



City of Fridley, Minnesota



Annual Comprehensive Financial Report For year end December 31, 2021

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CITY OF FRIDLEY, MINNESOTA

Annual Comprehensive Financial Report

For Year End December 31, 2021



**Prepared by:
Finance Department**

**Joseph Starks
Finance Director**



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CITY OF FRIDLEY, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2021
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I. INTRODUCTORY SECTION



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Fridley Civic Campus

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May 12, 2022

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, 2021, 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.

CITY OF FRIDLEY, MINNESOTA

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 an estimated 2021 population of 29,590. 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 continued to drop throughout 2021. Current unemployment as of February 2022 is at a historic low of 2.7% which is lower than the national average of 3.6%. Through the first ten months of 2021, Minnesota employers added just over 190,000 jobs which brought the total above 2.9 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. Over the past 12 months, the Consumer Price Index rose 8.2%. 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 of 2021, the City received \$1,472,232 from the American Rescue Plan Act (ARPA). An additional \$48,212 was received in November of 2021 from the unclaimed reserves. The City anticipates receiving an equal amount in 2022. 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.

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Fridley Liquor, the municipal liquor operation owned and operated by the City, had another record-breaking year of sales. This could be attributed to the lower unemployment rate and government stimulus checks. Gross sales totaled about \$7,300,000, an increase of about 7.3% compared to 2020.

Once again, the taxable market value of the City increased significantly in 2021, growing by about \$397,488,100, or 19.9%, compared to 2020. The number of residential home sales also increased by about 22% over the same time period, largely due to additional development adjacent to the Fridley Civic Campus. Additionally, the City experienced another strong year of real estate development, adding about \$87,575,510 of new market value to the community.

The estimated market value for all properties in the City increased with apartments up 18.0%, Commercial/Industrial up 8.0% and residential values up 19.7% (unaudited), the average sale price of a residential homestead increased by more than 13.6% 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 is working on a Park System Improvement Plan which has been approved by council for up to \$30 Million to be spent on parks over the next 8-10 years.

CITY OF FRIDLEY, MINNESOTA

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 decision and allow the City to make more proactive decisions regarding its financial position.

MAJOR INITIATIVES

In 2021, the City continued a number of projects in partnership with various public and private entities related to several infrastructure and redevelopment project. The following non-exhaustive list outlines many of the more significant projects.

1. The City completed one major street rehabilitation project in the Rice Creek Terrace area. This project was a result from a petition from individuals that reside in that neighborhood.
2. Improvements were made to the Fridley Civic Campus Park, including trails and other land improvements.
3. A new Sanitary Sewer lift station was built on 53rd Avenue.
4. The City completed the Park System Improvement Plan, which included a series of community listening sessions and feedback to identify possible capital improvements to the parks and trails located throughout the City. The City plans to issue debt by 2023 to fund identified improvements.
5. The Northstar Transit Station completed the third and final building in 2021 which consisted of 71 affordable housing units. In total, this site added 250 residential units. The development began initially in 2019.

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6. The Old City Hall was purchased by a private developer in 2019; this new development will consist of 134 senior units with construction wrapping up in the spring. The building will provide a mix of independent, assisted and memory-care living situations.
7. A new TIF district began in 2020 with the purchase of the old Holly Center shopping complex by a private developer. Construction was near completion at the end of 2021. Leasing on the 262 residential dwelling units began in early 2022. In addition, the building will eventually have 10,000 square feet of rentable commercial space.

Moving into 2022, 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 2022 Budget reflects these goals while also responding to various cost pressures and guidance from the City Council. While the 2022 Budget does not include any new initiatives or services, it does provide additional budget authority to support the outcome of an updated compensation plan.

As noted above, the City plans on allocating ARPA funds to various utility infrastructure projects in 2022, including Sanitary Sewer Lining for \$530K, Storm Sewer repair for \$200K, Total Maximum Daily Load (TMDL) and water quality for \$180K and sediment removal for \$100K.

In 2022, construction and development began quite strongly. As of April 15, 2022, the value of new construction totaled about \$6.4M. The City has several large projects anticipated for 2022, including, but not limited to the following:

1. The following development projects are being planned for 2022.
 - a. A multi-tenant retail building (north of Dunkin Doughnuts)
 - b. A one Gig Solar canopy over the parking lot in the Medtronic Rice Creek Campus
 - c. An industrial expansion to D & B Plating
 - d. A major remodel to the former Barry Blower industrial plant on 77th Avenue NE.

CITY OF FRIDLEY, MINNESOTA

2. A bridge over the BNSF Northern Switching Yard to extend 57th Avenue to East River Road is on the drawing board. Funding sources to assure project completion are now being sought out. Talks have been positive with the Senate Tax Committee for additional design funds. This project is still likely many years out.
3. 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.
4. The City plans to complete two street projects in 2022. The first will provide for the rehabilitation of streets and applicable utilities in the Lakeview neighborhood. The second involves rehabilitation of various street segments. In addition, a shared use trail on 7th Street and 57th Avenue is being planned.
5. With the feedback portion of the Park System Improvement Plan being complete. The City is now planning on issuing tax abatement bonds in the amount of \$20 Million by 2023. The plan calls for \$30 Million in park improvements over the next 8-10 years in which \$10 Million will be funded internally.

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.

CITY OF FRIDLEY, MINNESOTA

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 2021, 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 the 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

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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, 2020. 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, 2020

Christopher P. Morill

Executive Director/CEO



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CITY OF FRIDLEY, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
December 31, 2021

ELECTED OFFICIALS

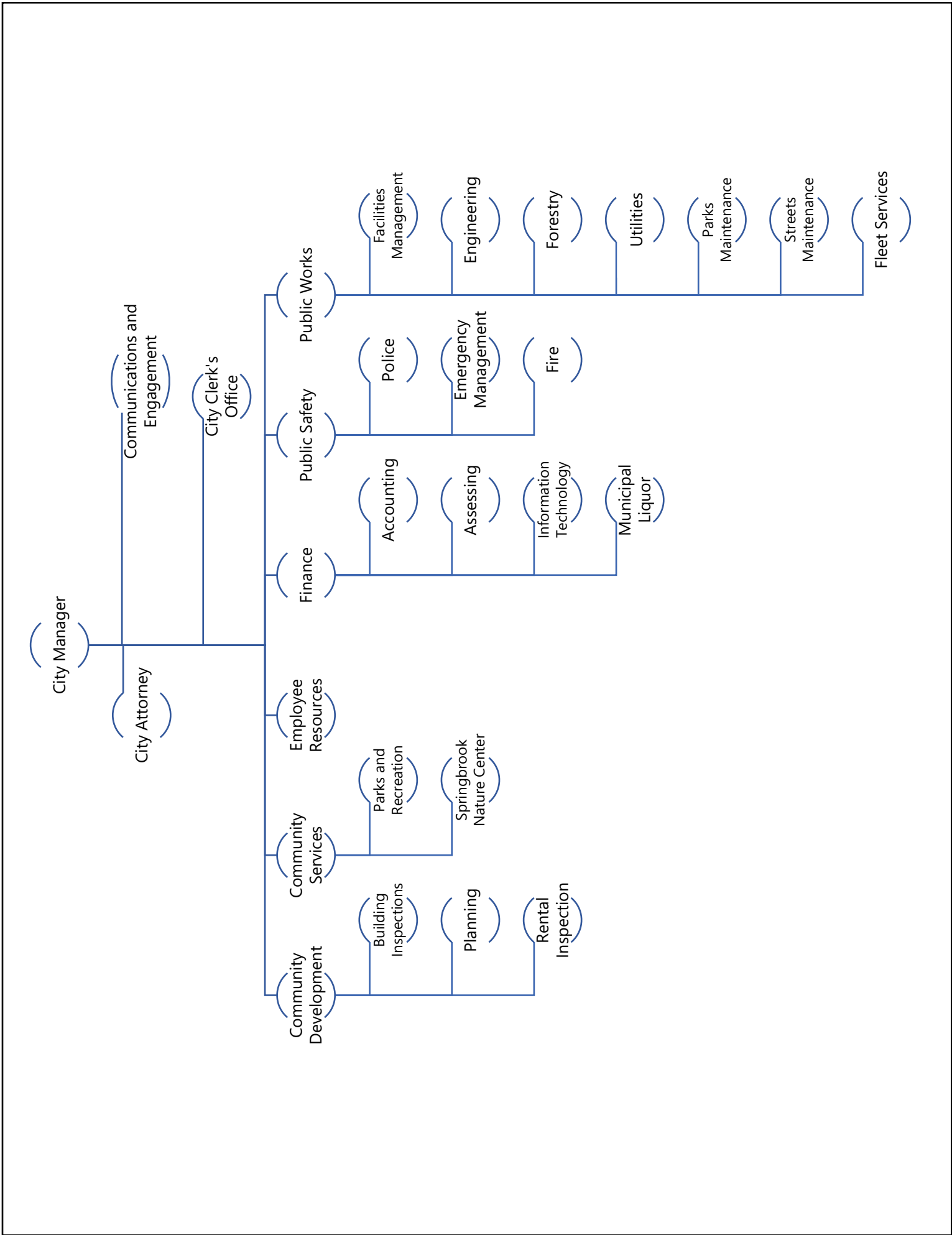
		<u>Term of Office</u> <u>Expires December</u>
Mayor	Scott J.Lund	2024
Councilmember At Large	David Ostwald	2024
Councilmember, Ward I	Thomas Tillberry	2022
Councilmember, Ward II	Stephen Eggert	2022
Councilmember, Ward III	Ann R. Bolkcom	2022

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 Community Services	Michael W. Maher
Director of Employee Resources	Rebecca A. Hellegers



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II. FINANCIAL SECTION



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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 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, 2021, and the related notes to the financial statements, which collectively comprise City of Fridley, Minnesota's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 City of Fridley, Minnesota, as of December 31, 2021, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Report on Summarized Comparative Information

We have previously audited City of Fridley, Minnesota's 2020 financial statements, and we expressed unmodified audit opinions on the respective 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 in our report dated May 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *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 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 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.

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 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 May 12, 2022 on our consideration of 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 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 City of Fridley, Minnesota's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Redpath and Company, Ltd.".

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

May 12, 2022



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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, 2021. 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 on pages 3 through 9 of 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 \$77,942,586 (net position). Of this amount, \$22,149,225 (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 2021, the City's total net position increased by \$5,233,602.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$37,386,282. Of this total amount, \$3,740,977, or 10% is restricted through legal restrictions or third-party agreements.

At the end of the current fiscal year, the General Fund balance of \$10,725,339 included \$105,578 in non-spendable, \$20,849 in restricted, and \$10,598,912 in unassigned fund balance.

The City's total debt decreased by \$3,945,000 during the current fiscal year. Total debt outstanding at December 31, 2021 is \$61,645,000.

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.

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 resource, with the remainder reported as net position. Over time, increases or decreases in net position may serve as a

Management's Discussion and Analysis

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 recreation. The business-type activities of the City include Municipal Liquor, Water, Sanitary Sewer and Storm Water.

The government-wide financial statements can be found on pages 39 through 41 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.

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.

Management's Discussion and Analysis

The City maintains five 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 Fund, Debt Service Fund, Street Improvement, CARES/ARPA, and Community Investment Fund, 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 elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, the Cable Television (TV), Solid Waste Abatement, Springbrook Nature Center, and Police Activity 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 pages 42 through 45 of this report.

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 Municipal Liquor, Water, Sanitary 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 Water, Sanitary Sewer, Storm Water and Municipal Liquor 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 pages 48 through 53 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 on page 54 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 on pages 57 through 101 of 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 on pages 109 through 131 of this report.

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 \$77,942,586 at the close of the most recent fiscal year.

A significant portion of the City's net position (\$52,030,240 or 67%) 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.

Management's Discussion and Analysis

City of Fridley's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$44,599,512	\$41,217,118	\$13,888,898	\$13,633,597	\$58,488,410	\$54,850,715
Capital assets	74,905,330	78,497,282	26,731,616	26,710,575	101,636,946	105,207,857
Total assets	<u>\$119,504,842</u>	<u>\$119,714,400</u>	<u>\$40,620,514</u>	<u>\$40,344,172</u>	<u>\$160,125,356</u>	<u>\$160,058,572</u>
Total deferred outflows of resources	9,204,400	4,169,839	13,069	14,276	9,217,469	4,184,115
Long-term liabilities outstanding	\$67,101,539	\$73,308,202	\$3,163,587	\$4,872,659	\$70,265,126	\$78,180,861
Other liabilities	7,132,824	5,487,217	2,168,730	3,296,268	9,301,554	8,783,485
Total liabilities	<u>\$74,234,363</u>	<u>\$78,795,419</u>	<u>\$5,332,317</u>	<u>\$8,168,927</u>	<u>\$79,566,680</u>	<u>\$86,964,346</u>
Total deferred inflows of resources	11,826,207	4,567,860	7,352	1,497	11,833,559	4,569,357
Net position:						
Net investment in capital assets	\$28,987,129	\$31,075,685	\$23,043,111	\$21,135,232	\$52,030,240	\$52,210,917
Restricted	3,763,121	3,662,136	-	-	3,763,121	3,662,136
Unrestricted	9,898,422	5,783,139	12,250,803	11,052,792	22,149,225	16,835,931
Total net position	<u>\$42,648,672</u>	<u>\$40,520,960</u>	<u>\$35,293,914</u>	<u>\$32,188,024</u>	<u>\$77,942,586</u>	<u>\$72,708,984</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.

Net position was negatively impacted by \$10,052,484 at December 31, 2021 due to pension-related amounts included in the above schedule related to the standard are as follows:

Deferred outflows of resources	\$8,726,017
Deferred inflows of resources	(11,557,042)
Noncurrent liabilities	(7,221,459)
Total	<u><u>(\$10,052,484)</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 \$22,149,225 in unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

Management's Discussion and Analysis

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

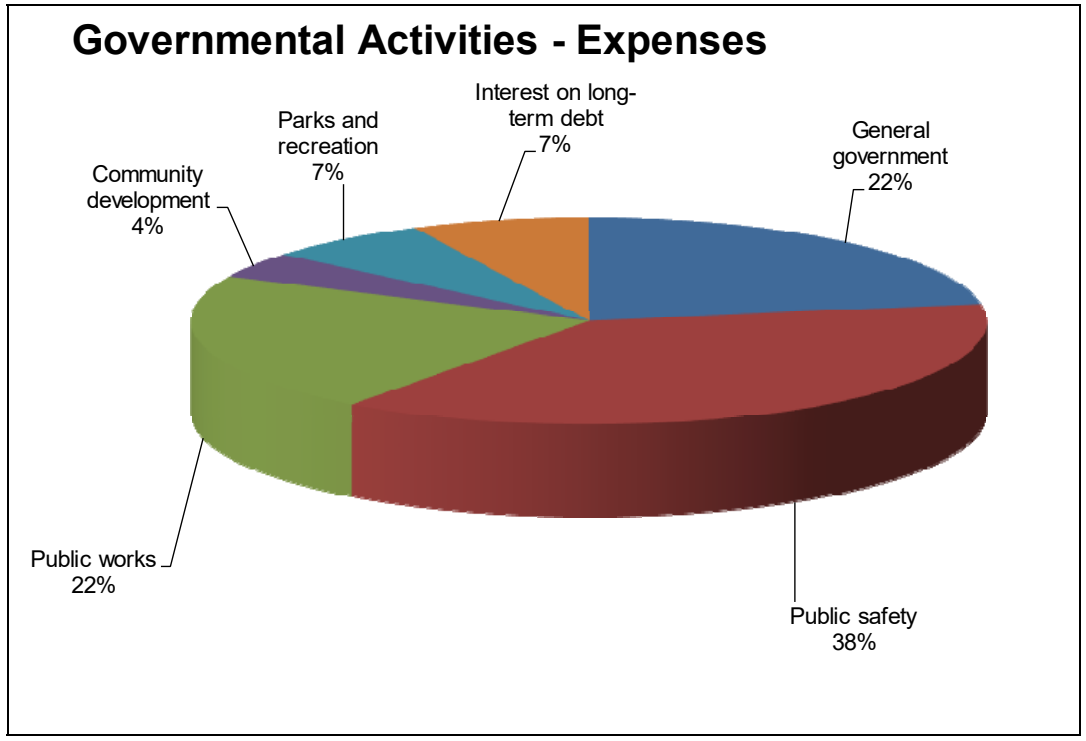
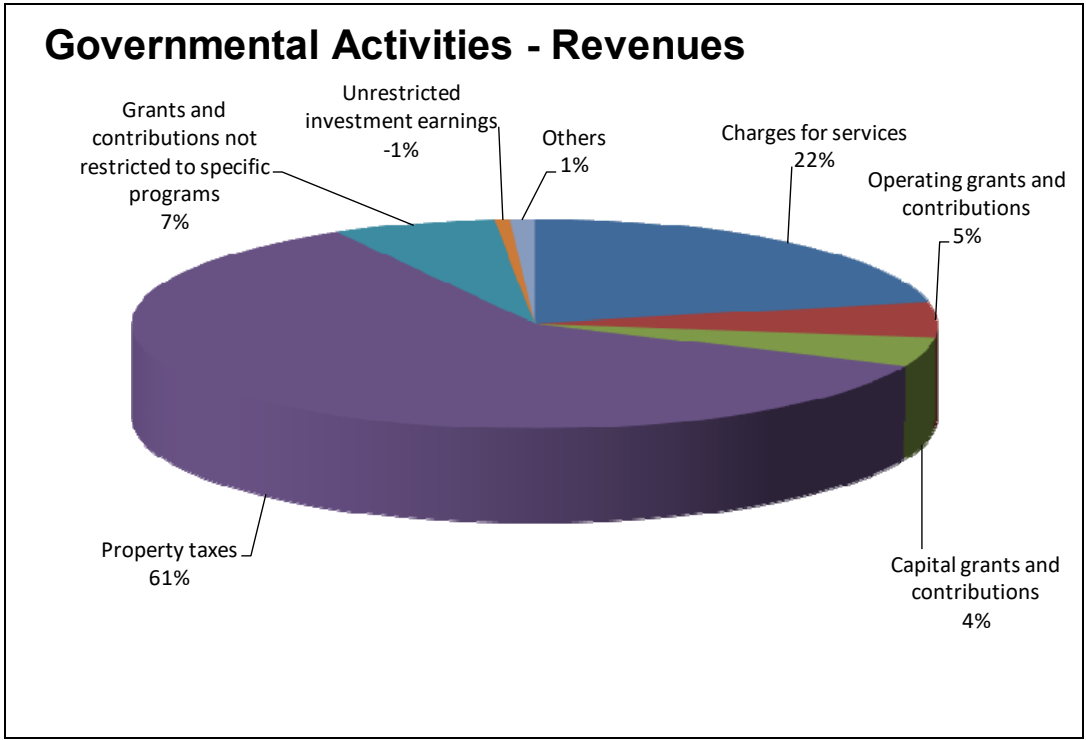
Governmental activities increased the City's net position by \$2,127,712. Capital grants and contributions decreased by \$4,831,235. In 2020, \$2,735,930 million of MSA construction monies was recognized as revenue compared to \$637,615 for 2021. Also, in 2020 there was \$2,228,710 in contributed assets compared to \$0 in 2021. Operating grants and contributions decreased by \$120,025. This decrease is the result of an overall decrease in donations for 2021. In addition, property taxes increased \$707,736 with a 4.85% levy increase. Other general revenues decreased \$3,185,372, in part due to the City receiving \$2,171,608 of federal Coronavirus Relief Fund monies in 2020. 2021 expenses decreased by \$14,711,734. The decrease is largely due to the payment of \$14,962,612 to the Housing and Redevelopment Authority for the pay-off of the Northern Stacks TIF Note in 2020.

