



2023

Popular Annual Financial Report



City of Fridley, Minnesota



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 2023. 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 2023 City of Fridley PAFR. This report contains valuable summarized financial information and showcases various City programs and projects. Through more user-friendly financial reporting, the PAFR exemplifies Fridley's commitment to you to maintain transparent communication and preserve public confidence.

Financially, it was a good year for the City. The General Fund balance increased by approximately \$2 million and revenues were over budget by approximately \$2 million. The revenue increase was largely due to intergovernmental revenues exceeding budget from the one-time public safety aid distribution. These resources were dedicated to providing public safety programs and services. The remainder is largely to due investment earnings being over budget, assisted by a favorable earnings environment.

The City's policy is to maintain a General Fund balance in the range of 35-50 percent of the following years budgeted expenditures in order to maintain cash flow needs throughout the year. The unassigned General Fund ending balance was 49.7 percent of the 2024 budgeted expenditures, which indicated a good financial standing heading into the new year.



Joe Starks, Finance Director



Development Completed in 2023

Many single-family homeowners took the opportunity to improve their homes in 2023. The City's Housing & Redevelopment Authority (HRA) issued over \$1.2 million in home improvement loans and an additional \$106,167 in home improvement and energy efficiency grants.



Before



After

Construction for the redevelopment of the former Moon Plaza property is ongoing. It includes the construction of an affordable 169-unit, multi-family rental housing development.

Planned completion is mid-2025.



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 2023

The 53rd Avenue Turnabout Safety project involved reconstruction of 53rd Avenue west of Central Avenue to provide a safety improvement by access control. Primary funding is through a Federal Highway Safety Improvement (HSIP) grant.

The 53rd Avenue Trail and Walk Improvements project included roadway resurfacing, installation of a trail on the south side of the street and a walk on the north side of the street. Primary funding is through a State Local Road Improvement Project (LRIP) grant.



Upcoming Projects for 2024 and Beyond



In 2024, the City continues its commitment to improving the quality of life through investments in parks, infrastructure, equipment and people, with the intention of delivering good value for taxes paid. Major investments will be directed to Commons Park, Edgewater Garden Park, Sylvan Hills Park and others, as part of the City's Park System Improvement Plan, with funding from bond proceeds issued in 2022. Street, water, sewer and storm water improvements will continue as planned, assuring a reliable infrastructure.

A street rehabilitation project is set to be completed in 2024. The project involves the rehabilitation of various asphalt street segments and minor repairs to utilities on various locations including: Lucia Lane, Channel Road, Norton Avenue and Buchanan Street. Funding sources for the project include Municipal State Aid and Special Assessments. A sanitary sewer lining project is set to be completed in 2024. It involves the cured-in-place-pipe lining of the existing sanitary sewer collection system. The project is funded with American Rescue Plan Act (ARPA) Funds previously received from the Federal Government.

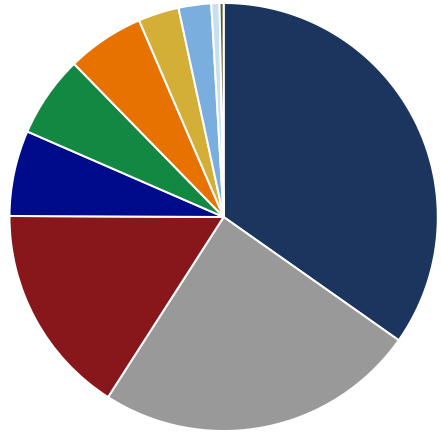
In December, the City received \$1,292,504 in one-time public safety aid from the State of Minnesota. Unlike local government aid, it cannot be used for general purposes, but instead must be used to provide public safety, including equipment related to fire, rescue, and emergency services, amongst several other uses. These funds will assist with funding eligible capital needs that would otherwise be paid for with taxpayer 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

