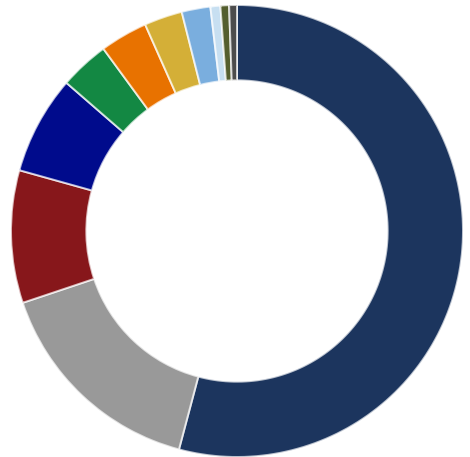


Governmental fund revenues include property taxes, grants and fees which are used to administer government services.

2022 Revenues: \$28.8 million

Governmental Fund Sources

Taxes	54.13%
Intergovernmental Revenue	15.72%
Charges for Services	9.48%
Other Financing Sources	7.05%
Payment from Component Unit	3.55%
Licenses and Permits	3.41%
Miscellaneous	2.73%
Special Assessments	2.05%
Reimbursements	.71%
Fines and Forfeits	.62%
Contributions and Donations	.56%



What Are These Revenue Sources?

Intergovernmental Revenue | Items like grants or aid received from the State that pays for operations not supported by property taxes (street projects, equipment replacement and Public Safety services).

Charges for Services | Reimbursement from businesses or other agencies for services such as school resource officers, business security, etc. This offsets what would otherwise be funded by property taxes.

Other Financing Sources | Items such as bond proceeds that pay out for expenses used the next year.

Payment from Component Unit | Payments from HRA for staff and interfund loans.

Special Assessments | Additional taxes for property owners who directly benefit from a local improvement, such as a street project. Assessments are based on a geographical location.

Contributions and Donations | Donations or contributions made to City services like Springbrook Nature Center and the Public Safety Department.

**Select revenue sources listed are unique to the Governmental Fund. Find additional descriptions on page 6.*

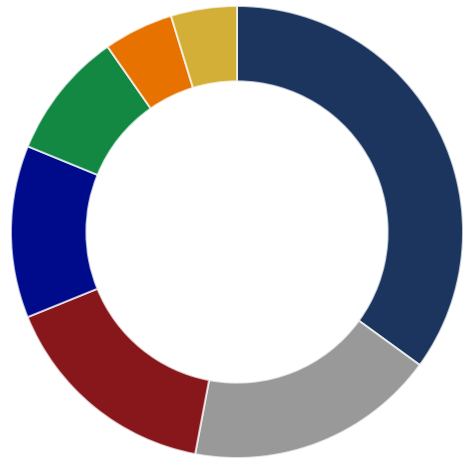


Governmental fund activities include General Fund services such as police, fire and street maintenance. Capital improvements, such as new parks and street projects, as well as debt service obligations.

2022 Expenditures: \$29.5 million

Where Are the Funds Going?

Public Safety	35.01%
General Government	17.95%
Debt Service	15.89%
Public Works	12.33%
Capital Outlay	9.11%
Parks and Recreation	4.99%
Community Development	4.72%



What Are These Expenditures?

Public Safety | Funds services like police, fire and emergency management.

General Government | Funds administrative services such elections, records management, etc.

Debt Service | Payments towards City debt used to make long-term improvements to public infrastructure such as parks and buildings. It accounts for all principal and interest.

Public Works | Funds services through facilities management, engineering, street lighting and maintenance, parks maintenance and fleet services.

Capital Outlay | Funds the acquisition, construction or completion of public improvements, such as street projects.

Parks and Recreation | Services provided through Parks and Recreation programs.

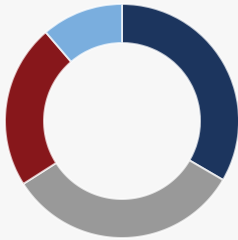
Community Development | Services provided through building, planning and rental inspections.







Enterprise Fund Revenues and Expenditures

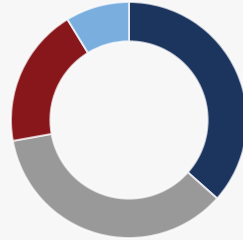
Enterprise Funds are run like a business where they are self-supporting to cover their own costs of operation. These funds consist of utility services provided to the community by the City such as water, sewer, stormwater and municipal liquor stores. User fees are designed to pay for the services provided.

Enterprise Fund Revenues



	Sewer	33.40%
	Liquor	32.57%
	Water	22.74%
	Stormwater	11.29%

Enterprise Fund Expenditures



	Sewer	36.58%
	Liquor	35.60%
	Water	19.09%
	Stormwater	8.74%

What are these Revenues and Expenditures?

Sewer | Quarterly charges for sewer service are based on property class, and are used for the operation and maintenance of City's sanitary sewer system.

Liquor | Revenue from the sale of items at the municipal liquor stores are used for the operations of the stores. Profits from liquor store sales fund City capital expenditures that would otherwise be paid for with taxpayer dollars.

Water Fund | Quarterly charges for water are based on consumption and used for water system operations and maintenance.

Stormwater Fund | Quarterly charges for stormwater drainage is based on per acre. Revenue is used for the City's stormwater system that promotes the maintenance of water quality to the waters the City's stormwater discharges to.



The Council and staff embark on an extensive budgeting and planning process that is continual throughout the year. In the spring, City staff begin strategizing on budgetary considerations for the next year. In April, the Council begins its budgeting discussions and planning and continues those discussions through the fall. The Council adopts the next year's budget in November. After approval, the City Manager and Finance Director are responsible for managing spending to ensure all expenditures fall within budgeted funds.

Audit and Credit Rating

The City's budget and budgeting process is audited on an annual basis and approved by the Council. The sound financial management of the City's overall finances was acknowledged by receiving the 2021 Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

Well-managed finances are also reflected in the City's overall credit rating of Aa2 given by an independent agency, Moody's Investors Service. This year's rating noted the City's strong financial position and established history of well-advised budget management, including healthy financial reserves, stable operations and redevelopment activities.



The City works diligently through the budget process to develop financial plans that emphasize reasonable tax rates, consistent service delivery, infrastructure investments and good financial standing. 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.

Interested in Learning More?

This document is an overview of City financials for the fiscal year ending on December 31, 2022. You can view the full Annual Report, budget and more at [FridleyMN.gov/CityFinancials](https://www.fridleymn.gov/CityFinancials).