City of Fridley's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$6,096,585	\$5,495,120	\$19,882,607	\$18,312,149	\$25,979,192	\$23,807,269
Operating grants and contributions	1,483,495	1,603,520	-	118,410	1,483,495	1,721,930
Capital grants and contributions	1,265,349	6,096,584	275,449	163,816	1,540,798	6,280,400
General revenues:						
Property taxes	16,932,793	16,225,057	-	-	16,932,793	16,225,057
Grants and contributions not restricted to specific programs	1,848,065	3,948,112	-	-	1,848,065	3,948,112
Unrestricted investment earnings	(180,488)	980,709	(24,062)	262,616	(204,550)	1,243,325
Gain (loss) on sale of property	129,604	21,429	12,450	-	142,054	21,429
Other	266,241	298,544	880	1,657	267,121	300,201
Total revenues	27,841,644	34,669,075	20,147,324	18,858,648	47,988,968	53,527,723
Expenses:						
General government	5,851,445	6,003,817	-	-	5,851,445	6,003,817
Public safety	9,816,095	9,946,434	-	-	9,816,095	9,946,434
Public works	5,698,161	5,304,937	-	-	5,698,161	5,304,937
Community development	1,051,339	16,037,288	-	-	1,051,339	16,037,288
Recreation and naturalist	1,754,110	1,459,005	-	-	1,754,110	1,459,005
Interest on long-term debt	1,881,282	2,012,685	-	-	1,881,282	2,012,685
Liquor	-	-	6,552,204	6,115,659	6,552,204	6,115,659
Water	-	-	3,086,716	3,192,159	3,086,716	3,192,159
Sewer	-	-	5,776,014	5,911,370	5,776,014	5,911,370
Storm water	-	-	1,288,000	1,243,060	1,288,000	1,243,060
Total expenses	26,052,432	40,764,166	16,702,934	16,462,248	42,755,366	57,226,414
Increase (decrease) in net position before transfers	1,789,212	(6,095,091)	3,444,390	2,396,400	5,233,602	(3,698,691)
Transfers	338,500	257,504	(338,500)	(257,504)	-	-
Increase in net position	2,127,712	(5,837,587)	3,105,890	2,138,896	5,233,602	(3,698,691)
Net position - January 1	40,520,960	46,358,547	32,188,024	30,049,128	72,708,984	76,407,675
Net position - December 31	\$42,648,672	\$40,520,960	\$35,293,914	\$32,188,024	\$77,942,586	\$72,708,984

Management's Discussion and Analysis

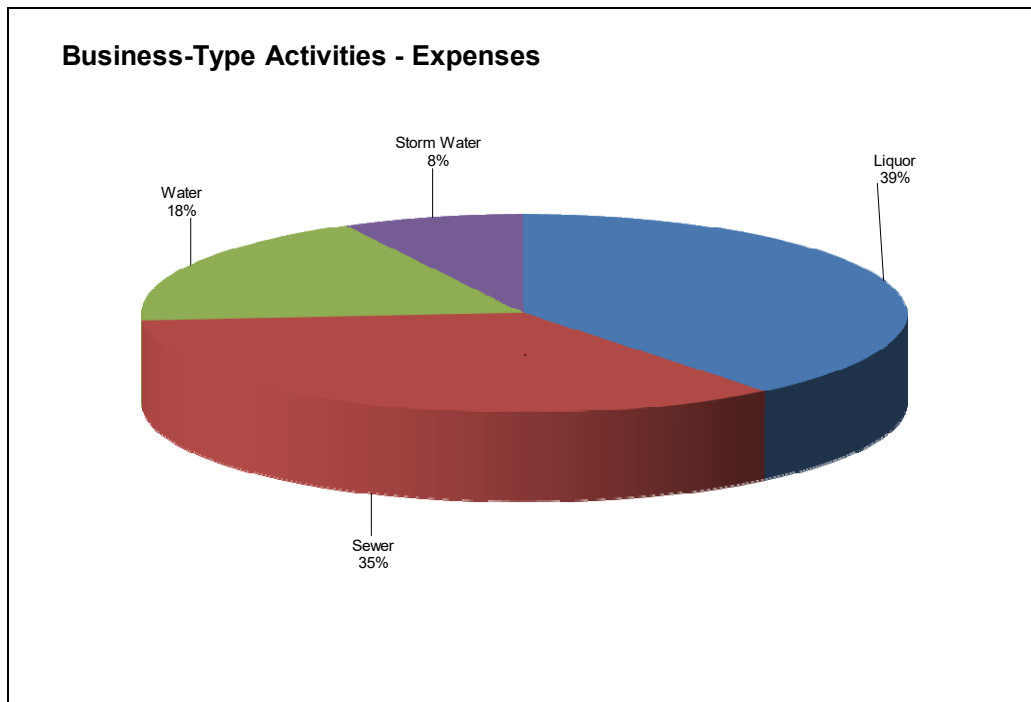
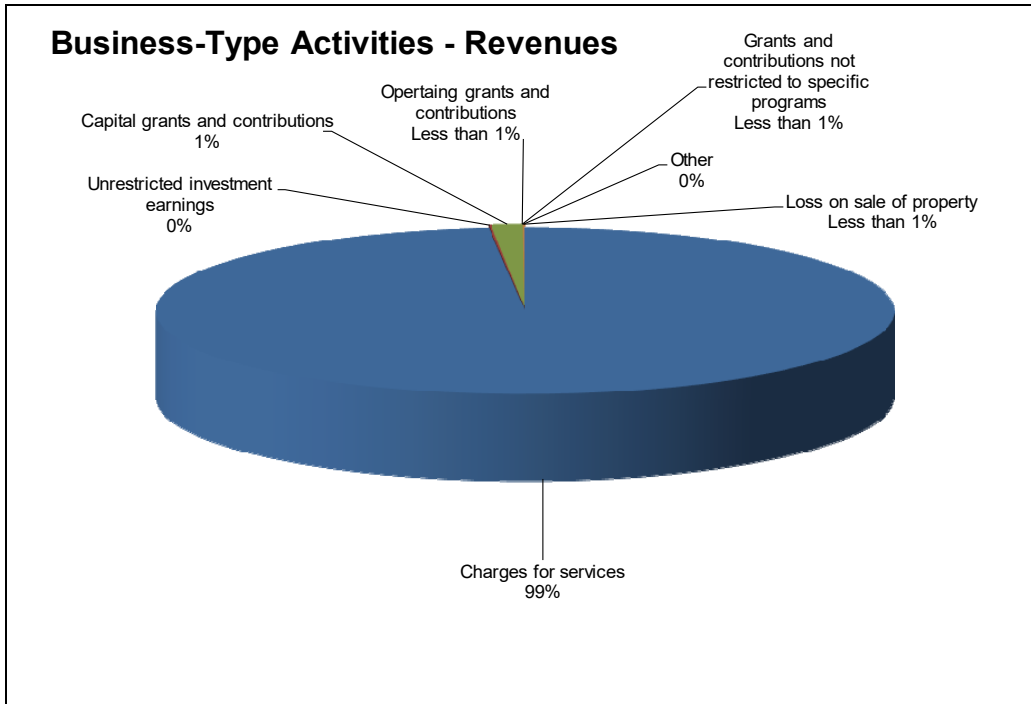
Below are specific graphs which provide comparisons of the governmental activities revenues and expenses:



Business-Type Activities

Business-type activities increased net position by \$3,105,890. This increase is primarily due to an increase in customer billings in the utility funds.

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 \$37,386,262.

The General Fund's fund balance decreased by \$2,968,486 in 2021. This was more than the \$0 anticipated fund balance change with the 2021 budget. Per policy, the City transferred \$4,321,388 to the Community Investment Fund in 2021. Investment income came in \$149,885 under budget, Permit revenue came in \$214,656 over budget and the City received \$214,651 in additional intergovernmental revenues. The City was also \$156,982 above budget in charges for services.

The Debt Service Fund increased by \$101,279 in 2021.

The Street Improvements Fund has an assigned fund balance of \$2,656,006 and is identified as a major fund. The fund balance increased by \$400,879 in 2021.

The Community Investment Fund has a committed fund balance of \$13,339,393 and is identified as a major fund. The fund balance increased \$4,264,440. This fund has an interfund loan to the Water fund in the amount of \$2,962,519 to finance the Locke Park Water Treatment Plant project and an interfund loan to the Water, Sewer and Storm Water funds totaling \$1,120,000 to pay-off the 2010A Bonds.

The CARES/APPA fund has \$1,520,444 in unearned revenue at December 31, 2021.

Non-major special revenue funds decreased by \$40,579 in 2021.

Non-major capital project funds increased by \$456,907 in 2021. This was mainly due to spending \$324,636 less in the equipment fund due to COVID-19 related supply issues. In addition, the market for used equipment was up which resulted in a \$11,604 increase in sales of assets over budget.

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 are: Municipal Liquor, \$1,700,833; Water, \$3,484,311; Sanitary Sewer, \$4,397,092; and Storm Water, \$2,643,538. The Municipal Liquor, Water, Sanitary Sewer, and Storm Water funds increased in net position of \$362,111, \$1,547,079, \$524,243 and \$549,074, respectively.

Management's Discussion and Analysis

Budgetary Highlights

General Fund

The original revenue and expenditure budgets were not amended.

Operating expenditures in total were less than the final budgetary estimates by \$380,539. The Finance Department was under budget by \$70,604, primarily due to savings in personal services resulting from staff shortages in the last quarter. Non-Departmental was under budget by \$60,431 as money is allotted in this department for mid-year staff promotions and due to higher-than-average staff turnover, the additional budget authority was not needed. Community Services was under budget by \$114,344 due to fewer program offerings resulting in lower contractual services. Community Development was under budget by \$79,755 primarily due delays in filling open positions in the midst of the pandemic, along with fewer property abatements.

Total revenues were more than the final budgetary estimates by \$969,463. Special assessments came in \$137,559 over budget due to timing of project completion. Permit revenues exceeded budget estimates by \$214,656 mainly due to an increase in heating and plumbing permits. Increases in intergovernmental revenue over budget by \$214,651 were largely due to higher than anticipated state aid, additional state grants and increases in public safety pensions. These increases had an offset of \$193,729 due to a change in the fair value of investments.

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, 2021, amounts to \$101,636,946 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, improvements other than buildings, machinery and equipment, infrastructure and construction in progress.

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

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$5,502,104	\$5,502,104	\$699,047	\$699,047	\$6,201,151	\$6,201,151
Buildings and structures	45,505,334	47,604,554	5,807,043	5,157,816	51,312,377	52,762,370
Improvements other than buildings	3,473,964	3,672,407	-	-	3,473,964	3,672,407
Machinery and equipment	4,969,485	5,834,664	850,547	1,070,811	5,820,032	6,905,475
Infrastructure	15,249,880	15,840,082	19,341,119	19,493,115	34,590,999	35,333,197
Construction in progress	204,563	43,471	33,860	289,786	238,423	333,257
Total Capital Assets	<u>\$74,905,330</u>	<u>\$78,497,282</u>	<u>\$26,731,616</u>	<u>\$26,710,575</u>	<u>\$101,636,946</u>	<u>\$105,207,857</u>

Additional information on the City's capital assets can be found in Note 5.

Management’s Discussion and Analysis

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$61,645,000. This is an decrease of \$3,945,000 from 2021. \$44,495,000 of this is for General Obligation Improvement Debt, which is supported by special assessments and property tax levies. \$13,420,000 is General Obligation Tax Increment Debt which is support by tax increments. An additional \$150,000 is for General Obligation Equipment Certificate Debt, which finances the City’s capital equipment purchases. \$3,580,000 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 \$1,148,400 for compensated absences.

Additional information on the City’s long–term debt can be found in Note 6.

City of Fridley’s Outstanding Debt

The City of Fridley has an Aa2 rating.

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	
	2021	2020	2021	2020	2021	2020
General Obligation Improvement Bonds	\$44,495,000	\$45,790,000	\$ -	\$ -	\$44,495,000	\$45,790,000
General Obligation Tax Increment Bonds	13,420,000	14,050,000	-	-	13,420,000	14,050,000
General Obligation Revenue Bonds	-	-	3,580,000	5,455,000	3,580,000	5,455,000
General Obligation Equipment Certificates	150,000	295,000	-	-	150,000	295,000
Compensated Absences	1,148,400	1,115,436	-	-	1,148,400	1,115,436
Bond issuance premium/discount	2,135,244	2,335,572	108,505	120,343	2,243,749	2,455,915
Total	\$61,348,644	\$63,586,008	\$3,688,505	\$5,575,343	\$65,037,149	\$69,161,351

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 \$92,227,783. Only \$44,645,000 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.



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BASIC FINANCIAL STATEMENTS



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CITY OF FRIDLEY, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2021
With Comparative Totals For December 31, 2020

	Primary Government				Component Unit	
	Governmental Activities	Business-Type Activities	Total		Housing & Redevelopment Authority	
			2021	2020	2021	2020
Assets:						
Cash and investments	\$37,061,270	\$12,737,225	\$49,798,495	\$44,589,275	\$14,466,642	\$12,075,562
Receivables:						
Accounts	175,805	3,826,465	4,002,270	3,610,298	60,141	72,288
Taxes	436,082	-	436,082	560,345	23,657	350,453
Special assessments	1,240,696	25,369	1,266,065	1,493,232	-	-
Mortgage	-	-	-	-	1,806,444	1,389,674
Notes	-	-	-	-	1,000,000	1,000,000
Interest	78,348	-	78,348	106,792	16,397	18,773
Due from component unit	496,534	-	496,534	531,116	-	-
Due from other governments	947,709	6,135	953,844	2,657,124	-	-
Internal balances	4,057,490	(4,057,490)	-	-	-	-
Prepaid items	-	400,496	400,496	380,452	-	-
Inventories - at cost	105,578	950,698	1,056,276	922,081	-	-
Land held for resale	-	-	-	-	367,130	293,130
Capital assets (net of accumulated depreciation):						
Land	5,502,104	699,047	6,201,151	6,201,151	1,011,755	1,011,755
Buildings and structures	45,505,334	5,807,043	51,312,377	52,762,370	-	-
Improvements other than buildings	3,473,964	-	3,473,964	3,672,407	-	-
Machinery and equipment	4,969,485	850,547	5,820,032	6,905,475	-	-
Infrastructure	15,249,880	19,341,119	34,590,999	35,333,197	-	-
Construction in progress	204,563	33,860	238,423	333,257	-	-
Total assets	<u>119,504,842</u>	<u>40,620,514</u>	<u>160,125,356</u>	<u>160,058,572</u>	<u>18,752,166</u>	<u>16,211,635</u>
Deferred outflows of resources:						
Related to other post employment benefits	478,383	13,069	491,452	461,020	517	770
Related to pensions	8,726,017	-	8,726,017	3,723,095	-	-
Total deferred outflows of resources	<u>9,204,400</u>	<u>13,069</u>	<u>9,217,469</u>	<u>4,184,115</u>	<u>517</u>	<u>770</u>
Liabilities:						
Due to primary government	-	-	-	-	497,142	530,597
Accounts payable	623,454	548,713	1,172,167	1,366,986	529,184	444,644
Deposits payable	213,077	50,282	263,359	218,801	-	-
Contracts payable	222,516	49,848	272,364	411,251	-	-
Due to other governments	24,452	609,748	634,200	1,510,235	-	23,463
Salaries payable	727,476	96,454	823,930	718,966	-	-
Accrued interest payable	863,385	30,172	893,557	941,194	-	-
Unearned revenue	1,522,530	218,513	1,741,043	39,470	-	-
Compensated absences payable:						
Due within one year	830,934	-	830,934	751,582	-	-
Due in more than one year	317,466	-	317,466	363,854	-	-
Other post employment benefits payable:						
Due in more than one year	1,467,370	40,081	1,507,451	1,595,283	1,585	2,821
Bonds payable:						
Due within one year	2,105,000	565,000	2,670,000	2,825,000	-	-
Due in more than one year	58,095,244	3,123,506	61,218,750	65,220,915	-	-
Net pension liability:						
Due in more than one year	7,221,459	-	7,221,459	11,000,809	-	-
Total liabilities	<u>74,234,363</u>	<u>5,332,317</u>	<u>79,566,680</u>	<u>86,964,346</u>	<u>1,027,911</u>	<u>1,001,525</u>
Deferred inflows of resources:						
Related to other post employment benefits	269,165	7,352	276,517	45,690	291	81
Related to pensions	11,557,042	-	11,557,042	4,523,667	-	-
Total deferred outflows of resources	<u>11,826,207</u>	<u>7,352</u>	<u>11,833,559</u>	<u>4,569,357</u>	<u>291</u>	<u>81</u>
Net position:						
Net investment in capital assets	28,987,129	23,043,111	52,030,240	52,210,917	1,011,755	1,011,755
Restricted for:						
Debt service	3,587,890	-	3,587,890	3,497,500	-	-
Tax increment purposes	-	-	-	-	3,894,177	2,352,805
Police forfeitures	100,069	-	100,069	83,703	-	-
Cable television equipment	52,095	-	52,095	54,202	-	-
Donations	23,067	-	23,067	26,731	-	-
Unrestricted	9,898,422	12,250,803	22,149,225	16,835,931	12,818,549	11,846,239
Total net position	<u>\$42,648,672</u>	<u>\$35,293,914</u>	<u>\$77,942,586</u>	<u>\$72,708,984</u>	<u>\$17,724,481</u>	<u>\$15,210,799</u>

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

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2021
With Comparative Totals For The Year Ended December 31, 2020

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$5,851,445	\$1,623,061	\$203,485	\$ -
Public safety	9,816,095	2,066,986	848,230	-
Public works	5,698,161	874,269	428,970	1,265,349
Community development	1,051,339	1,299,234	-	-
Parks and recreation	1,754,110	233,035	2,810	-
Interest on long-term debt	1,881,282	-	-	-
Total governmental activities	26,052,432	6,096,585	1,483,495	1,265,349
Business-type activities:				
Liquor	6,552,204	7,290,355	-	-
Water	3,086,716	4,666,860	-	-
Sewer	5,776,014	6,325,191	-	-
Storm water	1,288,000	1,600,201	-	275,449
Total business-type activities	16,702,934	19,882,607	-	275,449
Total primary government	\$42,755,366	\$25,979,192	\$1,483,495	\$1,540,798
Component unit:				
Housing and Redevelopment Authority	\$4,201,772	\$710,395	\$ -	\$ -
Total component unit	\$4,201,772	\$710,395	\$ -	\$ -

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

Net position - December 31

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

Net (Expense) Revenue and Changes in Net Position				Component Unit	
Primary Government				Housing & Redevelopment Authority	
Governmental Activities	Business-Type Activities	Total		2021	2020
		2021	2020		
(\$4,024,899)	\$ -	(\$4,024,899)	(\$4,291,670)	\$ -	\$ -
(6,900,879)	-	(6,900,879)	(6,948,155)	-	-
(3,129,573)	-	(3,129,573)	2,049,864	-	-
247,895	-	247,895	(14,966,580)	-	-
(1,518,265)	-	(1,518,265)	(1,399,716)	-	-
(1,881,282)	-	(1,881,282)	(2,012,685)	-	-
(17,207,003)	-	(17,207,003)	(27,568,942)	-	-
-	738,151	738,151	592,880	-	-
-	1,580,144	1,580,144	951,090	-	-
-	549,177	549,177	48,706	-	-
-	587,650	587,650	539,451	-	-
-	3,455,122	3,455,122	2,132,127	-	-
(17,207,003)	3,455,122	(13,751,881)	(25,436,815)	\$ -	\$ -
				(\$3,491,377)	(\$3,615,253)
				(3,491,377)	(3,615,253)
16,932,793	-	16,932,793	16,225,057	565,967	529,319
-	-	-	-	4,934,802	4,257,538
1,848,065	-	1,848,065	3,948,112	-	-
(180,488)	(24,062)	(204,550)	1,243,325	(75,683)	100,803
129,604	12,450	142,054	21,429	145,283	2,108,063
-	880	880	-	-	-
266,241	-	266,241	300,201	434,690	400,502
338,500	(338,500)	-	-	-	-
19,334,715	(349,232)	18,985,483	21,738,124	6,005,059	7,396,225
2,127,712	3,105,890	5,233,602	(3,698,691)	2,513,682	3,780,972
40,520,960	32,188,024	72,708,984	76,407,675	15,210,799	11,429,827
\$42,648,672	\$35,293,914	\$77,942,586	\$72,708,984	\$17,724,481	\$15,210,799

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

CITY OF FRIDLEY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021
With Comparative Totals For December 31, 2020

	General	Debt Service
<u>Assets</u>		
Cash and investments	\$11,166,058	\$3,498,586
Receivables:		
Accounts	52,432	-
Taxes	342,925	81,519
Special assessments	121,356	613
Interest	78,348	-
Due from component unit	2,006	-
Due from other governments	111,422	-
Due from other funds	16,872	-
Inventories, at cost	105,578	-
Total assets	\$11,996,997	\$3,580,718
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities:		
Accounts payable	\$240,197	\$ -
Deposits payable	168,091	-
Contracts payable	-	-
Due to other governments	23,811	-
Due to other funds	-	-
Salaries payable	549,225	-
Unearned revenue	-	-
Total liabilities	981,324	-
Deferred inflows of resources:		
Unavailable revenue	290,334	44,841
Fund balance:		
Nonspendable	105,578	-
Restricted	20,849	3,587,889
Committed	-	-
Assigned	-	-
Unassigned	10,598,912	(52,012)
Total fund balance	10,725,339	3,535,877
Total liabilities, deferred inflows of resources, and fund balance	\$11,996,997	\$3,580,718

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

Street Improvements	Community Investment	CARES/ARPA	Other Governmental Funds	Intra-Activity Eliminations	Totals Governmental Funds	
					2021	2020
\$2,178,274	\$9,255,262	\$1,535,234	\$6,829,654	\$ -	\$34,463,068	\$29,907,634
-	-	-	123,373	-	175,805	165,726
18	489	-	11,131	-	436,082	560,345
1,048,909	17,247	-	52,571	-	1,240,696	1,469,195
-	-	-	-	-	78,348	106,792
-	-	-	494,528	-	496,534	531,116
697,505	-	-	138,782	-	947,709	2,520,835
-	4,082,519	-	-	(16,872)	4,082,519	3,285,970
-	-	-	-	-	105,578	65,779
<u>\$3,924,706</u>	<u>\$13,355,517</u>	<u>\$1,535,234</u>	<u>\$7,650,039</u>	<u>(\$16,872)</u>	<u>\$42,026,339</u>	<u>\$38,613,392</u>
\$34,299	\$ -	\$ -	\$347,824	\$ -	\$622,320	\$554,955
11,300	-	-	33,686	-	213,077	168,801
178,935	-	-	43,581	-	222,516	299,973
-	-	-	641	-	24,452	109,293
-	-	-	16,872	(16,872)	-	-
-	-	-	32,338	-	581,563	520,936
-	-	1,520,444	2,086	-	1,522,530	-
<u>224,534</u>	<u>-</u>	<u>1,520,444</u>	<u>477,028</u>	<u>(16,872)</u>	<u>3,186,458</u>	<u>1,653,958</u>
<u>1,044,166</u>	<u>16,124</u>	<u>-</u>	<u>58,154</u>	<u>-</u>	<u>1,453,619</u>	<u>1,786,834</u>
-	-	-	-	-	105,578	65,779
-	-	-	132,239	-	3,740,977	3,591,226
-	13,339,393	14,790	2,826,771	-	16,180,954	11,550,431
2,656,006	-	-	4,155,847	-	6,811,853	6,362,198
-	-	-	-	-	10,546,900	13,602,966
<u>2,656,006</u>	<u>13,339,393</u>	<u>14,790</u>	<u>7,114,857</u>	<u>-</u>	<u>37,386,262</u>	<u>35,172,600</u>
<u>\$3,924,706</u>	<u>\$13,355,517</u>	<u>\$1,535,234</u>	<u>\$7,650,039</u>	<u>(\$16,872)</u>	<u>\$42,026,339</u>	<u>\$38,613,392</u>
Fund balance reported above					\$37,386,262	\$35,172,600
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.					74,905,330	78,497,282
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.					1,453,619	1,786,834
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.					(61,063,629)	(63,359,021)
Other post employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.					(1,258,152)	(1,140,416)
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.					(8,774,758)	(10,436,319)
Net position of governmental activities					<u>\$42,648,672</u>	<u>\$40,520,960</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, 2021
With Comparative Totals For The Year Ended December 31, 2020

	General	Debt Service
Revenues:		
Taxes	\$13,301,862	\$3,182,936
Special assessments	167,759	10,336
Licenses and permits	1,265,772	-
Intergovernmental revenue	2,019,751	-
Charges for services	2,267,682	-
Fines and forfeits	127,549	-
Investment income (loss)	(49,685)	(5,365)
Contributions and donations	11,684	-
Payment from component unit	-	1,090,038
Interest on loan	-	-
Miscellaneous:		
Other	234,679	-
Total revenues	19,347,053	4,277,945
Expenditures:		
Current:		
General government	3,815,797	-
Public safety	9,231,935	-
Public works	3,402,718	-
Community development	1,068,455	-
Parks and recreation	664,846	-
Debt service	-	4,176,666
Capital outlay	-	-
Total expenditures	18,183,751	4,176,666
Excess (deficiency) of revenues over (under) expenditures	1,163,302	101,279
Other financing sources (uses):		
Proceeds from sale of capital assets	-	-
Issuance of bonds	-	-
Premium on bond issuance	-	-
Transfers in	189,600	-
Transfers out	(4,321,388)	-
Total other financing sources (uses)	(4,131,788)	-
Net change in fund balance	(2,968,486)	101,279
Fund balance - January 1	13,693,825	3,434,598
Fund balance - December 31	\$10,725,339	\$3,535,877