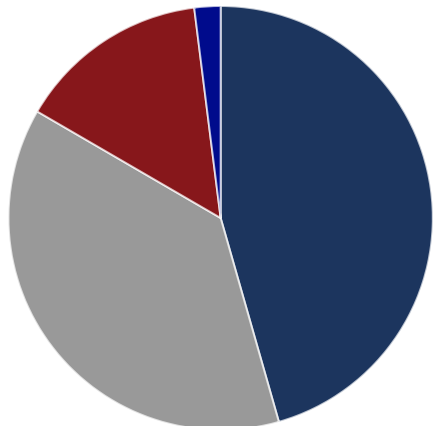
Public Safety	\$1.13
Capital Investments (Civic Campus, Parks)	\$.79
Public Works	\$.52
City Manager's Office	\$.21
Finance	\$.20
Community Development	\$.19
Parks & Recreation	\$.10
Springbrook Nature Center	\$.08
City Council	\$.02
IT Capital	\$.01



Total: \$3.25 per day

Net Tax Capacity by Classification

Commercial/Industrial	45.57%
Residential Homestead	37.80%
Residential, Non-Homestead	14.63%
Railroad/Public Utility	1.99%



Median Value Homestead: \$283,100



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 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.

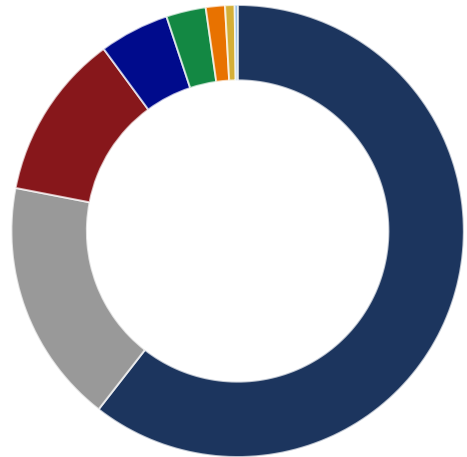


The General Fund is the City's primary operating fund and finances core services. It accounts for all financial resources of the general government, except those required to be accounted for elsewhere.

2023 Revenue: \$22.6 million

How are City Operations Funded?

● Taxes	60.53%
● Intergovernmental	17.52%
● Charges for Services	11.86%
● Licenses and Permits	5.00%
● Investment Income	2.83%
● Miscellaneous	1.37%
● Fines and Forfeitures	.68%
● Special Assessments	.21%



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.

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

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

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

Investment Income | Interest earnings on City funds.

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.

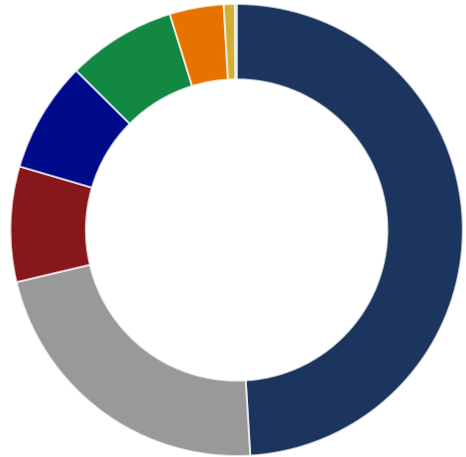


The General Fund is the City's primary operating fund and finances core services. It accounts for all financial resources of the general government, except those required to be accounted for elsewhere.

2023 Expenditures: \$20.9 million

Where Are the Funds Going?

Public Safety	49.04%
Public Works	22.25%
City Manager's Office	8.24%
Finance	7.92%
Community Development	7.77 %
Parks and Recreation	3.86%
Legislative	.79%



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.

City Manager's Office | Services provided through the City Manager and administration, such as communications, human resources, legal, elections and records management. This also includes non-departmental expenditures not classified elsewhere.

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

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

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

Legislative | Services provided by the City Council.