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

Street Improvements	Community Investment	CARES/ARPA	Other Governmental Funds	Intra-Activity Eliminations	Totals Governmental Funds	
					2021	2020
\$ -	\$777	\$ -	\$492,123	\$ -	\$16,977,698	\$16,133,737
574,831	26,803	-	60,660	-	840,389	819,347
-	-	-	260,474	-	1,526,246	1,559,003
656,602	-	-	1,212,196	-	3,888,549	8,111,582
-	-	-	962,821	-	3,230,503	2,795,287
-	-	-	23,670	-	151,219	169,156
(7,305)	(57,297)	(838)	(44,328)	-	(164,818)	898,347
-	-	-	24,843	-	36,527	85,753
-	-	-	-	-	1,090,038	863,674
-	98,579	-	-	-	98,579	108,000
-	-	-	31,562	-	266,241	283,304
<u>1,224,128</u>	<u>68,862</u>	<u>(838)</u>	<u>3,024,021</u>	<u>-</u>	<u>27,941,171</u>	<u>31,827,190</u>
-	25,810	-	1,181,962	-	5,023,569	5,177,833
-	-	-	530,012	-	9,761,947	8,924,373
35,632	-	-	13,527	-	3,451,877	3,222,623
-	-	-	5,196	-	1,073,651	15,999,027
-	-	-	773,423	-	1,438,269	1,175,270
-	-	-	8	-	4,176,674	3,561,580
686,517	-	-	583,109	-	1,269,626	4,412,516
<u>722,149</u>	<u>25,810</u>	<u>0</u>	<u>3,087,237</u>	<u>-</u>	<u>26,195,613</u>	<u>42,473,222</u>
<u>501,979</u>	<u>43,052</u>	<u>(838)</u>	<u>(63,216)</u>	<u>-</u>	<u>1,745,558</u>	<u>(10,646,032)</u>
-	-	-	129,604	-	129,604	21,429
-	-	-	-	-	-	4,540,000
-	-	-	-	-	-	619,659
-	4,482,190	-	350,000	(4,683,290)	338,500	338,500
(101,100)	(260,802)	-	-	4,683,290	-	(80,996)
<u>(101,100)</u>	<u>4,221,388</u>	<u>0</u>	<u>479,604</u>	<u>-</u>	<u>468,104</u>	<u>5,438,592</u>
400,879	4,264,440	(838)	416,388	-	2,213,662	(5,207,440)
2,255,127	9,074,953	15,628	6,698,469	-	35,172,600	40,380,040
<u>\$2,656,006</u>	<u>\$13,339,393</u>	<u>\$14,790</u>	<u>\$7,114,857</u>	<u>\$ -</u>	<u>\$37,386,262</u>	<u>\$35,172,600</u>

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



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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, 2021

With Comparative Totals For The Year Ended December 31, 2020

	<u>2021</u>	<u>2020</u>
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)	\$2,213,662	(\$5,207,440)
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.	(3,591,952)	(106,368)
Contributed capital assets recorded as revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	-	2,228,712
Deferred revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(333,215)	419,156
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.	2,270,328	(3,430,742)
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.	1,661,561	512,127
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.	(117,736)	(73,010)
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>25,064</u>	<u>(180,022)</u>
Change in net position of governmental activities (Exhibit A-2)	<u><u>\$2,127,712</u></u>	<u><u>(\$5,837,587)</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, 2021

With Comparative Totals For Enterprise Funds For December 31, 2020

	Business-Type Activities - Enterprise Funds	
	Liquor	Water
Assets:		
Current assets:		
Cash and investments	\$1,311,515	\$5,885,194
Accounts receivable	3,304	1,614,285
Special assessments receivable	-	21,121
Due from other governments	-	1,688
Prepaid items	-	-
Inventories - at cost	860,554	90,144
	<u>2,175,373</u>	<u>7,612,432</u>
Noncurrent assets:		
Capital assets:		
Land	151,946	147,485
Buildings and structures	536,891	8,302,096
Machinery and equipment	244,185	2,797,376
Infrastructure	-	22,696,485
Construction in process	-	-
Total capital assets	<u>933,022</u>	<u>33,943,442</u>
Less: Allowance for depreciation	<u>(520,546)</u>	<u>(19,650,347)</u>
Net capital assets	412,476	14,293,095
Total noncurrent assets	<u>412,476</u>	<u>14,293,095</u>
Total assets	<u>2,587,849</u>	<u>21,905,527</u>
Deferred outflows of resources:		
Related to pensions	-	-
Related to other post employment benefits	3,232	4,673
Total deferred outflows of resources	<u>3,232</u>	<u>4,673</u>
Liabilities:		
Current liabilities:		
Accounts payable	329,784	114,969
Deposits payable	282	-
Accrued interest payable	-	30,172
Contracts payable	-	-
Due to other governments	65,064	220,481
Due to other funds	-	3,717,519
Salaries payable	26,953	32,691
Payroll deductions payable	-	-
Compensated absences payable	-	-
Bonds payable - current	-	565,000
Unearned revenue	43,962	-
Total current liabilities	<u>466,045</u>	<u>4,680,832</u>
Noncurrent liabilities:		
Other post employment benefits	9,910	14,332
Compensated absences - noncurrent	-	-
Bonds payable - noncurrent	-	3,123,506
Net pension liability	-	-
Total noncurrent liabilities	<u>9,910</u>	<u>3,137,838</u>
Total liabilities	<u>475,955</u>	<u>7,818,670</u>
Deferred inflows of resources:		
Related to pensions	-	-
Related to other post employment benefits	1,817	2,629
Total deferred outflows of resources	<u>1,817</u>	<u>2,629</u>
Net position:		
Net investment in capital assets	412,476	10,604,590
Unrestricted	1,700,833	3,484,311
Total net position	<u>\$2,113,309</u>	<u>\$14,088,901</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.

Business-Type Activities - Enterprise Funds			Totals		Governmental Activities -
Sewer	Storm Water	2021	2020	Internal Service Funds	
\$2,848,767	\$2,691,749	\$12,737,225	\$12,187,858	\$2,598,202	
1,736,661	472,215	3,826,465	3,432,983	-	
-	4,248	25,369	24,037	-	
4,447	-	6,135	136,289	-	
400,496	-	400,496	380,452	-	
-	-	950,698	856,302	-	
4,990,371	3,168,212	17,946,388	17,017,921	2,598,202	
22,800	376,816	699,047	699,047	-	
903,244	-	9,742,231	8,726,784	-	
1,229,371	423,635	4,694,567	4,743,735	-	
10,864,383	13,850,095	47,410,963	46,451,932	-	
-	33,859	33,859	289,786	-	
13,019,798	14,684,405	62,580,667	60,911,284	-	
(8,739,625)	(6,938,533)	(35,849,051)	(34,200,709)	-	
4,280,173	7,745,872	26,731,616	26,710,575	-	
4,280,173	7,745,872	26,731,616	26,710,575	-	
9,270,544	10,914,084	44,678,004	43,728,496	2,598,202	
-	-	-	-	8,726,017	
2,176	2,988	13,069	14,276	-	
2,176	2,988	13,069	14,276	8,726,017	
37,523	66,437	548,713	800,997	1,134	
-	50,000	50,282	50,000	-	
-	-	30,172	52,745	-	
-	49,848	49,848	111,278	-	
324,193	10	609,748	1,400,942	-	
210,000	155,000	4,082,519	3,285,970	-	
15,839	20,971	96,454	85,836	-	
-	-	-	-	145,913	
-	-	-	-	830,934	
-	-	565,000	755,000	-	
-	174,551	218,513	39,470	-	
587,555	516,817	6,251,249	6,582,238	977,981	
6,675	9,164	40,081	52,316	-	
-	-	-	-	317,466	
-	-	3,123,506	4,820,343	-	
-	-	-	-	7,221,459	
6,675	9,164	3,163,587	4,872,659	7,538,925	
594,230	525,981	9,414,836	11,454,897	8,516,906	
-	-	-	-	11,557,042	
1,225	1,681	7,352	1,497	-	
1,225	1,681	7,352	1,497	11,557,042	
4,280,173	7,745,872	23,043,111	21,135,232	-	
4,397,092	2,643,538	12,225,774	11,151,146	(8,749,729)	
\$8,677,265	\$10,389,410	\$35,268,885	\$32,286,378	(\$8,749,729)	
		\$35,268,885	\$32,286,378		
		25,029	(98,354)		
		\$35,293,914	\$32,188,024		

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, 2021

With Comparative Totals For The Enterprise Funds For The Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds	
	Liquor	Water
Sales	\$7,290,355	\$ -
Cost of sales	(5,231,959)	-
Gross profit	<u>2,058,396</u>	<u>-</u>
Operating revenues:		
Customer billings	-	4,663,743
Charges for services	-	-
Other revenues	-	3,117
Total operating revenues	<u>-</u>	<u>4,666,860</u>
Total gross profit and operating revenues	<u>2,058,396</u>	<u>4,666,860</u>
Operating expenses:		
Personal services	708,858	759,387
Supplies and other charges:		
Disposal charges	-	-
Other	610,852	1,184,947
Depreciation	36,669	996,798
Total operating expenses	<u>1,356,379</u>	<u>2,941,132</u>
Operating income (loss)	<u>702,017</u>	<u>1,725,728</u>
Nonoperating revenues (expenses):		
Intergovernmental revenue	-	-
Investment income (loss)	(1,406)	4,397
Insurance reimbursement	-	-
Interest and fiscal charges	-	(185,746)
Gain (loss) on sale of capital assets	-	2,700
Other	-	-
Total nonoperating revenues (expenses)	<u>(1,406)</u>	<u>(178,649)</u>
Income (loss) before transfers and capital contributions	<u>700,611</u>	<u>1,547,079</u>
Transfers and capital contributions:		
Transfers in	-	-
Transfers out	(338,500)	-
Capital contributions	-	-
Total contributions and transfers	<u>(338,500)</u>	<u>-</u>
Change in net position	362,111	1,547,079
Net position - January 1	<u>1,751,198</u>	<u>12,541,822</u>
Net position - December 31	<u><u>\$2,113,309</u></u>	<u><u>\$14,088,901</u></u>

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.

Business-Type Activities - Enterprise Funds				Governmental Activities -
Sewer	Storm Water	Totals		Internal Service Funds
		2021	2020	
\$ -	\$ -	\$7,290,355	\$6,708,539	\$ -
-	-	(5,231,959)	(4,906,841)	-
-	-	2,058,396	1,801,698	-
6,325,191	1,600,200	12,589,134	11,600,924	-
-	-	-	-	1,767,286
-	1	3,118	2,686	-
6,325,191	1,600,201	12,592,252	11,603,610	1,767,286
6,325,191	1,600,201	14,650,648	13,405,308	1,767,286
409,876	514,468	2,392,589	2,321,559	(262,052)
4,585,270	-	4,585,270	4,729,563	-
471,911	436,338	2,704,048	2,761,301	353,953
322,715	358,812	1,714,994	1,561,013	-
5,789,772	1,309,618	11,396,901	11,373,436	91,901
535,419	290,583	3,253,747	2,031,872	1,675,385
-	-	-	118,410	70,054
(14,197)	(12,856)	(24,062)	262,616	(15,670)
-	-	-	-	55,175
(6,729)	(4,982)	(197,457)	(268,276)	-
9,750	-	12,450	-	-
-	880	880	1,657	-
(11,176)	(16,958)	(208,189)	114,407	109,559
524,243	273,625	3,045,558	2,146,279	1,784,944
-	-	-	80,996	-
-	-	(338,500)	(338,500)	-
-	275,449	275,449	163,816	-
-	275,449	(63,051)	(93,688)	-
524,243	549,074	2,982,507	2,052,591	1,784,944
8,153,022	9,840,336	32,286,378	30,233,787	(10,534,673)
\$8,677,265	\$10,389,410	\$35,268,885	\$32,286,378	(\$8,749,729)
		\$2,982,507	\$2,052,591	
		123,383	86,305	
		\$3,105,890	\$2,138,896	

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, 2021
With Comparative Totals For The Enterprise Funds For The Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds	
	Liquor	Water
Cash flows from operating activities:		
Receipts from customers and users	\$7,291,825	\$4,591,930
Receipts from interfund services provided	-	-
Payment to suppliers	(6,115,283)	(1,362,347)
Payment to employees	(708,695)	(754,063)
Operating contribution	-	-
Net cash flows from operating activities	<u>467,847</u>	<u>2,475,520</u>
Cash flows from noncapital financing activities:		
Intergovernmental revenue	-	-
Transfers in	-	-
Transfers out	(338,500)	-
Net cash flows from noncapital financing activities	<u>(338,500)</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(10,000)	(506,414)
Proceeds from sale of capital assets	-	2,700
Proceeds from issuance of interfund loan	-	755,000
Capital grants and contributions	-	-
Principal received on special assessments	-	-
Insurance reimbursement	-	-
Principal paid on revenue bonds	-	(1,445,000)
Repayment on interfund loan	-	(323,451)
Interest and paying agent fees on revenue bonds	-	(214,307)
Net cash flows from capital and related financing activities	<u>(10,000)</u>	<u>(1,731,472)</u>
Cash flows from investing activities:		
Investment income (loss)	(1,406)	4,397
Net increase (decrease) in cash and cash equivalents	117,941	748,445
Cash and cash equivalents - January 1	1,193,574	5,136,749
Cash and cash equivalents - December 31	<u>\$1,311,515</u>	<u>\$5,885,194</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$702,017</u>	<u>\$1,725,728</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation	36,669	996,798
Operating contribution	-	-
Changes in assets and liabilities:		
Decrease (increase) in receivables	(3,304)	(74,930)
Decrease (increase) in prepaid items	-	-
Decrease (increase) in inventories	(97,347)	2,951
Decrease (increase) in deferred outflows of resources	301	391
Increase (decrease) in payables	(176,428)	(177,516)
Increase (decrease) in unearned revenue	4,492	-
Increase (decrease) in deferred inflows of resources	1,447	2,098
Total adjustments	<u>(234,170)</u>	<u>749,792</u>
Net cash provided by operating activities	<u>\$467,847</u>	<u>\$2,475,520</u>
Noncash investing and financing activities		
Capital contributions	<u>\$ -</u>	<u>\$ -</u>

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

Business-Type Activities - Enterprise Funds				Governmental Activities -
Sewer	Storm Water	Totals		Internal Service Funds
		2021	2020	
\$6,144,449	\$1,769,068	\$19,797,272	\$18,190,311	\$ -
-	-	-	-	1,778,875
(5,849,206)	(413,789)	(13,740,625)	(12,147,778)	(363,853)
(410,069)	(514,317)	(2,387,144)	(2,278,570)	(1,420,162)
-	-	-	160	-
<u>(114,826)</u>	<u>840,962</u>	<u>3,669,503</u>	<u>3,764,123</u>	<u>(5,140)</u>
-	-	-	118,410	70,054
-	-	-	80,996	-
-	-	(338,500)	(338,500)	-
<u>-</u>	<u>-</u>	<u>(338,500)</u>	<u>(139,094)</u>	<u>70,054</u>
(712,338)	(512,931)	(1,741,683)	(3,742,698)	-
15,398	-	18,098	-	-
210,000	155,000	1,120,000	3,285,970	-
-	275,449	275,449	163,816	-
-	880	880	1,497	-
-	-	-	-	55,175
(245,000)	(185,000)	(1,875,000)	(730,000)	-
-	-	(323,451)	-	-
<u>(10,062)</u>	<u>(7,498)</u>	<u>(231,867)</u>	<u>(286,988)</u>	<u>-</u>
<u>(742,002)</u>	<u>(274,100)</u>	<u>(2,757,574)</u>	<u>(1,308,403)</u>	<u>55,175</u>
<u>(14,197)</u>	<u>(12,856)</u>	<u>(24,062)</u>	<u>262,616</u>	<u>(15,670)</u>
(871,025)	554,006	549,367	2,579,242	104,419
3,719,792	2,137,743	12,187,858	9,608,616	2,493,783
<u>\$2,848,767</u>	<u>\$2,691,749</u>	<u>\$12,737,225</u>	<u>\$12,187,858</u>	<u>\$2,598,202</u>
<u>\$535,419</u>	<u>\$290,583</u>	<u>\$3,253,747</u>	<u>\$2,031,872</u>	<u>\$1,675,385</u>
322,715	358,812	1,714,994	1,561,013	-
-	-	-	160	-
(180,742)	(5,684)	(264,660)	(131,497)	11,589
(20,044)	-	(20,044)	12,300	-
-	-	(94,396)	62,835	-
232	283	1,207	(8,083)	(5,002,922)
(773,378)	21,079	(1,106,243)	225,331	(3,722,567)
-	174,551	179,043	9,659	-
972	1,338	5,855	533	7,033,375
<u>(650,245)</u>	<u>550,379</u>	<u>415,756</u>	<u>1,732,251</u>	<u>(1,680,525)</u>
<u>(\$114,826)</u>	<u>\$840,962</u>	<u>\$3,669,503</u>	<u>\$3,764,123</u>	<u>(\$5,140)</u>
<u>\$ -</u>	<u>\$275,449</u>	<u>\$275,449</u>	<u>\$163,816</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, 2021

	2021
Assets:	
Cash and investments	\$6,337
Accounts receivables	5,829
Total assets	\$12,166
Liabilities:	
Accounts payable	12,166
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, 2021

	2021
Additions:	
Tax collections from other government	\$90,924
Total additions	90,924
Deductions:	
Payments of tax to other governments	86,378
Administrative fee	4,546
Total deductions	90,924
Net increase in fiduciary net position	-
Net position - beginning	-
Net position - ending	\$ -



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THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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, 2021

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 government reports the following major governmental funds:

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

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

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

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

The government 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 government 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.

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

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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, Special Revenue and Capital Improvement Capital Projects 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, Springbrook Nature Fund, and the Police Activity 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.
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.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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	\$538,770	\$561,266	\$22,496

F. Cash and Investments

Cash balances from all funds are combined and invested to the extent available in certificates of deposit, U.S. government securities and other securities authorized by State Statute. Investment income is allocated to the respective funds on the basis of applicable cash balance participation by each fund. Investments are stated at fair value, based upon quoted market prices as of the balance sheet date. Investment income is accrued at the balance sheet date.

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.

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.

Restricted cash balances relate to unspent bond proceeds.

Investments are stated at fair value, except for investments in external investment pools that meet GASB 79 requirements, which are stated at amortized cost. Investment income is accrued at the balance sheet date.

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, 2021 are planned to be eliminated in 2022. 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, 2021

H. Property Tax Revenue Recognition

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 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.

I. 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 is handled by the County in the same manner as property taxes. Property owners are allowed to 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, 2021

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.

J. 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 governmental funds are recorded as expenditures when consumed rather than when purchased.

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).

K. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 government 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 government 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

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.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 generally immaterial and are expensed in the year of bond issuance. Material premiums and discounts are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

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.

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.

THE CITY OF FRIDLEY, MINNESOTA
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December 31, 2021

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 position 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 position 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. 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 the following sources: property taxes and special assessments.

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.

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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 (\$61,063,629) difference are as follows:

Bonds payable	\$58,065,000
Premium on bonds payable	2,135,244
Accrued interest payable	<u>863,385</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>\$61,063,629</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 (\$3,591,952) difference are as follows:

Net book value of capital asset disposals	\$ -
Capital outlay	1,269,628
Depreciation expense	<u>(4,861,580)</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>(\$3,591,952)</u></u>

THE CITY OF FRIDLEY, MINNESOTA
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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 (\$333,215) difference are as follows:

Unavailable revenue - general property taxes:	
At December 31, 2020	271,343
At December 31, 2021	(226,738)
Unavailable revenue - special assessments:	
At December 31, 2020	1,465,491
At December 31, 2021	(1,226,881)
Unavailable revenue - miscellaneous	
At December 31, 2020	50,000
At December 31, 2021	-
Net adjustments to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$333,215

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 (\$2,270,328) difference are as follows:

Principal repayments:	
G.O. improvement bonds	\$2,070,000
Amortization of premium on bonds issuance	200,328
Bond Premium	-
Bond issuance	-
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$2,270,328

U. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

V. Comparative Totals

The basic financial statements, required supplementary information, combining and individual fund financial statements and schedules, and supplementary financial information include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such

THE CITY OF FRIDLEY, MINNESOTA
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information should be read in conjunction with the City's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

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 fair 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 118.A.03 identifies allowable forms of collateral.

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 fair value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. At times, deposits may be in excess of collateral pledged.

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, high-risk mortgage-backed securities, temporary general obligation bonds, repurchase agreements, Minnesota joint powers investment trust and guaranteed investment contracts.

THE CITY OF FRIDLEY, MINNESOTA
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As of December 31, 2021 the City had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)			
			Less Than 1	1-5	6-10	Over 10 Years
Federal Home Loan Bank	AAA	\$681,099	\$ -	\$681,099	\$ -	\$ -
Federal National Mortgage Association	AAA	10,010,578	3,461,764	6,548,814	-	-
Federal Home Loan Mortgage Corporation	AAA	4,877,010	1,584,852	3,292,158	-	-
Local government bonds	Aaa-Aa3	7,593,657	1,003,790	6,589,867	-	-
International Bonds	N/A	747,668	-	747,668	-	-
International Development Finance Corp	N/A	4,894,742	-	4,894,742	-	-
US Treasury Note	N/A	12,505,173	-	12,505,173	-	-
Brokered CDs	N/R	1,658,466	247,375	1,411,091	-	-
Money market	N/R	4,174,291	4,174,291	-	-	-
Total		<u>\$47,142,684</u>	<u>\$10,472,072</u>	<u>\$36,670,612</u>	<u>\$ -</u>	<u>\$ -</u>
Total investments						\$47,142,684
Deposits						2,650,811
Petty cash						5,000
Total cash and investments						<u>\$49,798,495</u>

As of December 31, 2021 the HRA had the following investments and maturities:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)			
			Less Than 1	1-5	6-10	Over 10 Years
Federal Home Loan Bank	AAA	\$248,835	\$ -	\$248,835	\$ -	\$ -
Federal National Mortgage Association	AAA	434,499	-	434,499	-	-
Federal Home Loan Mortgage Corp	AAA	1,257,854	-	1,257,854	-	-
Local Government Bonds	Aaa - AAA ₃	1,224,291	-	1,224,291	-	-
International Development Finance Corp	N/A	1,515,842	-	1,515,842	-	-
International Bonds	N/A	249,223	-	249,223	-	-
US Treasury Note	N/A	7,204,326	299,496	6,904,830	-	-
Money Market	N/R	2,139,099	2,139,099	-	-	-
Total		<u>\$14,273,969</u>	<u>\$2,438,595</u>	<u>\$11,835,374</u>	<u>-</u>	<u>-</u>
Total investments						\$14,273,969
Deposits						192,673
Total cash and investments						<u>\$14,466,642</u>

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 other than quoted prices included in Level 1 that are observable either directly or indirectly. Inputs for Level 2 include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, inputs other than quoted prices that are observable for the asset, or inputs derived principally from or corroborated by observable market data by correlation or other means. Level 3 investments are valued using inputs that are unobservable.

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The City has the following recurring fair value measurements as of December 31, 2021:

Investment Type	12/31/2021	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Federal Home Loan Bank	\$681,099	\$ -	\$681,099	\$ -
Federal National Mortgage Association	10,010,578	-	10,010,578	-
Federal Home Loan Mortgage Corporation	12,505,173	-	12,505,173	-
Local government bonds	4,877,010	-	4,877,010	-
International Bonds	747,668	-	747,668	-
International Development Finance Corp	4,894,742	-	4,894,742	-
US Treasury	7,593,657	-	7,593,657	-
Brokered CDs	1,658,466	-	1,658,466	-
Total/Subtotal	42,968,393	\$ -	\$42,968,393	\$ -
Investments not categorized:				
External investment pool - US Bank Fund	4,174,291			
Total	\$47,142,684			

The HRA has the following recurring fair value measurements as of December 31, 2021:

Investment Type	12/31/2021	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Federal Home Loan Bank	\$248,835	\$ -	\$248,835	\$ -
Federal National Mortgage Association	434,499	-	434,499	-
Federal Home Loan Mortgage Corp	1,257,854	-	1,257,854	-
Local Government Bonds	1,224,291	-	1,224,291	-
International Development Finance Corp	1,515,842	-	1,515,842	-
International Bonds	249,223	-	249,223	-
US Treasury Note	7,204,326	-	7,204,326	-
Total/Subtotal	\$12,134,870	\$ -	\$12,134,870	\$ -
Investments not categorized:				
Money market	2,139,099			
Total	\$14,273,969			

The City's external investment pool PFM Fund is rated AAAM by Standard and Poor's and the fair value of the position in the pool is the same as the value of pool shares. The pool is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1. The pool measures their investments in accordance with Government Accounting Standards Board Statement No. 79, at amortized cost. The PFM Fund has no redemption requirements.

The City's external investment pool investment is with the 4M fund which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M fund is an unrated pool and the fair value of pool shares. The pool is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1. The pool measures their investment in accordance with Government Accounting Standards Board Statements No. 79, at amortized cost. The 4M Liquid Asset Fund has no redemption requirement. The 4M Plus Fund requires funds to be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period are subject to a penalty equal to 7 days interest on the amount withdrawn.

THE CITY OF FRIDLEY, MINNESOTA
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December 31, 2021

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 to a transaction, 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.

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 commercial paper to those rated in the highest quality category by at least two nationally recognized rating agencies; in any security of the State of Minnesota or any of its municipalities which is rated “A” or better by a national bond rating service for general obligation and rated “AA” or better for a revenue obligation; a general obligation of the Minnesota Housing Finance Agency to those rated “A” or better by a national bond rating agency; mutual funds or money market funds whose investments are restricted to securities described in MS 118A.04. The City’s investment policy does not place further restrictions on investment options.

Concentration of credit risk (City) – 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 places no limit on the amount the City 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:

International	10.38%
Federal Home Loan Mortgage Corporation	10.35%
US Treasury Note	26.53%
Federal National Mortgage Association	21.23%

Concentration of credit risk (HRA) – 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 HRA places no limit on the amount the HRA may invest in any one issuer. Investments in a single issuer exceeding 5% of the HRA’s overall investment portfolio are in various holdings as follows:

Various Local Gov’t Bonds	10.62%
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THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

3. Receivables

Significant receivables balances not expected to be collected within one year of December 31, 2021 are as follows:

	Primary Government					Total
	Major Funds					
	General	Debt Service	Street Improvements	Community Investment	Nonmajor Funds	
Special assessments receivable	\$86,375	\$224	\$791,996	\$11,941	\$40,064	\$930,600
Delinquent property taxes	141,672	34,070	-	-	5,258	181,000
	<u>\$228,047</u>	<u>\$34,294</u>	<u>\$791,996</u>	<u>\$11,941</u>	<u>\$45,322</u>	<u>\$1,111,600</u>

	HRA Component Unit			
	Major Funds			
	General Fund	Revolving Loan	BAE Northern Stacks	Total
Mortgage receivable	\$ -	\$1,806,444	\$ -	\$1,806,444
Allowance for uncollectible accounts	-	-	-	-
Delinquent tax increment	-	-	3,944	3,944
	<u>\$ -</u>	<u>\$1,806,444</u>	<u>\$3,944</u>	<u>\$1,806,444</u>

4. 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:

	Property Taxes	Special Assessments	Miscellaneous	Total
Major funds:				
General	\$176,459	\$113,875	\$ -	\$290,334
Debt Service	44,546	295	-	44,841
Street Improvements	18	1,044,148	-	1,044,166
Community Investment	382	15,742	-	16,124
Nonmajor	5,363	52,791	-	58,154
Total unavailable revenue	<u>\$226,768</u>	<u>\$1,226,851</u>	<u>\$ -</u>	<u>\$1,453,619</u>

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

5. Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$5,502,104	\$ -		\$5,502,104
Construction in progress	43,471	168,700	(7,608)	204,563
Total capital assets, not being depreciated	<u>5,545,575</u>	<u>168,700</u>	<u>(7,608)</u>	<u>5,706,667</u>
Capital assets, being depreciated:				
Buildings and structures	53,577,177	5,145	-	53,582,322
Machinery and equipment	14,429,040	392,470	(691,591)	14,129,919
Improvements	5,330,908	98,135	-	5,429,043
Infrastructure	36,101,262	612,786	(245,813)	36,468,235
Total capital assets, being depreciated	<u>109,438,387</u>	<u>1,108,536</u>	<u>(937,404)</u>	<u>109,609,519</u>
Less accumulated depreciation for:				
Buildings and structures	5,972,623	2,104,365		8,076,988
Machinery and equipment	8,594,376	1,257,649	(691,591)	9,160,434
Improvements	1,658,501	296,578		1,955,079
Infrastructure	20,261,180	1,202,988	(245,813)	21,218,355
Total accumulated depreciation	<u>36,486,680</u>	<u>4,861,580</u>	<u>(937,404)</u>	<u>40,410,856</u>
Total capital assets being depreciated - net	<u>72,951,707</u>	<u>(3,753,044)</u>	<u>0</u>	<u>69,198,663</u>
Governmental activities capital assets - net	<u>\$78,497,282</u>	<u>(\$3,584,344)</u>	<u>(\$7,608)</u>	<u>\$74,905,330</u>
Primary Government				
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$699,047	\$ -		\$699,047
Construction in progress	289,786	33,860	(289,786)	33,860
Total capital assets, not being depreciated	<u>988,833</u>	<u>33,860</u>	<u>(289,786)</u>	<u>732,907</u>
Capital assets, being depreciated:				
Buildings and structures	8,726,784	1,028,580	(13,133)	9,742,231
Machinery and equipment	4,743,735	9,997	(59,167)	4,694,565
Infrastructure	46,451,932	959,031		47,410,963
Total capital assets, being depreciated	<u>59,922,451</u>	<u>1,997,608</u>	<u>(72,300)</u>	<u>61,847,759</u>
Less accumulated depreciation for:				
Buildings and structures	3,568,968	373,706	(7,486)	3,935,188
Machinery and equipment	3,672,921	230,264	(59,167)	3,844,018
Infrastructure	26,958,820	1,111,024		28,069,844
Total accumulated depreciation	<u>34,200,709</u>	<u>1,714,994</u>	<u>(66,653)</u>	<u>35,849,050</u>
Total capital assets being depreciated - net	<u>25,721,742</u>	<u>282,614</u>	<u>(5,647)</u>	<u>25,998,709</u>
Business-type activities capital assets - net	<u>\$26,710,575</u>	<u>\$316,474</u>	<u>(\$295,433)</u>	<u>\$26,731,616</u>
Component Unit				
Capital assets, not being depreciated:				
Land	\$1,011,755	\$ -	\$ -	\$1,011,755

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

Governmental activities:	
General government	\$910,132
Public safety	1,194,300
Public works, including depreciation of general infrastructure assets	2,403,865
Community development	20,853
Parks and recreation	332,430
Total depreciation expense - governmental activities	<u>\$4,861,580</u>
Business-type activities:	
Liquor	\$36,669
Water	996,798
Sewer	322,715
Storm water	358,812
Total depreciation expense - business-type activities	<u>\$1,714,994</u>

6. Long-Term Debt

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.

THE CITY OF FRIDLEY, MINNESOTA
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As of December 31, 2021, the governmental long-term bonded debt and loans of the financial reporting entity consisted of the following:

Governmental Activities:

\$1,280,000 General Obligation Equipment Certificates, Series 2012A due in varying annual installments of \$135,000 - \$150,000 through February 1, 2022; interest at 1.00% - 1.65%	150,000
\$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%	44,495,000
\$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%	3,910,000
Unamortized premium	<u>2,135,244</u>
Subtotal governmental activities	<u>\$60,200,244</u>

Business-Type Activities:

\$2,810,000 General Obligation Utility Revenue Bonds of 2010A due in varying annual installments of \$160,000 - \$265,000 through February 1, 2026; interest at 2.50% - 3.50%	-
\$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%	3,580,000
Unamortized premium	<u>108,505</u>
Subtotal business-type activities	<u>3,688,505</u>
Total primary government	<u><u>\$63,888,749</u></u>

THE CITY OF FRIDLEY, MINNESOTA
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Annual debt service requirements to maturity for general obligation bonds and loans are as follows:

Year Ending December 31,	Primary Government							
	Governmental Activities						Business-Type Activities	
	G.O. Improvement		G.O. Tax Increment		G.O. Equipment Certificates		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$1,250,000	\$1,594,112	\$705,000	\$426,663	\$150,000	\$1,238	\$565,000	\$66,763
2023	1,465,000	1,526,238	745,000	390,413	-	-	575,000	55,362
2024	1,535,000	1,451,238	780,000	352,288	-	-	285,000	46,763
2025	1,615,000	1,372,488	820,000	312,288	-	-	290,000	41,012
2026	1,695,000	1,289,738	860,000	270,288	-	-	295,000	35,163
2027	1,780,000	1,211,763	930,000	225,538	-	-	300,000	29,212
2028	1,850,000	1,139,163	975,000	177,912	-	-	310,000	23,113
2029	1,925,000	1,073,288	1,025,000	143,287	-	-	315,000	16,862
2030	1,985,000	1,014,637	1,045,000	122,587	-	-	320,000	10,512
2031	2,040,000	954,263	1,065,000	101,487	-	-	325,000	3,656
2032	2,105,000	890,771	1,085,000	79,987	-	-	-	-
2033	2,170,000	822,619	1,105,000	58,087	-	-	-	-
2034	2,240,000	750,956	1,130,000	35,737	-	-	-	-
2035	2,315,000	676,937	1,150,000	12,219	-	-	-	-
2036	2,390,000	600,481	-	-	-	-	-	-
2037	2,465,000	520,047	-	-	-	-	-	-
2038	2,550,000	433,825	-	-	-	-	-	-
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>\$44,495,000</u>	<u>\$18,117,589</u>	<u>\$13,420,000</u>	<u>\$2,708,781</u>	<u>\$150,000</u>	<u>\$1,238</u>	<u>\$3,580,000</u>	<u>\$328,418</u>

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
G.O. improvement bonds	\$59,840,000	\$ -	(\$1,925,000)	\$57,915,000	\$1,955,000
G.O. equipment certificates	295,000	-	(145,000)	150,000	150,000
Total bonds payable	60,135,000	-	(2,070,000)	58,065,000	2,105,000
Bond issuance premium/discount	2,335,572	-	(200,328)	2,135,244	-
Compensated absences	1,115,436	820,409	(787,444)	1,148,401	830,934
Total governmental activities long-term debt	<u>\$63,586,008</u>	<u>\$820,409</u>	<u>(\$3,057,772)</u>	<u>\$61,348,645</u>	<u>\$2,935,934</u>
Business-type activities:					
Bonds payable:					
G.O. revenue bonds	\$5,455,000	\$ -	(\$1,875,000)	\$3,580,000	\$565,000
Bond issuance premium/discount	120,343	-	(11,838)	108,505	-
Total business-type activities long-term debt	<u>\$5,575,343</u>	<u>\$ -</u>	<u>(\$1,886,838)</u>	<u>\$3,688,505</u>	<u>\$565,000</u>

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Compensated absences are generally liquidated by the Employee Benefits Fund. All long-term bonded indebtedness outstanding at December 31, 2021 is backed by the full faith and credit of the City, including improvement and revenue bond issues. Delinquent assessments receivable at December 31, 2021 totaled \$53,327.

Revenues Pledged

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
2020A	Housing Redevelopment	Tax Increment	100%		2020-2026	\$3,910,000	\$841,250	\$ -
2019A	Housing Redevelopment	Tax Increment	100%		2020-2035	9,510,000	248,787	-
2017A	Building Improvements	Property Taxes	100%		2017-2042	44,495,000	2,867,664	3,022,389
2012A	Capital Equipment	Property Taxes	100%		2013-2022	150,000	148,525	160,511
2016A Water Revenue Bonds	Infrastructure Improvements	Water Customer Net Revenue	100%	13.56%	2016-2031	3,580,000	632,962	4,666,860
2010A Utility Revenue Bonds	Infrastructure Improvements	Water, Sewer and Storm Customer Net Revenue	100%	10.91%	2011-2026	-	1,373,875	12,592,252

7. 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.

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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% of average salary for each of the first ten years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated Plan members is 1.7% of average salary 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.

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.

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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 2021 and the City was required to contribute 7.50%. The City's contributions to the GERS for the year ended December 31, 2021, were \$541,932. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Police and Fire members were required to contribute 11.80% of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70%. The City's contributions to the PEPFF for the year ended December 31, 2021, were \$839,373. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. GERS Pension Costs

At December 31, 2021, the City reported a liability of \$4,214,932 for its proportionate share of GERS'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 \$128,697. The net pension liability was measured as of June 30, 2021, 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 contributions received by PERA during the

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measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.987% at the end of the measurement period and 00946% for the beginning of the period.

City's proportionate share of the net pension liability	\$4,214,932
State of Minnesota's proportionate share of the net pension liability associated with the City	128,697
Total	\$4,343,629

For the year ended December 31, 2021, the City recognized pension expense of \$25,353 for its proportionate share of the GERS's pension expense. In addition, the City recognized an additional \$10,384 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERS.

At December 31, 2021, the City reported its proportionate share of the GERS'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	\$26,433	\$128,989
Changes in actuarial assumptions	2,573,550	93,853
Net collective difference between projected and actual investment earnings	-	3,655,854
Changes in proportion	243,862	69,091
Contributions paid to PERA subsequent to the measurement date	272,033	-
Total	\$3,115,878	\$3,947,787

The \$272,033 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense
2022	(\$162,607)
2023	30,389
2024	23,906
2025	(995,630)
Thereafter	-
	(\$1,103,942)

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2. PEPFF Pension Costs

At December 31, 2021, the City reported a liability of \$3,006,527 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2021 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, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.3895% at the end of the measurement period and 0.4043% for the beginning of the period.

The State of Minnesota also contributed \$18 million to PEPFF during the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The direct state aid was paid on October 1, 2020. 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. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

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, 2021, the City recognized pension expense of (\$358,070) for its proportionate share of the Police and Fire Plan's pension expense. The City recognized an additional \$36,529 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the PEPFF.

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 also recognized \$36,529 for the year ended December 31, 2021 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.

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At December 31, 2021, 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	\$574,397	\$ -
Changes in actuarial assumptions	4,418,808	1,534,424
Net collective difference between projected and actual investment earnings	-	5,736,680
Changes in proportion	196,335	338,150
Contributions paid to PERA subsequent to the measurement date	420,597	
Total	<u>\$5,610,137</u>	<u>\$7,609,254</u>

The \$420,597 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as outflows:

<u>Year Ended December 31,</u>	<u>Pension Expense</u>
2022	(\$1,940,422)
2023	(341,279)
2024	(439,703)
2025	(638,905)
2026	940,595
Thereafter	-
	<u>(\$2,419,714)</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, 2021 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25 percent per year
Investment Rate of Return	6.50 percent

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.

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Salary growth assumptions in the GERF range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter. 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. Cost of living benefit increases after retirement are assumed to be 1.25% per year for GERF and 1.0% per year for PEPFF.

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 2021:

General Employees Fund

Changes in Actuarial Assumptions:

- 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.

Police and Fire Fund

Changes in Actuarial Assumptions:

- 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%.

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

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

F. Discount Rate

The discount rate used to measure the total pension liability in 2021 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 GERF and the PEPFF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the City'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 GERF net pension liability	\$8,596,310	\$4,214,932	\$619,744
City's Proportionate share of the PEPFF net pension liability	\$9,545,216	\$3,006,527	(\$2,353,577)

The net pension liability is generally liquidated by the Employee Benefits Internal Service Fund.

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.

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I. Pension Expense

Pension expense recognized by the City for the year ended December 31, 2021 is as follows

GERF	\$25,353
PEPFF	<u>(358,070)</u>
Total	<u><u>(\$332,717)</u></u>

8. 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 2021 were:

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

9. 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.

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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 \$184,950 and \$176,560 in State Aid to the Association for December 31, 2021 and 2020, respectively. This transaction is recorded as revenue and expenditures in the City’s financial statements.

During 2021 and as of December 31, 2021, the Association held no securities issued by the City or other related parties.

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

A. Plan Description

In addition to providing the pension benefits described in Note 7, 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 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 2021, benefits were provided to three 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.

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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	<u>4</u>
Total	<u>150</u>

D. Total OPEB Liability and Changes in Total OPEB Liability

The City's total OPEB liability of \$1,509,036 was measured as of January 1, 2021 and was determined by an actuarial valuation as of January 1, 2021. Changes in the total OPEB liability during 2021 were:

Balance - beginning of year	\$1,598,105
Changes for the year:	
Service cost	40,554
Interest cost	46,853
Changes of benefit terms	-
Differences between expected and actual experience	(272,762)
Changes in assumptions	142,709
Benefit payments	<u>(46,423)</u>
Net changes	<u>(89,069)</u>
Balance - end of year	<u>\$1,509,036</u>

There were no plan changes since the measurement date of January 1, 2021.

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	2.00%
Salary increases	3.00%
Discount rate	2.00%
20-year municipal bond yield	2.00%
Healthcare cost trend rates	6.5% as of January 1, 2021 grading to 5.00% over 6 years and then 4.00% over the next 48 years
Retirees' share of benefit-related costs	100%

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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, 2021 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 measurements date are as follows:

Changes since prior valuation:

- The health care trend rates and salary increases were updated.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to Pub-2010 Public Retirement Plan Headcount – weighted mortality tables (General, Safety) with MP-2020 Generational Improvement Scale.
- The retirement and withdrawal tables for non-safety personnel were updated.
- The discount rate was changed from 2.90% to 2.00%.

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	\$1,696,173	\$1,509,036	\$1,347,566

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 (5.50% decreasing to 4.00% over 6 years) or 1% higher (7.50% decreasing to 6.00% over 6 years) than the current healthcare cost trend rates:

	1% Decrease <u>(5.50% decreasing to 4.00%)</u>	Healthcare Cost Trend Rates <u>(6.50% decreasing to 5.00%)</u>	1% Increase <u>(7.50% decreasing to 6.00%)</u>
Total OPEB liability	\$1,335,876	\$1,509,036	\$1,710,674

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

For the year ended December 31, 2021, the City recognized \$125,350 of OPEB expense. At December 31, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$215,763	\$238,666
Changes in actuarial assumptions	236,913	38,142
Contributions subsequent to the measurement date	39,291	-
Total	<u>\$491,967</u>	<u>\$276,808</u>

\$39,291 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, 2022. Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	<u>OPEB Expense</u>
2022	\$37,941
2023	37,941
2024	37,941
2025	37,941
2026	37,942
Thereafter	(13,838)

11. Interfund Receivables, Payables and Transfers

Interfund payables and receivables are representative of lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year. Interfund receivables and payables of the City are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Due From/Due To:		
Major Funds:		
General Fund	\$16,872	\$ -
Community Investment (1)	4,082,519	
Water (1)	-	3,717,519
Sewer	-	210,000
Storm Water	-	155,000
Nonmajor Governmental Funds:		
Police Activity	-	16,872
Total	<u>\$4,099,391</u>	<u>\$4,099,391</u>

(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 \$2,962,519 at December 31, 2021

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

Interfund receivables and payables of the HRA component unit at December 31, 2021 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Due From/Due To:		
General Fund	\$10,622,922	\$ -
Capital Projects Funds:		
Lake Pointe	-	215,303
Gateway East	-	211,653
Gateway West	-	240,109
Gateway Northeast	-	2,901,765
BAE Hazardous Sub District	-	2,668,461
Northern Stacks VIII	-	12,368
Holly Center	-	25,247
Locke Point Park	-	4,348,016
Total	<u>\$10,622,922</u>	<u>\$10,622,922</u>

The above balances are not expected to be eliminated within one year of December 31, 2021.

Interfund Transfers:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
Major Funds:		
General Fund (1) (2)	\$189,600	\$4,321,388
Street Improvements (2)	-	101,100
Community Investment (3)	4,482,190	260,802
Nonmajor Funds (4)	350,000	-
Total governmental funds	<u>5,021,790</u>	<u>4,683,290</u>
Proprietary Funds:		
Liquor	-	338,500
Total proprietary funds	<u>-</u>	<u>338,500</u>
Total	<u>\$5,021,790</u>	<u>\$5,021,790</u>

(1) Transfer of \$4,321,388 to Community Investment fund per City policy.