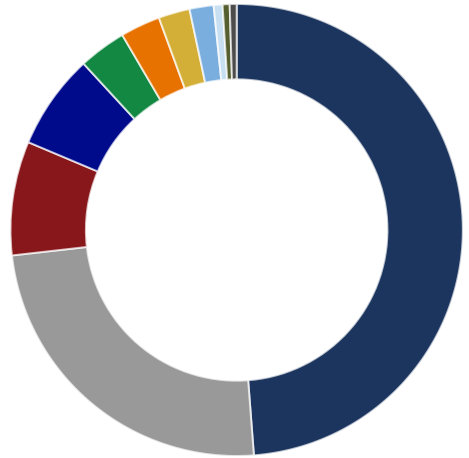


Governmental fund revenues include property taxes, grants and fees which are used to administer government services.

2023 Revenues: \$39.8 million

Governmental Fund Sources

Taxes	48.79%
Intergovernmental Revenue	24.42%
Charges for Services	8.15%
Investment Income	6.81%
Licenses and Permits	3.40%
Payment from Component Unit	2.85%
Miscellaneous	2.24%
Special Assessments	1.72%
Contributions and Donations	.63%
Reimbursements	.50%
Fines and Forfeits	.49%



What Are These Revenue Sources?

Intergovernmental Revenue | Items like grants or aid received from the Federal or State government 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.

Investment Income | Interest earnings on City funds.

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.

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

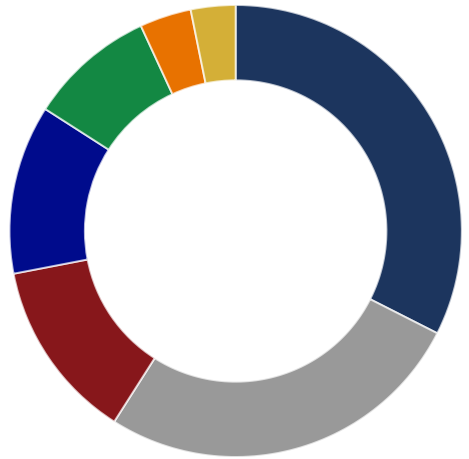


Governmental fund activities include General Fund services such as police, fire and street maintenance. Capital improvements, such as new parks and street projects, as well as debt service obligations.

2023 Expenditures: \$43.4 million

Where Are the Funds Going?

● Capital Outlay	32.48%
● Public Safety	26.54%
● General Government	12.95%
● Capital Investments	12.10%
● Public Works	9.04%
● Parks and Recreation	3.69%
● Community Development	3.19%



What Are These Expenditures?

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

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

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

Capital Investments | 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.

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

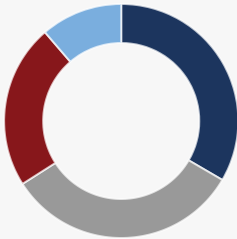
Community Development | Services provided through building, planning and rental inspections.



Enterprise Fund Revenues and Expenditures

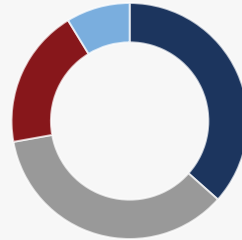
Enterprise Funds are run like a business where they are self-supporting to cover their own costs of operation. These funds consist of utility services provided to the community by the City such as water, sewer, stormwater and municipal liquor stores. User fees are designed to pay for the services provided.

Enterprise Fund Revenues



●	Sewer	36%
●	Liquor	30%
●	Water	23%
●	Stormwater	11%

Enterprise Fund Expenditures



●	Sewer	38%
●	Liquor	33%
●	Water	19%
●	Stormwater	9%

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 December. 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 has been acknowledged by receiving the Certificate of Achievement for Excellence in Finance Reporting, Popular Annual Financial Reporting Award and the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA).



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 that ended December 31, 2023. You can view the full Annual Report, budget and more at [FridleyMN.gov/CityFinancials](https://www.fridleymn.gov/CityFinancials).