(2) Transfer of \$101,100 to finance General Fund

(3) Transfer of \$100,000 from Community Investment to finance park improvements

(4) Transfer of from Liquor fund to Capital Equipment (\$175,000) and Park Improvement (\$175,000)

Interfund transfers allow the City and HRA to allocate financial resources to the funds that receive benefit from services provided by another fund. Most of the interfund transfers fall under that category.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

12. Fund Balance

A. CLASSIFICATIONS

At December 31, 2021, a summary of the governmental fund balance classifications are as follows:

	General Fund	Debt Service	Street Improvements	Community Investment	CARES/ ARPA	Other Governmental	Total City	Component Unit
Nonspendable:								
Inventory	\$105,578	\$ -	\$ -	\$ -	\$ -	\$ -	\$105,578	\$ -
Mortgage loan receivable	-	-	-	-	-	-	-	1,806,444
Total nonspendable	105,578	-	-	-	-	-	105,578	1,806,444
Restricted for:								
Donations	20,849	-	-	-	-	2,218	23,067	-
Debt service	-	3,587,889	-	-	-	-	3,587,889	-
Tax increment	-	-	-	-	-	5,233	5,233	3,894,177
Police forfeitures	-	-	-	-	-	72,693	72,693	-
Cable television equipment	-	-	-	-	-	52,095	52,095	-
Unspent bond proceeds	-	-	-	-	-	-	-	-
Total restricted	20,849	3,587,889	-	-	-	132,239	3,740,977	3,894,177
Committed to:								
Cable television programming	-	-	-	-	-	1,138,931	1,138,931	-
Recycling programs	-	-	-	-	-	87,611	87,611	-
Nature Center activities	-	-	-	-	-	184,667	184,667	-
Community investment	-	-	-	13,339,393	-	-	13,339,393	-
Police activity	-	-	-	-	14,790	27,376	42,166	-
Capital equipment	-	-	-	-	-	1,351,720	1,351,720	-
Emergency reserves	-	-	-	-	-	36,466	36,466	-
Housing loan program	-	-	-	-	-	-	-	1,190,093
Total committed	-	-	-	13,339,393	14,790	2,826,771	16,180,954	1,190,093
Assigned to:								
Capital improvements	-	-	2,656,006	-	-	4,155,847	6,811,853	-
Total assigned	-	-	2,656,006	-	-	4,155,847	6,811,853	-
Unassigned								
	10,598,912	(52,012)	-	-	-	-	10,546,900	9,040,477
Total	\$10,725,339	\$3,535,877	\$2,656,006	\$13,339,393	\$14,790	\$7,114,857	\$37,386,262	\$15,931,191

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, 2021, the unassigned fund balance of the General Fund was \$10,598,112, compared to its targeted unassigned fund balance of between \$6,871,865 and \$9,816,950.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

13. 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	\$872,226	\$326,940	\$545,286	\$ -	\$545,286
1992	12	McGlynn's	-	-	-	-	-
1995	13	Satellite Lane Apartments	46,455	1,403	45,052	-	45,052
2000	17	Gateway East	51,329	3,291	48,038	-	48,038
2007	18	Gateway West	46,798	4,430	42,368	-	42,368
2007	19	Main Street	226,008	45,628	180,380	-	180,380
2013	20	TIF 20 HSS 20A	2,347,304	12	2,347,292	-	2,347,292
2009	21	Gateway Northeast	473,848	28,419	445,429	-	445,429
2013	22	Northstar Transit Station	1,080,702	511,239	569,463	-	569,463
2017	23	Locke Point Park	106,735	42,487	64,248	-	64,248
2018	24	Northern Stacks VIII	156,578	115,566	41,012	-	41,012
1995	HR1/S5	Housing Replacement	-	-	-	-	-
1995	HR1/T7	Housing Replacement	2,765	384	2,381	-	2,381
2017	HR1/V5	Housing Replacement	2,342	208	2,134	-	2,134
1995	HR1/V6	Housing Replacement	5,364	316	5,048	-	5,048
1995	HR1/V9	Housing Replacement	2,526	286	2,240	-	2,240
1995	HR1/W1	Housing Replacement	2,320	357	1,963	-	1,963
1995	HR1/W2	Housing Replacement	2,297	286	2,011	-	2,011
1995	HR1/W6	Housing Replacement	7,858	516	7,342	-	7,342
1995	HR1/W7	Housing Replacement	2,865	170	2,695	-	2,695
1995	HR1/X8	Housing Replacement	5,697	637	5,060	-	5,060
2017	HR1/X9	Housing Replacement	3,087	164	2,923	-	2,923
1995	HR1/Y1	Housing Replacement	2,710	201	2,509	-	2,509
1995	HR1/Y2	Housing Replacement	2,647	181	2,466	-	2,466
2017	HR1/Y5	Housing Replacement	2,936	328	2,608	-	2,608
2015	HR1/Y4	Housing Replacement	2,897	251	2,646	-	2,646
2020	HR1/AA5	Housing Replacement	3,088	295	2,793	-	2,793
2020	HR1/AA7	Housing Replacement	3,119	299	2,820	-	2,820
2021	HR1/BB3	Housing Replacement	742	547	195	-	195
2021	HR1/BB4	Housing Replacement	437	350	87	-	87
		Totals	<u>\$5,463,680</u>	<u>\$1,085,191</u>	<u>\$4,378,489</u>	<u>\$ -</u>	<u>\$4,378,489</u>

14. 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, 2021

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, 2021, the Self Insurance Fund has accumulated equity in the amount of \$1,025,917 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, 2021.

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, 2021

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

The City 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 City has four tax increment pay-as-you-go agreements. The agreements are not a general obligation of the City and are payable solely from available tax increment. Accordingly, these agreements are not reflected in the financial statements of the City. 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 City. 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 City 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 \$541,326. At December 31, 2021, 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 City. 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 \$135,920. At December 31, 2021, the principal amount outstanding on the note was \$1,500,000.

TIF District #20, BAE Northern Stacks:

Originally issued in 2016, and reissued in 2018 in the principal sum of \$15,775,000 with an interest rate of 4.69% per annum. Principal and interest shall be paid on August 1, 20 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 City. 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 City 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. The current year abatement (TIF note payments) amounted to \$1,603,873. At December 31, 2021, the principal amount outstanding on the note was \$15,775,000. The outstanding balance was paid in 2020.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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 City. 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 City shall have no obligation to pay any unpaid balance of principal or occurred interest that may remain after the final payment on February 1, 2043. There were no current year TIF note payments. At December 21, 2021, the balance outstanding was \$3,241,147.

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 City. 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 City shall have no obligation to pay any unpaid balance of principal or occurred interest that may remain after the final payment on February 1, 2043. There were no current year TIF note payments. At December 21, 2021, the balance outstanding was \$2,902,155.

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 City. 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 City 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 \$40,714. At December 31, 2021, the principal amount outstanding on the note was \$649,970.

15. Leases

A. Lease Expense

The City leases space for one of its liquor stores. Total costs for this lease was \$231,072 for the year ended December 31, 2021. The future minimum lease payments for this lease are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2022	\$ 145,841
2023	121,534

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

B. Lease Revenue

The City receives revenue from agreements for the lease of space above its water towers to communication companies. The space is used for antennas and other equipment necessary to provide radio communications. For accounting purposes, the leases are considered operating leases. Lease revenue for the year ended December 31, 2021, totaled \$391,362. Terms of each lease are as follows:

<u>Lessee / Location</u>	<u>Annual Lease Adjustment Factor*</u>	<u>Next (passive) Renewal Date</u>	<u>Renewal Term Duration</u>	<u>Final Lease Date</u>
Clearwire - Commons Tower #1	Greater of 4% or CPI-U	2/22/2025	5 Years	2/22/2035
AT&T - Marion Hills	Greater of 5% or CPI-U	7/1/2025	5 Years	7/1/2025
T-Mobile - Commons Tower #1	Greater of 2% or CPI-U up to 5%	3/27/2025	5 Years	3/28/2030
Verizon - Commons Tower #1	3%	6/6/2023	5 Years	6/6/2038
Clearwire - Marion Hills	Greater of 4% or CPI-U	2/22/2025	5 Years	2/22/2035
Clearwire - TH65 Tower #2	Greater of 4% or CPI-U	2/22/2025	5 Years	2/22/2035
T-Mobile - Marion Hills	Greater of 2% or CPI-U up to 5%	9/30/2025	5 Years	9/30/2021
Sprint - TH65 Tower #2	Greater of 5% or CPI-U	10/1/2025	5 Years	10/1/2025
Crown Castle - Well #13	Greater of 5% or CPI-U	11/6/2023	5 Years	11/6/2023
AT&T - Public Works Garage	Greater of 5% or CPI-U	11/30/2023	5 Years	11/30/2028

*Amounts for future lease receipts are unavailable because they are based on the Consumer Price Index.

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, 2021, there are four series outstanding issued after July 1, 1995 with an aggregate principal amount payable of \$44,586,608. There were twenty-two series issued prior to July 1, 1995. The aggregate principal amount payable for the twenty-two series could not be determined; however, their original issue amounts totaled \$65.2 million.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

17. Deficit Fund Balances

At December 31, 2021, individual funds with a deficit fund balance are as follows:

Primary government:	
Internal Service Fund:	
Employee Benefits	\$ (9,775,646)
Component unit:	
Gateway NorthEast	\$ (2,866,873)
BAE Hazardous Sub District	(2,660,609)
Locke Point Park	(4,333,530)
Gateway East	(156,962)
Lake Pointe	(209,941)
Gateway West	(220,962)
Main Street	(4,171)
Northern Stacks VIII	(32,725)
Holly Center	(25,247)

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, 2021 is \$3,191,043. 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. 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. 87 Leases. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 91 Conduit Debt Obligations. The provisions of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92 Omnibus 2020. The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 93 Replacement of Interbank Offered Rates. The provisions of this Statement contain multiple effective dates, the first being for reporting periods beginning after June 15, 2020.

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.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

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

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 87 may have a material impact.

20. Subsequent Events and Uncertainties

Subsequent events have been evaluated for recognition or disclosure through May 12, 2022 the date the financial statements were available to be issued.



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

	2021		Actual Amounts	Variance with Final Budget - Positive (Negative)	2020 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Revenues:					
Taxes and special assessments:					
Current ad valorem taxes	\$12,931,600	\$12,931,600	\$13,180,742	\$249,142	\$12,396,841
Delinquent ad valorem taxes-net of abatements	87,400	87,400	79,963	(7,437)	77,318
Penalties and interest	12,700	12,700	41,157	28,457	2,726
Special assessments	30,200	30,200	167,759	137,559	33,263
Total taxes and special assessments	13,061,900	13,061,900	13,469,621	407,721	12,510,148
Licenses and permits:					
Licenses:					
Rental	165,000	165,000	168,574	3,574	172,044
Business	82,000	82,000	91,815	9,815	64,208
All other	31,700	31,700	35,327	3,627	38,535
Permits	755,400	755,400	970,056	214,656	1,027,184
Total licenses and permits	1,034,100	1,034,100	1,265,772	231,672	1,301,971
Intergovernmental revenue:					
Federal grants	160,000	160,000	107,332	(52,668)	183,318
State maintenance aid	348,500	348,500	424,755	76,255	455,586
Local grants	750,700	750,700	778,200	27,500	795,186
Other state grants	4,900	4,900	94,886	89,986	7,858
Police and fire pension	541,000	541,000	614,578	73,578	606,875
Total intergovernmental revenue	1,805,100	1,805,100	2,019,751	214,651	2,048,823
Charges for services:					
General government	1,162,600	1,162,600	1,190,035	27,435	1,136,776
Public safety	406,300	406,300	487,796	81,496	412,282
Public works	372,000	372,000	434,482	62,482	415,207
Community development	64,000	64,000	45,322	(18,678)	58,998
Recreation	105,800	105,800	110,047	4,247	14,688
Total charges for services	2,110,700	2,110,700	2,267,682	156,982	2,037,951
Fines and forfeits					
	160,700	160,700	127,549	(33,151)	116,184
Investment income:					
Interest and dividends	100,200	100,200	144,044	43,844	214,873
Net change in the fair value of investments	-	-	(193,729)	(193,729)	85,211
Total investment income	100,200	100,200	(49,685)	(149,885)	300,084
Miscellaneous revenue:					
Insurance and other reimbursements	38,600	38,600	90,422	51,822	58,659
Gambling tax	39,390	39,390	78,489	39,099	30,645
Donations	12,900	12,900	11,684	(1,216)	9,862
Miscellaneous	14,000	14,000	65,768	51,768	12,910
Total miscellaneous revenue	104,890	104,890	246,363	141,473	112,076
Total revenues	18,377,590	18,377,590	19,347,053	969,463	18,427,237

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, 2021

With Comparative Actual Amounts For The Year Ended December 31, 2020

	2021		Actual Amounts	Variance with Final Budget - Positive (Negative)	2020 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Expenditures:					
General government:					
City management:					
Mayor and council:					
Current:					
Personal services	\$95,500	\$95,500	\$91,092	\$4,408	\$92,240
Supplies and other charges	74,170	74,170	78,401	(4,231)	49,985
Total mayor and council	169,670	169,670	169,493	177	142,225
City manager:					
Current:					
Personal services	332,400	332,400	347,586	(15,186)	315,153
Supplies and other charges	21,990	21,990	21,577	413	27,696
Total city manager	354,390	354,390	369,163	(14,773)	342,849
Employee resources:					
Current:					
Personal services	370,700	370,700	352,827	17,873	361,914
Supplies and other charges	56,560	56,560	36,968	19,592	16,271
Total employee resources	427,260	427,260	389,795	37,465	378,185
Legal:					
Current:					
Supplies and other charges	398,250	398,250	384,926	13,324	374,672
Elections:					
Current:					
Personal services	-	-	-	-	67,715
Supplies and other charges	12,140	12,140	6,261	5,879	11,732
Total elections	12,140	12,140	6,261	5,879	79,447
Communications and engagement					
Current:					
Personal services	102,300	102,300	120,321	(\$18,021)	98,840
Supplies and other charges	46,730	46,730	51,088	(4,358)	36,519
Total communications and engagement	149,030	149,030	171,409	(22,379)	135,359
City clerk/records:					
Personal services	105,300	105,300	118,030	(12,730)	101,649
Supplies and other charges	7,250	7,250	5,077	2,173	11,207
Total city clerk/records	112,550	112,550	123,107	(10,557)	112,856
Total city management	1,623,290	1,623,290	1,614,154	9,136	1,565,593
Finance:					
Accounting:					
Current:					
Personal services	597,200	597,200	570,927	26,273	614,709
Supplies and other charges	92,840	92,840	103,229	(10,389)	85,959
Total accounting	690,040	690,040	674,156	15,884	700,668
Assessing:					
Current:					
Personal services	268,000	268,000	256,127	11,873	234,093
Supplies and other charges	15,680	15,680	16,265	(585)	5,737
Total assessing	283,680	283,680	272,392	11,288	239,830
ITS:					
Current:					
Personal services	354,000	354,000	330,870	23,130	341,714
Supplies and other charges	270,580	270,580	250,278	20,302	220,432
Total ITS	624,580	624,580	581,148	43,432	562,146
Total finance	1,598,300	1,598,300	1,527,696	70,604	1,502,644
Emergency reserves:					
Current:					
Supplies and other charges	88,360	88,360	13,882	74,478	392,640
Nondepartmental:					
Current:					
Personal services	56,490	56,490	-	56,490	-
Supplies and other charges	21,970	21,970	18,029	3,941	32,600
Total nondepartmental	78,460	78,460	18,029	60,431	32,600

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, 2021
With Comparative Actual Amounts For The Year Ended December 31, 2020

	2021		Actual Amounts	Variance with Final Budget - Positive (Negative)	2020 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Expenditures: (continued)					
General government: (continued)					
Facilities management:					
Current:					
Personal services	\$268,500	\$268,500	\$275,676	(\$7,176)	\$222,713
Supplies and other charges	321,350	321,350	366,360	(45,010)	349,906
Total facilities management	<u>589,850</u>	<u>589,850</u>	<u>642,036</u>	<u>(52,186)</u>	<u>572,619</u>
Total general government	<u>3,978,260</u>	<u>3,978,260</u>	<u>3,815,797</u>	<u>162,463</u>	<u>4,066,096</u>
Public safety:					
Police:					
Police protection:					
Current:					
Personal services	6,691,200	6,691,200	6,608,252	82,948	6,327,635
Supplies and other charges	722,980	722,980	734,251	(11,271)	580,511
Total police protection	<u>7,414,180</u>	<u>7,414,180</u>	<u>7,342,503</u>	<u>71,677</u>	<u>6,908,146</u>
Emergency management:					
Current:					
Supplies and other charges	16,320	16,320	11,738	4,582	10,723
Total police	<u>7,430,500</u>	<u>7,430,500</u>	<u>7,354,241</u>	<u>76,259</u>	<u>6,918,869</u>
Fire:					
Fire protection:					
Current:					
Personal services	1,121,500	1,121,500	1,199,143	(77,643)	1,044,021
Supplies and other charges	420,010	420,010	452,150	(32,140)	413,235
Total fire protection	<u>1,541,510</u>	<u>1,541,510</u>	<u>1,651,293</u>	<u>(109,783)</u>	<u>1,457,256</u>
Rental inspections:					
Current:					
Personal services	220,000	220,000	220,594	(594)	160,564
Supplies and other charges	9,600	9,600	5,807	3,793	3,978
Total rental inspections	<u>229,600</u>	<u>229,600</u>	<u>226,401</u>	<u>3,199</u>	<u>164,542</u>
Total public safety	<u>9,201,610</u>	<u>9,201,610</u>	<u>9,231,935</u>	<u>(30,325)</u>	<u>8,540,667</u>
Public works:					
Engineering:					
Current:					
Personal services	257,100	257,100	257,397	(297)	283,299
Supplies and other charges	108,700	108,700	142,524	(33,824)	120,258
Total engineering	<u>365,800</u>	<u>365,800</u>	<u>399,921</u>	<u>(34,121)</u>	<u>403,557</u>
Lighting:					
Current:					
Personal services	17,300	17,300	16,733	567	27,444
Supplies and other charges	211,500	211,500	185,820	25,680	193,241
Total lighting	<u>228,800</u>	<u>228,800</u>	<u>202,553</u>	<u>26,247</u>	<u>220,685</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, 2021

With Comparative Actual Amounts For The Year Ended December 31, 2020

	2021			Variance with Final Budget - Positive (Negative)	2020 Actual Amounts
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Expenditures: (continued)					
Park maintenance:					
Current:					
Personal services	718,700	718,700	701,436	17,264	649,114
Supplies and other charges	236,680	236,680	228,848	7,832	185,006
Total park maintenance	<u>955,380</u>	<u>955,380</u>	<u>930,284</u>	<u>25,096</u>	<u>834,120</u>
Street:					
Current:					
Personal services	860,000	860,000	856,460	3,540	840,534
Supplies and other charges	563,490	563,490	535,793	27,697	299,585
Capital outlay	-	-	-	-	-
Total street	<u>1,423,490</u>	<u>1,423,490</u>	<u>1,392,253</u>	<u>31,237</u>	<u>1,140,119</u>
Fleet services:					
Current:					
Personal services	371,400	371,400	363,138	8,262	390,569
Supplies and other charges	44,250	44,250	20,018	24,232	32,369
Total garage	<u>415,650</u>	<u>415,650</u>	<u>383,156</u>	<u>32,494</u>	<u>422,938</u>
Forestry					
Current:					
Supplies and other charges	67,900	67,900	94,551	(26,651)	62,386
Total forestry	<u>67,900</u>	<u>67,900</u>	<u>94,551</u>	<u>(26,651)</u>	<u>62,386</u>
Total public works	<u>3,457,020</u>	<u>3,457,020</u>	<u>3,402,718</u>	<u>54,302</u>	<u>3,083,805</u>
Community development:					
Building inspection:					
Current:					
Personal services	\$329,200	\$329,200	\$328,337	\$863	\$311,549
Supplies and other charges	120,150	120,150	118,577	1,573	91,584
Total building inspection	<u>449,350</u>	<u>449,350</u>	<u>446,914</u>	<u>2,436</u>	<u>403,133</u>
Planning:					
Current:					
Personal services	525,200	525,200	481,259	43,941	432,745
Supplies and other charges	173,660	173,660	140,282	33,378	200,537
Total planning	<u>698,860</u>	<u>698,860</u>	<u>621,541</u>	<u>77,319</u>	<u>633,282</u>
Total community development	<u>1,148,210</u>	<u>1,148,210</u>	<u>1,068,455</u>	<u>79,755</u>	<u>1,036,415</u>
Community services:					
Current:					
Personal services	567,200	567,200	543,377	23,823	447,756
Supplies and other charges	211,990	211,990	121,469	90,521	70,134
Total community services	<u>779,190</u>	<u>779,190</u>	<u>664,846</u>	<u>114,344</u>	<u>517,890</u>
Total expenditures	<u>18,564,290</u>	<u>18,564,290</u>	<u>18,183,751</u>	<u>380,539</u>	<u>17,244,873</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(186,700)</u>	<u>(186,700)</u>	<u>1,163,302</u>	<u>1,350,002</u>	<u>1,182,364</u>
Other financing sources (uses):					
Transfers in	186,700	186,700	189,600	2,900	2,249,000
Transfers out	-	-	(4,321,388)	(4,321,388)	-
Total other financing sources	<u>186,700</u>	<u>186,700</u>	<u>(4,131,788)</u>	<u>(4,318,488)</u>	<u>2,249,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,968,486)</u>	<u>(\$2,968,486)</u>	<u>3,431,364</u>
Fund balance - January 1			<u>13,693,825</u>		<u>10,262,461</u>
Fund balance - December 31			<u>\$10,725,339</u>		<u>\$13,693,825</u>

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

	2021	2020	2019	2018
Total OPEB Liability:				
Service cost	\$ 40,554	\$ 29,976	\$ 24,817	\$ 30,073
Interest cost	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	(46,423)	(38,283)	(32,982)	(15,301)
Net change in total OPEB liability	(89,069)	194,827	312,309	688,151
Total OPEB liability - beginning	1,598,105	1,403,278	1,090,969	402,818
Total OPEB liability - ending	<u>\$ 1,509,036</u>	<u>\$ 1,598,105</u>	<u>\$ 1,403,278</u>	<u>\$ 1,090,969</u>
Covered-employee payroll	\$11,498,814	\$10,759,599	\$10,446,213	\$10,037,870
Total OPEB liability as a percentage of covered payroll	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%

* 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%

* 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 PROPORTIONATE SHARE OF NET PENSION LIABILITY* -
PUBLIC EMPLOYEES POLICE AND FIRE FUND
Last Ten Years

<u>Measurement Date</u> June 30	<u>Fiscal Year Ending</u> December 31	<u>Proportion (Percentage) of the Net Pension Liability</u>	<u>Proportionate Share (Amount) of the Net Pension Liability (a)</u>	<u>Covered Payroll (b)</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
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%

* 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%

* 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
NOTES TO RSI
December 31, 2021

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.

Changes since prior valuation:

- 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.

C. PENSION INFORMATION

PERA – General Employees Retirement Fund

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%.
- 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.

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2021

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 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 Changes

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 Changes

Changes in Actuarial Assumptions:

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

PERA – Public Employees Police and Fire Fund

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.

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2021

- 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.

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 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2021

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

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% 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**



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SPECIAL REVENUE FUNDS

A Special Revenue Fund accounts 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

The 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, 2021
With Comparative Totals For December 31, 2020

	Special Revenue	Capital Project	Total Nonmajor Governmental Funds	
			2021	2020
Assets				
Cash and investments	\$1,414,792	\$5,414,862	\$6,829,654	\$6,516,490
Receivables:				
Accounts	118,427	4,946	123,373	148,407
Taxes	10,178	953	11,131	16,513
Special assessments	-	52,571	52,571	79,991
Due from other governments	131,814	6,968	138,782	206,912
Due from component unit	-	494,528	494,528	475,508
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$1,675,211</u>	<u>\$5,974,828</u>	<u>\$7,650,039</u>	<u>\$7,443,821</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$51,732	\$296,092	\$347,824	\$337,698
Deposits payable	750	32,936	33,686	33,136
Contracts payable	-	43,581	43,581	132,317
Due to other governments	641	-	641	43,661
Due to other funds	16,872	-	16,872	25,334
Salaries payable	32,338	-	32,338	29,145
Unearned revenue	2,086	-	2,086	-
Total liabilities	<u>104,419</u>	<u>372,609</u>	<u>477,028</u>	<u>601,291</u>
Deferred inflows of resources:				
Unavailable revenue	<u>5,201</u>	<u>52,953</u>	<u>58,154</u>	<u>136,911</u>
Fund balance:				
Restricted	127,006	5,233	132,239	123,637
Committed	1,438,585	1,388,186	2,826,771	2,475,478
Assigned	-	4,155,847	4,155,847	4,107,071
Unassigned	-	-	-	(567)
Total fund balance	<u>1,565,591</u>	<u>5,549,266</u>	<u>7,114,857</u>	<u>6,705,619</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$1,675,211</u>	<u>\$5,974,828</u>	<u>\$7,650,039</u>	<u>\$7,443,821</u>

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

CITY OF FRIDLEY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2021
With Comparative Totals For The Year Ended December 31, 2020

	Special Revenue	Capital Project	Total Nonmajor Governmental Funds	
			2021	2020
Revenues:				
Taxes	\$428,723	\$63,400	\$492,123	\$470,174
Special assessments	-	60,660	60,660	48,215
Licenses and permits	260,474	-	260,474	257,032
Intergovernmental revenue	143,270	1,068,926	1,212,196	3,326,829
Charges for services	960,301	2,520	962,821	757,336
Fines and forfeits	23,670	-	23,670	52,972
Investment income (loss)	(9,459)	(34,869)	(44,328)	220,610
Contributions and donations	24,843	-	24,843	75,891
Miscellaneous	6,420	25,142	31,562	64,264
Total revenues	<u>1,838,242</u>	<u>1,185,779</u>	<u>3,024,021</u>	<u>5,273,323</u>
Expenditures:				
Current:				
General government	905,598	276,364	1,181,962	1,099,018
Public safety	383,389	146,623	530,012	383,706
Public works	-	13,527	13,527	-
Parks and recreation	589,774	183,649	773,423	657,380
Community development	-	5,196	5,196	-
Debt service	-	8	8	-
Capital outlay	-	583,109	583,109	1,739,904
Total expenditures	<u>1,878,761</u>	<u>1,208,476</u>	<u>3,087,237</u>	<u>3,880,008</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,519)</u>	<u>(22,697)</u>	<u>(63,216)</u>	<u>1,393,315</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	129,604	129,604	21,429
Transfers in	-	350,000	350,000	378,312
Transfers out	-	-	-	(2,171,608)
Total other financing sources (uses)	<u>-</u>	<u>479,604</u>	<u>479,604</u>	<u>(1,771,867)</u>
Net change in fund balance	(40,519)	456,907	416,388	(378,552)
Fund balance - January 1	<u>1,606,110</u>	<u>5,092,359</u>	<u>6,698,469</u>	<u>7,084,171</u>
Fund balance - December 31	<u>\$1,565,591</u>	<u>\$5,549,266</u>	<u>\$7,114,857</u>	<u>\$6,705,619</u>

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



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NONMAJOR GOVERNMENTAL FUNDS



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NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute, charter provision or local ordinance to finance particular governmental functions or activities.

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, 2021
With Comparative Totals For December 31, 2020

<u>Assets</u>	Cable TV	Solid Waste Abatement
Cash and investments	\$1,123,624	\$8,182
Receivables:		
Accounts	77,844	40,583
Taxes	-	-
Due from other governments	-	79,452
Total assets	\$1,201,468	\$128,217
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>		
Liabilities:		
Accounts payable	\$2,422	\$38,670
Deposits payable	-	-
Due to other governments	-	-
Due to other funds	-	-
Salaries payable	8,020	1,936
Unearned revenue	-	-
Total liabilities	10,442	40,606
Deferred inflows of resources:		
Unavailable revenue	-	-
Fund balance:		
Restricted	52,095	-
Committed	1,138,931	87,611
Total fund balance	1,191,026	87,611
 Total liabilities, deferred inflows of resources, and fund balance	 \$1,201,468	 \$128,217

Drug and Gambling Forfeiture	Police Activity	Springbrook Nature Center	Totals Nonmajor Special Revenue Funds	
			2021	2020
\$75,315	\$ -	\$207,671	\$1,414,792	\$1,467,796
-	-	-	118,427	148,407
-	-	10,178	10,178	16,131
-	50,261	2,101	131,814	200,229
<u>\$75,315</u>	<u>\$50,261</u>	<u>\$219,950</u>	<u>\$1,675,211</u>	<u>\$1,832,563</u>
\$ -	\$253	\$10,387	\$51,732	\$55,698
-	-	750	750	200
536	105	-	641	43,661
-	16,872	-	16,872	25,334
-	5,655	16,727	32,338	29,145
2,086	-	-	2,086	-
<u>2,622</u>	<u>22,885</u>	<u>27,864</u>	<u>104,419</u>	<u>154,038</u>
-	-	5,201	5,201	56,787
72,693	-	2,218	127,006	123,637
-	27,376	184,667	1,438,585	1,498,101
<u>72,693</u>	<u>27,376</u>	<u>186,885</u>	<u>1,565,591</u>	<u>1,621,738</u>
<u>\$75,315</u>	<u>\$50,261</u>	<u>\$219,950</u>	<u>\$1,675,211</u>	<u>\$1,832,563</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, 2021
With Comparative Totals For The Year Ended December 31, 2020

	Cable TV	Solid Waste Abatement
Revenues:		
Taxes	\$ -	\$ -
Licenses and permits	260,474	-
Intergovernmental revenue	-	129,931
Charges for services	52,095	424,606
Fines and forfeits	-	-
Investment income (loss)	(7,969)	(140)
Contributions and donations	-	-
Miscellaneous	-	5,191
Total revenues	304,600	559,588
Expenditures:		
Current:		
General government	344,332	561,266
Public safety	-	-
Parks and recreation	-	-
Total expenditures	344,332	561,266
Excess (deficiency) of revenues over (under) expenditures	(39,732)	(1,678)
Other financing sources (uses):		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	-	-
Net change in fund balance	(39,732)	(1,678)
Fund balance - January 1	1,230,758	89,289
Fund balance - December 31	\$1,191,026	\$87,611

Drug and Gambling Forfeiture	Police Activity	Springbrook Nature Center	Totals Nonmajor Special Revenue Funds	
			2021	2020
\$ -	\$ -	\$428,723	\$428,723	\$411,474
-	-	-	260,474	257,032
13,339	-	-	143,270	2,323,873
-	362,747	120,853	960,301	754,786
23,670	-	-	23,670	52,972
-	-	(1,350)	(9,459)	61,070
-	-	24,843	24,843	20,579
-	-	1,229	6,420	3,528
<u>37,009</u>	<u>362,747</u>	<u>574,298</u>	<u>1,838,242</u>	<u>3,885,314</u>
-	-	-	905,598	837,664
31,533	351,856	-	383,389	370,358
-	-	589,774	589,774	557,105
<u>31,533</u>	<u>351,856</u>	<u>589,774</u>	<u>1,878,761</u>	<u>1,765,127</u>
5,476	10,891	(15,476)	(40,519)	2,120,187
-	-	-	-	4,165
-	-	-	-	(2,171,608)
-	-	-	-	(2,167,443)
5,476	10,891	(15,476)	(40,519)	(47,256)
67,217	16,485	202,361	1,606,110	1,668,994
<u>\$72,693</u>	<u>\$27,376</u>	<u>\$186,885</u>	<u>\$1,565,591</u>	<u>\$1,621,738</u>

Reconciliation of beginning fund balance to prior year ending fund balance:

Prior year ending fund balance of funds reported as nonmajor in the prior year, major in the current year:

CARES/ARPA	(15,628)
Current year beginning fund balance	<u>\$1,606,110</u>



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NONMAJOR CAPITAL PROJECT FUNDS

The 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.

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

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.

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

The 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, 2021
With Comparative Totals For December 31, 2020

Assets	Special Assessment Construction Capital Projects	Building Improvements	Park Improvements	Information System Improvement	Capital Equipment	TIF 20 Note Payoff	Totals Nonmajor Capital Project Funds	
							2021	2020
Cash and investments	\$42,401	\$1,490,155	\$1,877,348	\$422,247	\$1,577,478	\$5,233	\$5,414,862	\$5,048,694
Receivables:								
Accounts	-	-	4,946	-	-	-	4,946	-
Taxes	820	-	133	-	-	-	953	382
Special assessments	52,571	-	-	-	-	-	52,571	79,991
Due from other governments	-	6,968	-	-	-	-	6,968	6,683
Due from component unit	-	494,528	-	-	-	-	494,528	475,508
Total assets	\$95,792	\$1,991,651	\$1,882,427	\$422,247	\$1,577,478	\$5,233	\$5,974,828	\$5,611,258
Liabilities, Deferred Inflows of Resources, and Fund Balance								
Liabilities:								
Accounts payable	\$6,506	\$31,418	\$31,363	\$1,047	\$225,758	\$ -	\$296,092	\$282,000
Deposits payable	-	-	32,936	-	-	-	32,936	32,936
Contracts payable	-	-	43,581	-	-	-	43,581	132,317
Due to other governments	-	-	-	-	-	-	-	-
Total liabilities	6,506	31,418	107,880	1,047	225,758	-	372,609	447,253
Deferred inflows of resources:								
Unavailable revenue	52,820	-	133	-	-	-	52,953	80,124
Fund balance:								
Restricted	-	-	-	-	-	5,233	5,233	-
Committed	36,466	-	-	-	1,351,720	-	1,388,186	977,377
Assigned	-	1,960,233	1,774,414	421,200	-	-	4,155,847	4,107,071
Unassigned	-	-	-	-	-	-	-	(567)
Total fund balance	36,466	1,960,233	1,774,414	421,200	1,351,720	5,233	5,549,266	5,083,881
Total liabilities, deferred inflows of resources, and fund balance	\$95,792	\$1,991,651	\$1,882,427	\$422,247	\$1,577,478	\$5,233	\$5,974,828	\$5,611,258

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, 2021
With Comparative Totals For The Year Ended December 31, 2020

	Special	Building	Park	Information	Capital	TIF 20 Note	Totals Nonmajor Capital	
	Assessment						Improvements	Improvements
	Construction						2021	2020
	Capital							
	Projects							
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$63,400	\$ -	\$ -	\$63,400	\$58,700
Special assessments	60,660	-	-	-	-	-	60,660	48,215
Intergovernmental revenue	-	26,968	250,000	200,000	591,958	-	1,068,926	1,002,956
Charges for services	-	-	-	2,520	-	-	2,520	2,550
Investment income (loss)	78	(10,668)	(16,060)	(129)	(4,853)	(3,237)	(34,869)	159,540
Contributions and donations	-	-	-	-	-	-	-	55,312
Miscellaneous	-	19,020	-	-	6,122	-	25,142	60,736
Total revenues	<u>60,738</u>	<u>35,320</u>	<u>233,940</u>	<u>265,791</u>	<u>593,227</u>	<u>(3,237)</u>	<u>1,185,779</u>	<u>1,388,009</u>
Expenditures:								
Current:								
General government	23,705	91,087	-	159,828	1,744	-	276,364	261,354
Public safety	-	-	-	-	146,623	-	146,623	13,348
Public works	-	-	-	-	13,527	-	13,527	-
Parks and recreation	-	-	151,887	-	31,762	-	183,649	100,275
Community development	-	-	-	-	5,196	-	5,196	-
Debt Service	-	-	-	-	-	8	8	-
Capital outlay	-	20,181	238,292	-	324,636	-	583,109	1,739,904
Total expenditures	<u>23,705</u>	<u>111,268</u>	<u>390,179</u>	<u>159,828</u>	<u>523,488</u>	<u>8</u>	<u>1,208,476</u>	<u>2,114,881</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37,033</u>	<u>(75,948)</u>	<u>(156,239)</u>	<u>105,963</u>	<u>69,739</u>	<u>(3,245)</u>	<u>(22,697)</u>	<u>(726,872)</u>
Other financing sources (uses):								
Proceeds from sale of capital assets	-	-	-	-	129,604	-	129,604	21,429
Transfers in	-	-	175,000	-	175,000	-	350,000	374,147
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>175,000</u>	<u>-</u>	<u>304,604</u>	<u>0</u>	<u>479,604</u>	<u>395,576</u>
Net change in fund balance	37,033	(75,948)	18,761	105,963	374,343	(3,245)	456,907	(331,296)
Fund balance - January 1	(567)	2,036,181	1,755,653	315,237	977,377	8,478	5,092,359	5,415,177
Fund balance - December 31	<u>\$36,466</u>	<u>\$1,960,233</u>	<u>\$1,774,414</u>	<u>\$421,200</u>	<u>\$1,351,720</u>	<u>\$5,233</u>	<u>\$5,549,266</u>	<u>\$5,083,881</u>

Reconciliation of beginning fund balance to prior year ending fund balance:

Prior year ending fund balance of funds reported as major in the prior year, nonmajor in the current year:	
TIF 20 Note Payoff	8,478
Current year beginning fund balance	<u>\$5,092,359</u>

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



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**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, 2021
With Comparative Actual Amounts The Year Ended December 31, 2020

	2021		Actual Amounts	2020 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Licenses - franchise fee	\$255,400	\$255,400	\$260,474	\$257,032
Charges for services	28,900	28,900	52,095	-
Investment income:				
Interest and dividends	14,900	14,900	16,410	28,386
Net change in the fair value of investments	-	-	(24,379)	10,614
Miscellaneous	-	-	-	-
Total revenues	<u>299,200</u>	<u>299,200</u>	<u>304,600</u>	<u>296,032</u>
Expenditures:				
Current:				
General government:				
Personal services	204,000	204,000	202,810	195,193
Supplies and other charges	175,310	175,310	141,522	138,662
Total expenditures	<u>379,310</u>	<u>379,310</u>	<u>344,332</u>	<u>333,855</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(\$80,110)</u>	<u>(\$80,110)</u>	(39,732)	(37,823)
Fund balance - January 1			<u>1,230,758</u>	<u>1,268,581</u>
Fund balance - December 31			<u>\$1,191,026</u>	<u>\$1,230,758</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, 2021
With Comparative Actual Amounts The Year Ended December 31, 2020

	2021		Actual Amounts	2020 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Intergovernmental revenue:				
State	\$126,970	\$126,970	\$129,931	\$131,884
Charges for services	419,600	419,600	424,606	366,996
Investment income:				
Interest and dividends	400	400	587	770
Net change in the fair value of investments	-	-	(727)	290
Miscellaneous	3,500	3,500	5,191	1,783
Total revenues	<u>550,470</u>	<u>550,470</u>	<u>559,588</u>	<u>501,723</u>
Expenditures:				
Current:				
General government:				
Personal services	57,600	57,600	51,580	49,310
Supplies and other charges	481,170	481,170	509,686	454,499
Total expenditures	<u>538,770</u>	<u>538,770</u>	<u>561,266</u>	<u>503,809</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$11,700</u>	<u>\$11,700</u>	(1,678)	(2,086)
Fund balance - January 1			<u>89,289</u>	<u>91,375</u>
Fund balance - December 31			<u>\$87,611</u>	<u>\$89,289</u>

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, 2021
With Comparative Actual Amounts The Year Ended December 31, 2020

	2021		Actual Amounts	2020 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Charges for services	\$405,320	\$405,320	\$362,747	\$350,598
Expenditures:				
Public safety:				
Personal services	146,800	146,800	147,397	140,928
Supplies and other charges	258,520	258,520	204,459	206,345
Total expenditures	<u>405,320</u>	<u>405,320</u>	<u>351,856</u>	<u>347,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$0</u>	<u>\$0</u>	\$10,891	\$3,325
Fund balance - January 1			<u>16,485</u>	<u>13,160</u>
Fund balance - December 31			<u>\$27,376</u>	<u>\$16,485</u>

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, 2021
With Comparative Actual Amounts The Year Ended December 31, 2020

	2021		Actual Amounts	2020 Actual Amounts
	Budgeted Amounts			
	Original	Final		
Revenues:				
Taxes	\$414,400	\$414,400	\$428,723	\$411,474
Intergovernmental revenue	-	-	-	20,381
Charges for service	90,800	90,800	120,853	37,192
Investment income:				
Interest and dividends	600	600	1,834	3,950
Net change in the fair value of investments	-	-	(3,184)	1,432
Contributions and donations	39,000	39,000	24,843	20,579
Miscellaneous	2,100	2,100	1,229	1,745
Total revenues	<u>546,900</u>	<u>546,900</u>	<u>574,298</u>	<u>496,753</u>
Expenditures:				
Current:				
Parks, recreation and naturalist				
Personal services	478,000	478,000	474,001	432,422
Supplies and other charges	100,900	100,900	115,773	124,683
Total expenditures	<u>578,900</u>	<u>578,900</u>	<u>589,774</u>	<u>557,105</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,000)</u>	<u>(32,000)</u>	<u>(15,476)</u>	<u>(60,352)</u>
Other financing sources (uses):				
Transfers in	-	-	-	4,165
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,165</u>
Net change in fund balance	<u>(\$32,000)</u>	<u>(\$32,000)</u>	(15,476)	(56,187)
Fund balance - January 1			<u>202,361</u>	<u>258,548</u>
Fund balance - December 31			<u>\$186,885</u>	<u>\$202,361</u>



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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, 2021

	Employee Benefits	Self Insurance	Totals
Assets:			
Cash and investments	\$1,571,521	\$1,026,681	\$2,598,202
Deferred outflows of resources:			
Pension related	8,726,017	-	8,726,017
Liabilities:			
Current liabilities:			
Accounts payable	370	764	1,134
Payroll deductions payable	145,913	-	145,913
Compensated absences payable - current portion	830,934	-	830,934
Total current liabilities	977,217	764	977,981
Noncurrent liabilities:			
Compensated absences payable - long-term portion	317,466	-	317,466
Net pension liability	7,221,459	-	7,221,459
Total liabilities	8,516,142	764	8,516,906
Deferred inflows of resources:			
Pension related	11,557,042	-	11,557,042
Net position:			
Unrestricted	(9,775,646)	1,025,917	(8,749,729)
Total net position	(\$9,775,646)	\$1,025,917	(\$8,749,729)

CITY OF FRIDLEY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2021

	<u>Employee Benefits</u>	<u>Self Insurance</u>	<u>Totals</u>
Operating revenues:			
Charges for services	\$1,416,791	\$350,495	\$1,767,286
Operating expenses:			
Personal services	(262,052)	-	(262,052)
Supplies and other charges	27,459	326,494	353,953
Total operating expenses	(234,593)	326,494	91,901
Operating income (loss)	1,651,384	24,001	1,675,385
Nonoperating revenues:			
Investment income (loss)	(9,031)	(6,639)	(15,670)
Intergovernmental	70,054	-	70,054
Insurance reimbursement	-	55,175	55,175
Total nonoperating revenues	61,023	48,536	109,559
Change in net position	1,712,407	72,537	1,784,944
Net position - January 1	(11,488,053)	953,380	(10,534,673)
Net position - December 31	(\$9,775,646)	\$1,025,917	(\$8,749,729)

CITY OF FRIDLEY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2021

	Employee Benefits	Self Insurance	Totals
Cash flows from operating activities:			
Receipts from interfund services provided	\$1,416,791	\$362,084	\$1,778,875
Payment to suppliers	(27,592)	(336,261)	(363,853)
Payment to employees	(1,420,162)	-	(1,420,162)
Net cash flows from operating activities	(30,963)	25,823	(5,140)
Cash flows from noncapital financing activities:			
Intergovernmental revenue	70,054	-	70,054
Cash flows from capital and related financing activities:			
Insurance reimbursement	-	55,175	55,175
Cash flows from investing activities:			
Investment income	(9,031)	(6,639)	(15,670)
Net increase (decrease) in cash and cash equivalents	30,060	74,359	104,419
Cash and cash equivalents - January 1	1,541,461	952,322	2,493,783
Cash and cash equivalents - December 31	\$1,571,521	\$1,026,681	\$2,598,202
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$1,651,384	\$24,001	\$1,675,385
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Changes in assets and liabilities:			
Decrease (increase) in receivables	-	11,589	11,589
Decrease (increase) in deferred outflows of resources	(5,002,922)	-	(5,002,922)
Increase (decrease) in payables	(3,712,800)	(9,767)	(3,722,567)
Increase (decrease) in deferred inflows of resources	7,033,375	-	7,033,375
Total adjustments	(1,682,347)	1,822	(1,680,525)
Net cash provided by operating activities	(\$30,963)	\$25,823	(\$5,140)

**HOUSING AND REDEVELOPMENT AUTHORITY
COMPONENT UNIT**

CITY OF FRIDLEY, MINNESOTA
BALANCE SHEET - GOVERNMENTAL FUNDS
HOUSING AND REDEVELOPMENT AUTHORITY
December 31, 2021
With Comparative Totals For December 31, 2020

<u>Assets</u>	<u>General</u>	<u>Housing Loan</u>	<u>Gateway Northeast</u>	<u>BAE Northern Stacks</u>
Cash and investments	\$8,753,156	\$1,335,480	\$34,892	\$1,765,189
Receivables:				
Accounts	60,141	-	-	-
Note	1,000,000	-	-	-
Taxes	17,044	-	-	5,317
Mortgage:				
Deferred	-	1,806,444	-	-
Interest	16,397	-	-	-
Due from other funds	10,622,922	-	-	-
Land held for resale	283,470	-	-	-
Total assets	\$20,753,130	\$3,141,924	\$34,892	\$1,770,506
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>				
Liabilities:				
Accounts payable	\$10,574	\$145,387	\$ -	\$ -
Due to primary government	497,142	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	2,901,765	-
Total liabilities	<u>507,716</u>	<u>145,387</u>	<u>2,901,765</u>	<u>0</u>
Deferred inflows of resources:				
Unavailable revenue	693,917	-	-	5,317
Fund balance (deficit):				
Nonspendable	-	1,806,444	-	-
Restricted	-	-	-	1,765,189
Committed	1,025,322	1,190,093	-	-
Unassigned	18,526,175	-	(2,866,873)	-
Total fund balance (deficit)	<u>19,551,497</u>	<u>2,996,537</u>	<u>(2,866,873)</u>	<u>1,765,189</u>
Total liabilities, deferred inflows of resources, and fund balance	\$20,753,130	\$3,141,924	\$34,892	\$1,770,506

BAE Hazardous Sub District	Locke Point Park	Lake Pointe	Northstar Transit Station	Other Governmental Funds	Intra - Activity Eliminations	Totals Governmental Funds	
						2021	2020
\$7,852	\$14,108	\$278,167	\$1,470,257	\$807,541	\$ -	\$14,466,642	\$12,075,562
-	-	-	-	-	-	60,141	72,288
-	-	-	-	-	-	1,000,000	1,000,000
-	378	-	-	918	-	23,657	350,453
-	-	-	-	-	-	1,806,444	1,389,674
-	-	-	-	-	-	16,397	18,773
-	-	-	-	-	(10,622,922)	-	-
-	-	-	-	83,660	-	367,130	293,130
<u>\$7,852</u>	<u>\$14,486</u>	<u>\$278,167</u>	<u>\$1,470,257</u>	<u>\$892,119</u>	<u>(\$10,622,922)</u>	<u>\$17,740,411</u>	<u>\$15,199,880</u>
\$ -	\$ -	\$272,805	\$170	\$100,248	\$ -	\$529,184	\$444,644
-	-	-	-	-	-	497,142	530,597
-	-	-	-	-	-	-	23,463
2,668,461	4,348,016	215,303	-	489,377	(10,622,922)	-	-
<u>2,668,461</u>	<u>4,348,016</u>	<u>488,108</u>	<u>170</u>	<u>589,625</u>	<u>(10,622,922)</u>	<u>1,026,326</u>	<u>998,704</u>
-	-	-	-	83,660	-	782,894	708,547
-	-	-	-	-	-	1,806,444	1,389,674
-	-	-	1,470,087	658,901	-	3,894,177	2,352,805
-	-	-	-	-	-	2,215,415	1,771,854
(2,660,609)	(4,333,530)	(209,941)	-	(440,067)	-	8,015,155	7,978,296
<u>(2,660,609)</u>	<u>(4,333,530)</u>	<u>(209,941)</u>	<u>1,470,087</u>	<u>218,834</u>	<u>0</u>	<u>15,931,191</u>	<u>13,492,629</u>
<u>\$7,852</u>	<u>\$14,486</u>	<u>\$278,167</u>	<u>\$1,470,257</u>	<u>\$892,119</u>	<u>(\$10,622,922)</u>	<u>\$17,740,411</u>	<u>\$15,199,880</u>
Fund balance reported above						\$15,931,191	\$13,492,629
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	1,011,755
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue						782,894	708,547
Other post employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.						(1,359)	(2,132)
Net position of governmental activities						<u>\$17,724,481</u>	<u>\$15,210,799</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, 2021
With Comparative Totals For The Year Ended December 31, 2020

	General	Housing Loan	Gateway Northeast	BAE Northern Stacks
Revenues:				
Tax increment	\$ -	\$ -	\$560,278	\$2,281,489
Property taxes	564,490	-	-	-
Investment income/(loss)	(48,455)	(12,988)	(1,286)	(1,543)
Mortgage interest earnings	-	31,306	-	-
Interfund loan interest earnings	679,089	-	-	-
Intergovernmental	-	-	-	-
Payments from primary government	-	-	-	-
Sale of real estate	145,283	-	-	-
Miscellaneous	434,690	-	-	-
Total revenues	<u>1,775,097</u>	<u>18,318</u>	<u>558,992</u>	<u>2,279,946</u>
Expenditures:				
Personal services	159,817	-	-	-
Supplies and other charges	400,155	66,946	56,652	229,208
Developer assistance	10,810	116,363	-	-
Interest expense	19,020	-	130,838	-
Payments to primary government	-	-	-	1,090,038
Redevelopment expense	382,585	-	-	-
Total expenditures	<u>972,387</u>	<u>183,309</u>	<u>187,490</u>	<u>1,319,246</u>
Excess (deficiency of revenues over (under expenditures)	<u>802,710</u>	<u>(164,991)</u>	<u>371,502</u>	<u>960,700</u>
Other financing sources (uses):				
Transfers in	1,765,597	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>1,765,597</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	2,568,307	(164,991)	371,502	960,700
Fund balance (deficit) - January 1	<u>16,983,190</u>	<u>3,161,528</u>	<u>(3,238,375)</u>	<u>804,489</u>
Fund balance (deficit) - December 31	<u>\$19,551,497</u>	<u>\$2,996,537</u>	<u>(\$2,866,873)</u>	<u>\$1,765,189</u>

BAE Hazardous Sub District	Locke Point Park	Lake Pointe	Northstar Transit Station	Other Governmental Funds	Intra-Activity Eliminations	Totals Governmental Funds	
						2021	2020
\$307,680	\$75,182	\$601,474	\$718,920	\$390,909	\$ -	\$4,935,932	\$4,259,508
-	-	-	-	-	-	564,490	527,366
(1,085)	-	(406)	(6,157)	(3,763)	-	(75,683)	100,803
-	-	-	-	-	-	31,306	40,057
-	-	-	-	-	-	679,089	267,094
-	-	-	-	-	-	-	14,769
-	-	-	-	-	-	-	14,962,612
-	-	-	-	-	-	145,283	2,174,528
-	-	-	-	-	-	434,690	400,502
<u>306,595</u>	<u>75,182</u>	<u>601,068</u>	<u>712,763</u>	<u>387,146</u>	<u>-</u>	<u>6,715,107</u>	<u>22,747,239</u>
-	-	-	-	-	-	159,817	172,512
31,392	9,826	28,428	97,710	68,877	-	989,194	990,352
-	-	541,327	-	283,126	-	951,626	16,586,739
99,369	448,883	-	-	-	-	698,110	286,615
-	-	-	-	-	-	1,090,038	863,674
-	-	-	-	5,175	-	387,760	-
<u>130,761</u>	<u>458,709</u>	<u>569,755</u>	<u>97,710</u>	<u>357,178</u>	<u>-</u>	<u>4,276,545</u>	<u>18,899,892</u>
<u>175,834</u>	<u>(383,527)</u>	<u>31,313</u>	<u>615,053</u>	<u>29,968</u>	<u>-</u>	<u>2,438,562</u>	<u>3,847,347</u>
-	-	-	-	-	(1,765,597)	-	-
-	(1,765,597)	-	-	-	1,765,597	-	-
<u>-</u>	<u>(1,765,597)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
175,834	(2,149,124)	31,313	615,053	29,968	-	2,438,562	3,847,347
<u>(2,836,443)</u>	<u>(2,184,406)</u>	<u>(241,254)</u>	<u>855,034</u>	<u>188,866</u>	<u>-</u>	<u>13,492,629</u>	<u>9,645,282</u>
<u>(\$2,660,609)</u>	<u>(\$4,333,530)</u>	<u>(\$209,941)</u>	<u>\$1,470,087</u>	<u>\$218,834</u>	<u>\$0</u>	<u>\$15,931,191</u>	<u>\$13,492,629</u>

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

Net changes in fund balances - total above	\$2,438,562	\$3,847,347
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.	773	107
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	74,347	(66,482)
Changes in net position of governmental activities (Exhibit A-2)	<u>\$2,513,682</u>	<u>\$3,780,972</u>

CITY OF FRIDLEY, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
HOUSING AND REDEVELOPMENT AUTHORITY
December 31, 2021
With Comparative Totals For December 31, 2020

	<u>Gateway East</u>	<u>Gateway West</u>	<u>Housing Replacement</u>
<u>Assets</u>			
Cash and investments	\$54,691	\$19,147	\$127,544
Taxes receivable	-	-	-
Land held for resale	-	2,610	81,050
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$54,691</u>	<u>\$21,757</u>	<u>\$208,594</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$340
Due to other funds	211,653	240,109	-
Total liabilities	<u>211,653</u>	<u>240,109</u>	<u>340</u>
Deferred inflows of resources:			
Unavailable revenue	-	2,610	81,050
Fund balance (deficit):			
Restricted	-	-	127,204
Unassigned	(156,962)	(220,962)	-
Total fund balance (deficit)	<u>(156,962)</u>	<u>(220,962)</u>	<u>127,204</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$54,691</u>	<u>\$21,757</u>	<u>\$208,594</u>

McGlynn Bakeries	Satellite Lane Apts.	Main Street	Northern Stacks VIII	Holly Center	Total Nonmajor Capital Project Funds	
					2021	2020
\$145,357	\$399,010	\$61,792	\$ -	\$ -	\$807,541	\$1,709,911
-	918	-	-	-	918	2,261
-	-	-	-	-	83,660	78,660
<u>\$145,357</u>	<u>\$399,928</u>	<u>\$61,792</u>	<u>\$0</u>	<u>\$0</u>	<u>\$892,119</u>	<u>\$1,790,832</u>
\$13,588	\$ -	\$65,963	\$20,357	\$ -	\$100,248	\$361,486
-	-	-	12,368	25,247	489,377	546,910
<u>13,588</u>	<u>0</u>	<u>65,963</u>	<u>32,725</u>	<u>25,247</u>	<u>589,625</u>	<u>908,396</u>
-	-	-	-	-	83,660	79,790
131,769	399,928	-	-	-	658,901	1,548,316
-	-	(4,171)	(32,725)	(25,247)	(440,067)	(745,670)
<u>131,769</u>	<u>399,928</u>	<u>(4,171)</u>	<u>(32,725)</u>	<u>(25,247)</u>	<u>218,834</u>	<u>802,646</u>
<u>\$145,357</u>	<u>\$399,928</u>	<u>\$61,792</u>	<u>\$0</u>	<u>\$0</u>	<u>\$892,119</u>	<u>\$1,790,832</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, 2021
With Comparative Totals For December 31, 2020

	<u>Gateway East</u>	<u>Gateway West</u>	<u>Housing Replacement</u>	<u>McGlynn Bakeries</u>
Revenues:				
Tax increment	\$48,159	\$38,974	\$53,580	\$ -
Investment income/(loss)	(344)	(139)	(672)	-
Total revenues	<u>47,815</u>	<u>38,835</u>	<u>52,908</u>	<u>0</u>
Expenditures:				
Supplies and other charges	983	718	23,199	-
Developer assistance	-	-	-	106,492
Redevelopment expense	-	-	5,175	-
Total expenditures	<u>983</u>	<u>718</u>	<u>28,374</u>	<u>106,492</u>
Net change in fund balance	46,832	38,117	24,534	(106,492)
Fund balance (deficit) - January 1	<u>(203,794)</u>	<u>(259,079)</u>	<u>102,670</u>	<u>238,261</u>
Fund balance (deficit) - December 31	<u><u>(\$156,962)</u></u>	<u><u>(\$220,962)</u></u>	<u><u>\$127,204</u></u>	<u><u>\$131,769</u></u>

Satellite Lane Apts.	Main Street	Northern Stacks VIII	Holly Center	Totals Nonmajor Capital Project Funds	
				2021	2020
\$53,935	\$151,023	\$45,238	\$ -	\$390,909	\$1,326,881
(2,608)	-	-	-	(3,763)	13,787
<u>51,327</u>	<u>151,023</u>	<u>45,238</u>	<u>0</u>	<u>387,146</u>	<u>1,340,668</u>
3,750	16,733	5,062	18,432	68,877	162,405
-	135,920	40,714	-	283,126	786,214
-	-	-	-	5,175	-
<u>3,750</u>	<u>152,653</u>	<u>45,776</u>	<u>18,432</u>	<u>357,178</u>	<u>948,619</u>
47,577	(1,630)	(538)	(18,432)	29,968	392,049
<u>352,351</u>	<u>(2,541)</u>	<u>(32,187)</u>	<u>(6,815)</u>	<u>188,866</u>	<u>410,597</u>
<u>\$399,928</u>	<u>(\$4,171)</u>	<u>(\$32,725)</u>	<u>(\$25,247)</u>	<u>\$218,834</u>	<u>\$802,646</u>

Reconciliation of beginning fund balance to prior year ending fund balance:

Prior year ending fund balance as shown above	\$802,646
Prior year ending fund balance of funds reported as nonmajor in the prior year, major in the current year:	
Lake Pointe	241,254
Northstar Transit Station	(855,034)
Current year beginning fund balance	<u>\$188,866</u>



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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, 2021

	<u>Hotel/Motel Tax</u>
Assets:	
Cash and investments	\$6,337
Accounts receivables	5,829
Total assets	<u>\$12,166</u>
Liabilities:	
Accounts payable	<u>12,166</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, 2021

	<u>Hotel/Motel Tax</u>
Additions:	
Tax collections from other government	\$90,924
Total additions	90,924
Deductions:	
Payments of tax to other governments	86,378
Administrative fee	4,546
Total deductions	90,924
Net increase (decrease) in Fiduciary net position	-
Net position - beginning	-
Net position - ending	\$ -



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III. STATISTICAL SECTION (UNAUDITED)



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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.	160
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property tax.	170
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.	176
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.	182
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.	186

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:				
Net investment in capital assets	\$14,139,656	\$13,842,497	\$14,186,359	\$16,811,842
Restricted	3,294,952	3,050,204	2,673,982	2,233,179
Unrestricted	24,238,798	24,551,730	25,321,659	16,052,833
Total governmental activities net position	<u>\$41,673,406</u>	<u>\$41,444,431</u>	<u>\$42,182,000</u>	<u>\$35,097,854</u>
Business-type activities:				
Net investment in capital assets	\$13,560,980	\$12,910,117	\$13,053,816	\$14,234,711
Unrestricted	8,235,948	8,417,085	8,727,382	8,058,181
Total business-type activities net position	<u>\$21,796,928</u>	<u>\$21,327,202</u>	<u>\$21,781,198</u>	<u>\$22,292,892</u>
Primary government:				
Net investment in capital assets	\$27,700,636	\$26,752,614	\$27,240,175	\$31,046,553
Restricted	3,294,952	3,050,204	2,673,982	2,233,179
Unrestricted	32,474,746	32,968,815	34,049,041	24,111,014
Total primary government net position	<u>\$63,470,334</u>	<u>\$62,771,633</u>	<u>\$63,963,198</u>	<u>\$57,390,746</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

2016	2017	2018	2019	2020	2021
\$23,932,586	\$31,006,344	\$30,070,173	\$27,349,945	\$31,075,685	\$29,987,129
2,204,983	2,739,575	2,977,454	3,047,005	3,662,136	2,763,121
13,175,954	8,889,557	11,049,555	15,961,597	5,783,139	9,898,422
<u>\$39,313,523</u>	<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>
\$13,913,434	\$13,897,925	\$15,068,876	\$18,211,710	\$21,135,232	\$23,043,111
9,567,290	11,077,566	12,674,876	11,837,418	11,052,792	12,250,803
<u>\$23,480,724</u>	<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>
\$37,846,020	\$44,904,269	\$45,139,049	\$45,561,655	\$52,210,917	\$53,030,240
2,204,983	2,739,575	2,977,454	3,047,005	3,662,136	2,763,121
22,743,244	19,967,123	23,724,431	27,799,015	16,835,931	22,149,225
<u>\$62,794,247</u>	<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>

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

	2012	2013	2014	2015
Expenses				
Governmental activities:				
General government	\$3,155,983	\$3,434,479	\$4,092,123	\$4,156,904
Public safety	6,999,554	7,101,331	7,570,322	8,048,655
Public works	5,420,271	5,928,331	5,959,595	5,127,667
Community development	880,414	935,716	898,455	1,107,348
Parks and recreation	1,355,571	1,456,841	1,513,135	1,353,320
Interest on long-term debt	232,318	218,610	179,420	144,064
Total governmental activities expenses	<u>18,044,111</u>	<u>19,075,308</u>	<u>20,213,050</u>	<u>19,937,958</u>
Business-type activities:				
Liquor	4,354,909	4,148,447	4,596,316	4,914,786
Water	2,647,176	2,815,588	2,902,419	3,101,356
Sanitary sewer	4,653,434	4,974,525	4,988,587	5,040,861
Storm water	602,923	587,036	597,915	785,626
Total business-type activities expenses	<u>12,258,442</u>	<u>12,525,596</u>	<u>13,085,237</u>	<u>13,842,629</u>
Total primary government expenses	<u>\$30,302,553</u>	<u>\$31,600,904</u>	<u>\$33,298,287</u>	<u>\$33,780,587</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$1,979,737	\$2,025,108	\$2,079,719	\$1,905,021
Public safety	862,584	864,435	683,418	619,630
Public works	28,144	99,289	27,312	53,589
Community development	554,129	582,280	798,392	1,194,534
Parks and recreation	369,899	326,067	327,508	336,847
Operating grants and contributions	1,030,887	1,095,724	1,837,860	1,139,385
Capital grants and contributions	1,564,146	1,747,303	1,220,903	2,370,009
Total governmental activities program revenues	<u>6,389,526</u>	<u>6,740,206</u>	<u>6,975,112</u>	<u>7,619,015</u>
Business-type activities:				
Charges for services:				
Liquor	4,705,523	4,308,791	4,786,987	5,256,840
Water	2,773,101	2,788,146	2,913,717	2,907,123
Sanitary sewer	4,549,254	4,572,798	4,754,492	4,809,679
Storm water	571,707	613,818	732,961	1,225,153
Operating grants and contributions	-	50,000	-	-
Capital grants and contributions	-	-	440,627	421,990
Total business-type activities program revenues	<u>12,599,585</u>	<u>12,333,553</u>	<u>13,628,784</u>	<u>14,620,785</u>
Total primary government program revenues	<u>\$18,989,111</u>	<u>\$19,073,759</u>	<u>\$20,603,896</u>	<u>\$22,239,800</u>

Table 2
Page 1 of 2

2016	2017	2018	2019	2020	2021
\$4,398,370	\$4,298,149	\$3,697,097	\$5,504,858	\$6,003,817	\$5,851,445
10,313,163	9,129,111	9,274,465	10,035,219	9,946,434	9,816,095
4,975,340	5,112,090	4,699,946	5,677,069	5,304,937	5,698,161
1,126,835	981,433	946,173	973,708	16,037,288	1,051,339
1,440,232	1,720,811	1,835,082	1,565,950	1,459,005	1,754,110
97,684	2,292,957	1,685,039	1,795,560	2,012,685	1,881,282
<u>22,351,624</u>	<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>
5,043,703	5,110,714	5,544,091	5,698,502	6,115,659	6,552,204
3,076,493	3,531,649	3,047,417	2,811,051	3,192,159	3,086,716
5,068,146	5,340,062	5,347,742	5,722,230	5,911,370	5,776,014
1,030,467	1,085,780	1,071,446	1,208,564	1,243,060	1,288,000
<u>14,218,809</u>	<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>\$36,570,433</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>
\$2,031,207	\$2,021,012	\$2,244,912	\$2,236,868	\$1,490,036	\$1,623,061
742,523	798,510	840,976	558,695	2,181,463	2,066,986
32,522	34,681	53,360	31,841	792,658	874,269
1,108,177	895,125	1,206,364	1,502,589	971,674	1,299,234
333,766	352,245	319,998	317,088	59,289	233,035
1,077,559	1,847,380	1,185,939	1,845,628	1,603,520	1,483,495
6,296,532	5,333,480	520,201	1,334,148	6,096,584	1,265,349
<u>11,622,286</u>	<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>
5,439,423	5,520,161	6,029,627	6,195,797	6,708,539	7,290,355
3,330,350	3,486,965	3,912,727	3,798,381	4,143,249	4,666,860
5,298,995	5,640,419	6,095,556	6,075,840	5,937,276	6,325,191
1,324,460	1,378,095	1,433,935	1,491,252	1,523,085	1,600,201
67,551	61,476	-	251,666	118,410	-
186,791	713,655	499,800	-	163,816	275,449
<u>15,647,570</u>	<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>\$27,269,856</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>

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

	2012	2013	2014	2015
Net (expense) revenue:				
Governmental activities	(\$11,654,585)	(\$12,335,102)	(\$13,237,938)	(\$12,318,943)
Business-type activities	341,143	(192,043)	543,547	778,156
Total primary government net (expense) revenue	<u>(\$11,313,442)</u>	<u>(\$12,527,145)</u>	<u>(\$12,694,391)</u>	<u>(\$11,540,787)</u>
General revenues and other changes in net position				
Governmental activities:				
General property taxes	\$10,654,542	\$11,003,455	\$11,521,196	\$11,795,707
Grants not restricted to programs	1,030,123	1,033,814	1,476,664	1,325,388
Investment earnings	269,240	(216,821)	634,411	157,281
Gain (loss) on sale of property	56,598	35,680	-	67,581
Other	-	-	93,236	418,640
Transfers	350,000	250,000	250,000	338,600
Total governmental activities	<u>12,360,503</u>	<u>12,106,128</u>	<u>13,975,507</u>	<u>14,103,197</u>
Business-type activities:				
Grants not restricted to programs	-	-	-	2,413
Investment earnings	65,537	(52,346)	148,248	42,722
Gain (loss) on sale of property	9,680	-	-	10,672
Other	-	24,663	12,201	16,331
Transfers	(350,000)	(250,000)	(250,000)	(338,600)
Total business-type activities	<u>(274,783)</u>	<u>(277,683)</u>	<u>(89,551)</u>	<u>(266,462)</u>
Total primary government	<u>\$12,085,720</u>	<u>\$11,828,445</u>	<u>\$13,885,956</u>	<u>\$13,836,735</u>
Change in net position:				
Governmental activities	\$705,918	(\$228,974)	\$737,569	\$1,784,254
Business-type activities	66,360	(469,726)	453,996	511,694
Total primary government	<u>\$772,278</u>	<u>(\$698,700)</u>	<u>\$1,191,565</u>	<u>\$2,295,948</u>

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

Table 2
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2016	2017	2018	2019	2020	2021
(\$10,729,338)	(\$12,252,118)	(\$15,766,052)	(\$17,725,507)	(\$27,568,942)	(\$17,207,003)
1,428,761	1,732,566	2,960,949	2,372,589	2,132,127	3,455,122
<u>(\$9,300,577)</u>	<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>
\$12,222,937	\$13,884,775	\$14,839,034	\$15,387,457	\$16,225,057	\$16,932,793
1,763,614	657,546	1,613,020	1,670,719	3,948,112	1,848,065
254,379	413,165	651,609	811,009	980,709	(180,488)
11,005	-	(335,183)	(249,165)	21,429	129,604
354,572	280,085	120,778	2,028,352	298,544	266,241
338,500	338,500	338,500	338,500	257,504	338,500
<u>14,945,007</u>	<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>
-	-	8,957	8,957	-	-
95,713	68,805	142,716	257,520	262,616	(24,062)
-	16,000	(7,046)	3,772	-	12,450
1,858	15,896	1,185	1,038	1,657	880
<u>(338,500)</u>	<u>(338,500)</u>	<u>(338,500)</u>	<u>(338,500)</u>	<u>(257,504)</u>	<u>(338,500)</u>
<u>(240,929)</u>	<u>(237,799)</u>	<u>(192,688)</u>	<u>(67,213)</u>	<u>6,769</u>	<u>(349,232)</u>
<u>\$14,704,078</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>
\$4,215,669	\$3,321,953	\$1,461,706	\$2,261,365	(\$5,837,587)	\$2,127,712
1,187,832	1,494,767	2,768,261	2,305,376	2,138,896	3,105,890
<u>\$5,403,501</u>	<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>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:				
Nonspendable	\$66,152	\$50,366	\$60,123	\$66,265
Restricted	20,810	40,012	15,176	19,376
Unassigned	7,582,360	7,997,036	8,242,331	8,858,309
Total general fund	<u>\$7,669,322</u>	<u>\$8,087,414</u>	<u>\$8,317,630</u>	<u>\$8,943,950</u>
All other governmental funds:				
Restricted	\$3,093,302	\$2,233,664	\$2,071,259	\$1,808,572
Committed	2,328,583	2,124,944	2,566,101	2,709,638
Assigned	11,783,596	11,618,835	11,949,555	11,272,588
Unassigned	<u>(97,712)</u>	<u>(98,566)</u>	<u>(97,712)</u>	<u>(43,153)</u>
Total all other governmental funds	<u>\$17,107,769</u>	<u>\$15,878,877</u>	<u>\$16,489,203</u>	<u>\$15,747,645</u>

Table 3

2016	2017	2018	2019	2020	2021
\$51,305	\$55,777	\$77,801	\$53,334	\$65,779	\$105,578
35,903	14,466	20,335	42,180	24,513	20,849
9,084,228	9,522,843	11,045,978	10,166,947	13,603,533	10,598,912
<u>\$9,171,436</u>	<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>
\$1,903,290	\$34,821,855	\$5,009,553	\$12,775,223	\$3,566,713	\$3,720,128
2,549,903	2,658,339	6,765,928	11,165,161	11,550,431	16,180,954
10,573,287	8,510,134	4,567,369	6,177,195	6,362,198	6,811,853
(27,574)	(9,453)	-	-	(567)	(52,012)
<u>\$14,998,906</u>	<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>

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

	2012	2013	2014	2015
Revenues:				
General property taxes	\$10,732,129	\$11,024,785	\$11,554,557	\$11,805,580
Special assessments	763,920	834,120	938,290	542,248
Licenses and permits	1,104,504	1,123,635	1,171,365	1,549,785
Intergovernmental	2,649,207	2,643,728	3,208,442	4,375,972
Charges for services	2,353,888	2,545,908	2,518,062	2,374,896
Fines and forfeits	255,622	218,194	226,922	184,940
Earnings on investments	236,226	(185,473)	565,245	157,281
Interest on loan	-	-	-	-
Other	322,354	295,409	314,416	429,713
Total revenues	<u>\$18,417,850</u>	<u>\$18,500,306</u>	<u>\$20,497,299</u>	<u>\$21,420,415</u>
Expenditures:				
Current:				
General government	3,503,326	3,279,657	3,732,056	3,777,688
Public safety	6,422,646	6,794,524	7,165,678	7,319,564
Public works	3,047,300	3,530,939	4,635,752	3,575,252
Community development	772,070	817,895	894,785	1,081,549
Parks and recreation	1,252,089	1,305,158	1,422,405	1,288,684
Debt service:				
Principal	940,000	980,000	1,150,000	1,190,000
Interest	232,318	227,326	190,890	152,894
Bond issuance costs	47,016	-	3,150	7,462
Capital outlay	1,639,773	2,536,286	1,290,008	3,645,425
Total expenditures	<u>17,856,538</u>	<u>19,471,785</u>	<u>20,484,724</u>	<u>22,038,518</u>
Revenues over (under) expenditures	<u>\$561,312</u>	<u>(\$971,479)</u>	<u>\$12,575</u>	<u>(\$618,103)</u>
Other financing sources (uses):				
Bonds issued	1,280,000	-	-	-
Premium/(discount) on bonds issue	-	-	-	-
Proceeds from sale of capital assets	63,445	35,679	36,836	93,670
Transfers in	350,000	250,000	8,253,616	1,065,410
Transfers out	-	(125,000)	(7,462,485)	(726,810)
Total other financing sources (uses)	<u>1,693,445</u>	<u>160,679</u>	<u>827,967</u>	<u>432,270</u>
Net change in fund balance	<u>\$2,254,757</u>	<u>(\$810,800)</u>	<u>\$840,542</u>	<u>(\$185,833)</u>
Debt service as a percentage of noncapital expenditures	7.2%	6.8%	7.0%	7.3%
Debt service as percentage of total expenditures	6.8%	6.2%	6.6%	6.1%

Table 4

2016	2017	2018	2019	2020	2021
\$12,244,211	\$13,878,204	\$14,857,454	\$15,337,464	\$16,133,737	\$16,977,698
865,722	621,621	501,045	467,953	819,347	840,389
1,442,895	1,272,753	1,538,758	1,501,526	1,559,003	1,526,246
7,330,338	4,227,709	3,035,084	4,446,430	8,111,582	3,888,549
2,592,665	2,560,831	2,863,220	2,958,748	2,795,287	3,230,503
212,635	267,989	263,632	186,807	169,156	151,219
254,379	413,165	651,609	811,009	898,347	(164,818)
-	-	-	-	108,000	98,579
887,678	766,059	374,415	2,178,614	1,232,731	1,392,806
<u>\$25,830,523</u>	<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>
3,924,877	3,953,025	3,659,534	4,677,076	5,177,833	5,023,569
7,537,051	8,001,032	8,317,478	8,831,505	8,924,373	9,761,947
2,824,319	3,468,102	3,316,912	3,535,263	3,222,623	3,451,877
942,768	934,074	909,481	982,166	15,999,027	1,073,651
1,341,444	1,417,611	1,557,052	1,244,351	1,175,270	1,438,269
1,230,000	1,730,000	1,390,000	1,495,000	1,540,000	2,070,000
112,421	931,527	1,761,843	1,721,308	1,958,725	2,106,674
2,700	715,461	2,800	155,218	62,855	-
8,618,369	22,577,062	31,660,699	2,721,649	4,412,516	1,269,626
<u>26,533,949</u>	<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>(\$703,426)</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>
-	49,130,000	-	9,510,000	4,540,000	-
-	1,584,898	-	504,837	619,659	-
43,673	69,784	65,085	14,724	21,429	129,604
2,047,849	1,361,189	7,795,728	2,819,740	338,500	338,500
(1,909,349)	(1,022,689)	(7,457,228)	(2,481,240)	(80,996)	-
<u>182,173</u>	<u>51,123,182</u>	<u>403,585</u>	<u>10,368,061</u>	<u>5,438,592</u>	<u>468,104</u>
<u>(\$521,253)</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>
7.5%	13.0%	15.1%	14.3%	9.2%	16.8%
5.1%	6.1%	6.0%	12.7%	8.2%	15.9%

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
2012 ¹	\$10,246,614	\$14,710,926	\$40,330	\$4,271,859
2013 ¹	8,713,053	13,207,351	45,306	4,286,829
2014 ¹	7,885,298	12,520,981	44,648	4,362,496
2015 ¹	9,538,484	12,771,829	49,868	4,737,031
2016 ¹	9,488,686	13,688,867	58,699	4,958,693
2017 ¹	10,488,279	15,061,056	59,759	5,564,751
2018 ¹	11,639,971	15,097,292	62,282	5,961,619
2019 ¹	18,645,518	16,935,599	69,652	1,189,818
2020 ¹	20,305,713	18,228,064	52,061	1,200,626
2021	23,149,590	19,713,466	62,485	1,415,212

Source: Continuing Disclosure Document

¹ After 2011, the State implemented the Homestead Market Value Exclusion program for residential properties. Beginning in 2012, the HMVE program excludes a portion of the market value prior to the tax calculation.

² 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 ²	Tax Capacity as a Percent of EMV
\$29,269,729	\$2,851,459	\$5,629,374	\$26,491,814	39.615%	\$ 2,278,659,000	110.49%
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%

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
2012	39.615%	23.325%	24.024%	43.862%
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	45.380%	16.330%	33.148%	49.055%
2020	45.253%	16.948%	23.385%	46.213%
2021	44.941%	16.152%	28.771%	44.306%

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⁾
39.443%	41.146%	10.176%	N/A	111.953%	114.961%	134.799%	130.380%
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%	102.448%	119.700%	135.607%	124.184%
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%

Table 7

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

Taxpayer	2021			2012		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Medtronic, Inc.	\$1,949,998	1	4.40%	\$1,849,758	1	6.32%
Hyde Development	1,765,156	2	3.98%	N/A		
Industrial Equities Group	804,794	3	1.82%	N/A		
Onan Corp (Cummins Power)	747,964	4	1.69%	377,712	4	1.29%
Target Corporation	703,972	5	1.59%	601,452	2	2.05%
BNSF Railroad	673,568	6	1.52%	N/A		
Fridley Medical Clinic	597,430	7	1.35%	N/A		
Shamrock Investments	478,246	8	1.08%	585,764	3	2.00%
Cielo Partners LLC	473,485	9	1.07%	N/A		
University Avenue Associates	414,373	10		240,338	8	0.82%
Wal-Mart/Sam's Club	N/A			363,322	5	1.24%
Georgetown Apartments	N/A			246,498	7	0.84%
GPT Fridley / BAE	N/A			299,936	6	1.02%
River Pointe Apartments	N/A			188,981	9	0.65%
ZCOF (Fridley Market)	N/A			N/A		
Lifetime Fitness	N/A			201,156	10	0.69%
Total	<u>\$8,608,986</u>		<u>18.50%</u>	<u>\$4,954,917</u>		<u>16.92%</u>
Total All Property	<u>\$44,340,753</u>			<u>\$29,269,729</u>		

Source: City Assessor

Table 8

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		Collections in Subsequent Years ¹	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$10,703,739	\$10,699,025	99.96%	\$4,714	\$10,703,739	100.00%
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%	N/A	16,834,247	99.67%

¹Includes repayment of property taxes abatements

Source: City Finance Department

Table 9

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

Fiscal Year	Governmental Activities			Total	Business Type Activities	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	Improvement Bonds ²	Tax Increment Bonds ²	Equipment Certificates ²		Revenue Bonds ²			
2012	\$5,880,000	\$ -	\$1,780,000	\$7,660,000	\$7,070,000	\$14,730,000	1.96%	278
2013	4,955,000	-	1,725,000	6,680,000	6,413,154	13,093,154	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	10,811,935	13,921,935	1.69%	109
2017	51,111,785	-	925,000	52,036,785	8,200,461	60,237,246	7.25%	1,815
2018	49,863,389	-	720,000	50,583,389	7,273,987	57,857,376	6.74%	1,755
2019	49,019,830	9,510,000	510,000	59,039,830	6,317,180	65,357,010	7.28%	2,010
2020	47,126,597	15,048,975	295,000	62,470,572	5,575,343	68,045,915	7.01%	2,010
2021	45,768,201	14,282,043	150,000	60,200,244	3,688,506	63,888,750	6.51%	2,020

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, 2021

<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	\$251,620,000	1.60%	\$4,025,920
Independent School District No. 13	20,718,058	31.46%	6,517,901
Independent School District No. 14	44,985,000	100.00%	44,985,000
Independent School District No. 16	106,060,000	36.80%	39,030,080
Metro Council	1,796,428,968	1.19%	21,377,505
Anoka County	50,555,000	18.04%	9,120,122
Vocational/Technical District No. 916	73,470,000	2.21%	<u>1,623,687</u>
Subtotal - overlapping debt			126,680,215
City of Fridley - Direct debt			<u>60,200,244</u>
Total direct and overlapping debt	\$60,200,244	100.00%	<u><u>\$186,880,459</u></u>

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.



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

Market Value	\$3,427,584,200	
Debt Limit 3% of Market Value		\$102,827,526
Amount of Debt Applicable to Debt Limit: Total Debt	\$61,645,000	
Deductions:		
Revenue Bonds	<u>3,580,000</u>	<u>3,580,000</u>
Total Amount of Debt Applicable to Debt Limit		<u>58,065,000</u>
Legal Debt Margin		<u><u>\$44,762,526</u></u>

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
2012	\$68,359,770	\$1,780,000	\$66,579,770	2.60%
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%

CITY OF FRIDLEY, MINNESOTA
PLEGDED-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	
2012	\$659,666	\$890,000	\$229,503	0.59	\$70,668	\$50,000	\$13,450	1.11
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

Table 12

Utility Service Revenues	Less Operating Expenses	Utility Revenue Bonds				Tax Increment Bonds			
		Net Available Revenue	Debt Service		Coverage	Tax Increment Collections	Debt Service		Coverage
			Principal	Interest			Principal	Interest	
\$7,864,406	\$6,341,544	\$1,522,862	\$555,000	\$255,054	1.88	\$0	\$0	\$0	0.00
7,961,738	6,839,852	1,121,886	655,000	235,474	1.26	-	-	-	-
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	-

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>
2012	27,591	5.6%	749,702,652	27,172
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	28,715	3.8%	831,012,100	28,940
2018	28,703	3.1%	858,765,057	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

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

Table 14

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

Employer	2021			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Medtronic, Inc.	3,366	1	15.09%	2,758	1	12.34%
Target	1,301	2	5.83%	842	4	3.77%
Unity Medical Center	1,215	3	5.45%	1,037	3	4.64%
Cummins Power (Onan)	1,099	4	4.93%	1,700	2	7.61%
Minco Products	592	5	2.65%	517	5	2.31%
ISD #14 (Fridley Schools)	564	6	2.53%	475	6	2.13%
BAE Systems	550	7	2.47%	350	7	1.57%
Kurt Manufacturing	275	8	1.23%	230	9	1.03%
Taylor Communications	250	9	1.12%	N/A		N/A
Wal-Mart	212	10	0.95%	294	8	1.32%
Park Construction	N/A		N/A	N/A		N/A
Lofthouse Bakery	N/A		N/A	215	10	0.96%
Parsons Electric	N/A		N/A	N/A		N/A
Total	<u>9,424</u>		<u>42.25%</u>	<u>8,418</u>		<u>37.67%</u>
Total City Employment	<u><u>22,305</u></u>			<u><u>22,345</u></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

Function/Program	Full-Time Equivalent Employees as of December 31,			
	2012	2013 ¹	2014 ¹	2015 ¹
General government:				
City administration	3.0	4.0	4.7	4.7
Finance	20.0	18.0	16.0	16.0
Human resource	2.0	2.0	2.0	2.0
Community development	7.0	8.2	9.8	9.6
Customer Relations	-	-	-	-
Public safety:				
Police department	44.0	50.6	51.6	52.6
Fire department	8.0	7.8	7.6	7.0
Public works:				
Administration	2.0	1.2	0.6	1.5
Engineering	3.0	5.0	5.0	1.8
Mechanic	3.0	4.5	4.0	3.8
Streets	9.0	9.0	8.5	8.5
Water	5.0	7.0	7.0	7.8
Sewer	5.0	5.0	5.0	3.7
Parks	7.0	7.0	6.5	5.8
Storm Water	-	-	-	5.1
Parks and recreation:				
Parks and recreation	8.0	8.0	9.6	9.0
Total	126.0	137.3	137.9	138.9

Source: City Finance Department

¹Prior to 2013 positions at 32 hours or more per week were counted as 1 full-time equivalent.
As of 2013 these figures represent all permanent staff.

Table 15

Full-Time Equivalent Employees as of December 31,					
<u>2016¹</u>	<u>2017¹</u>	<u>2018¹</u>	<u>2019¹</u>	<u>2020</u>	<u>2021</u>
5.0	5.0	5.0	5.0	4.0	5.0
15.0	15.0	16.1	16.9	3.0	3.0
2.0	2.0	2.8	3.0	-	-
10.0	10.0	10.0	10.0	17.9	23.5
-	-	0.7	1.0	10.0	10.0
52.4	52.4	52.1	54.1	54.9	55.8
7.0	7.0	7.0	6.0	4.9	6.0
1.5	1.8	1.8	2.8	2.8	3.0
1.8	2.1	2.1	2.1	2.1	2.1
3.8	3.8	3.8	3.8	5.8	5.8
8.5	8.8	8.8	8.8	8.9	8.7
7.8	7.9	7.9	7.9	4.0	3.6
3.7	3.7	3.7	3.7	7.9	8.2
5.8	5.8	5.8	5.8	4.6	4.2
5.1	5.1	5.0	5.0	6.7	5.3
<u>9.0</u>	<u>9.8</u>	<u>10.2</u>	<u>9.0</u>	<u>11.7</u>	<u>10.8</u>
<u><u>138.4</u></u>	<u><u>140.0</u></u>	<u><u>142.8</u></u>	<u><u>144.9</u></u>	<u><u>149.1</u></u>	<u><u>155.0</u></u>

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

Function/Program	Fiscal Year			
	2012	2013	2014	2015
Police:				
Physical arrests	1,133	1,344	1,256	1,386
Parking violations	283	562	373	278
Traffic violations	2,590	2,826	3,245	2,592
Fire:				
Emergency responses	2,906	3,003	3,089	3,047
Fires occurred	121	119	110	103
Commercial inspections	1,016	1,110	1,505	1,663
Community development:				
Rental inspections	1,117	1,145	1,428	1,881
Refuse collection:				
Recyclables collected (tons per day)	5.81	6.21	6.22	6.33
Recyclables collected (pounds per person)	N/A	164.67	164.59	165.96
Building inspection:				
Permits issued:				
Residential	1,606	2,191	1,974	4,642
Commercial	386	440	492	642
Total permit valuation	\$35,763,059	\$40,697,477	\$47,109,811	\$60,598,103
Other public works:				
Street resurfacing (miles)	3.1	3.8	3.3	2.9
Recreation				
Total Program Participant hours	302,500	305,975	310,000	311,500
Total Senior Program Participant hours	68,700	69,818	70,000	62,218
Nature Center Education Participants	24,266	23,419	23,860	20,404
Nature Center Special Event Participants	N/A	N/A	N/A	N/A
Nature Center Facility Rental Visitors	N/A	N/A	N/A	N/A
Water:				
Connections	8,227	8,230	8,243	8,245
Storage capacity (gallons)	6,500,000	6,500,000	6,500,000	6,500,000
Average daily demand (gallons)	3,993,285	4,227,975	2,517,808	2,968,901
Peak daily demand (gallons)	8,661,000	9,009,000	7,439,000	6,803,000
Sewer:				
Connections	8,236	8,239	8,252	8,254

Sources: Various City departments.

Table 16

Fiscal Year					
2016	2017	2018	2019	2020	2021
752	979	1,043	911	761	1,247
922	553	612	1,741	671	841
2,601	2,250	2,622	1,932	1,883	1,395
3,268	3,439	2,415	2,596	3,342	3,003
127	126	126	105	123	159
789	867	829	1,672	862	397
1,559	1,434	1,410	1,643	1,260	1,374
5.99	6.62	6.20	6.37	6.57	5.79
156.54	169.25	158.29	162.28	163.28	142.72
2,227	1,804	2,007	2,093	2,329	2,278
599	612	514	453	378	430
\$73,636,057	\$103,663,306	\$91,601,072	\$98,100,786	\$99,191,402	\$87,575,510
2.2	1.9	0.2	0.6	3.6	2.2
315,000	300,000	321,927	318,000	6,892	50,765
65,500	65,500	21,615	N/A	N/A	N/A
15,609	16,339	16,872	15,587	3,785	10,581
4,751	2,670	4,200	3,700	145	3,528
N/A	5,364	5,500	4,456	1,059	1,419
8,374	8,259	8,261	8,305	8,343	8,362
6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
3,560,000	3,390,000	3,233,000	3,056,000	3,370,000	3,480,000
6,392,000	6,379,000	5,900,000	5,720,000	6,458,000	7,345,000
8,271	8,235	8,239	8,291	8,326	8,344

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

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Squad cars	12	12	15	13	13	12	15	15	15	15
Fire stations	3	3	3	3	3	3	3	2	2	2
Other public works:										
Streets (miles)	125.3	125.3	125.3	125.5	125.5	125.5	125.8	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	1,059	1,093	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	682	665	665	666	666
Playgrounds	29	29	29	29	29	29	28	28	29	29
Baseball/softball diamonds	22	22	22	22	22	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	113.0	113.2	113.2	113.2	116.0	117.5	127.0	127.8
Fire hydrants	1,013	1,013	1,013	1,013	1,013	1,013	1,050	1,064	1,040	1,070
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	103.0	106.0	107.5	109.0	109.0
Storm sewers (miles)	52.0	52.0	52.0	52.0	52.2	52.2	54.5	57.0	115.5	115.5

Sources: Various City departments.