City Council Meeting

June 10, 2024
7:00 PM
Fridley City Hall, 7071 University Avenue N.E.

Agenda

Call to Order

The Fridley City Council (Council) requests that all attendees silence cell phones during the meeting. A paper copy of the Agenda is at the back of the Council Chambers. A paper copy of the entire Agenda packet is at the podium. The Agenda and all related materials may also be found on the City's website at FridleyMN.gov/1564/Agenda-Center.

Pledge of Allegiance

Proclamations/Presentations

1. Distinguished Budget Presentation Award

Proposed Consent Agenda

The following items are considered to be routine by the Council and will be approved by one motion. There will be no discussion of these items unless a Councilmember requests, at which time that item may be moved to the Regular Agenda.

Meeting Minutes

2. Approve the Minutes from the City Council Meeting of May 28, 2024

3. Receive the Minutes from the City Council Conference Meeting of May 28, 2024

New Business

4. Resolution No. 2024-77, Approving Appointment to the Fridley Public Arts Commission

5. Resolution No. 2024-79, Ordering Preparation of Preliminary Report, Plans, and Specifications for 2025 Street Rehabilitation Project No. ST2025-01

6. Resolution No. 2024-80, Approve an Easement for CenterPoint Energy Gas Line Through Edgewater Gardens Park

7. Resolution No. 2024-82, Authorizing Participation of the City of Fridley in the Minnesota Local Performance Measurement Program

Claims

8. Resolution No. 2024-81, Approving Claims for the Period Ending June 5, 2024

Open Forum

The Open Forum allows the public to address the Council on subjects that are not on the Regular Agenda. The Council may take action, reply, or give direction to staff. Please limit your comments to five minutes or less.

Regular Agenda

The following items are proposed for the Council's consideration. All items will have a presentation from City staff, are discussed, and considered for approval by separate motions.

New Business

9. Resolution No. 2024-78, Approving and Accepting the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ending December 31, 2023

Informal Status Reports

Adjournment

Accessibility Notice:

- If you need free interpretation or translation assistance, please contact City staff.
- Si necesita ayuda de interpretación o traducción gratis, comuníquese con el personal de la ciudad.
- Yog tias koj xav tau kev pab txhais lus los sis txhais ntaub ntawv dawb, ces thov tiv tauj rau Lub Nroog cov neeg ua hauj lwm.
- Haddii aad u baahan tahay tarjumaad bilaash ah ama kaalmo tarjumaad, fadlan la xiriir shaqaalaha Magaalada.

Upon request, accommodation will be provided to allow individuals with disabilities to participate in any City of Fridley services, programs or activities. Hearing impaired persons who need an interpreter or other persons who require auxiliary aids should contact CityClerk@FridleyMN.gov or (763) 572-3450.

AGENDA REPORT

Meeting Date: June 10, 2024 **Meeting Type:** City Council

Submitted By: Joe Starks, Finance Director/City Treasurer

Title

Distinguished Budget Presentation Award

Background

The Government Finance Officers Association of the United States and Canada (GFOA) announced that the City has received the Distinguished Budget Presentation Award. The award represents a significant achievement for the City and reflects the commitment of the City Council and staff to meeting the highest principles of governmental budgeting. To earn recognition, budget documents must meet nationally recognized guidelines for effective budget presentation and excel as a policy document, financial plan, operations guide and communication tool.

The award is also significant because with the City previously receiving the Certificate of Achievement for Excellence in Financial Reporting and the Popular Annual Financial Reporting Award, the City is in position to become a Triple Crown winner. GFOA's Triple Crown recognizes governments who have received GFOA's Certificate of Achievement for Excellence in Financial Reporting, Popular Annual Financial Reporting Award, and the Distinguished Budget Presentation Award. There are only eight cities and four counties in Minnesota, and, across the nation, there are only about 350 governments who are Triple Crown winners.

The City's Budget document, as well as other financial documents, is located on the City's website: fridleymn.gov/cityfinancials.

Financial Impact

While there is no financial incentive for receiving the award, the award exemplifies the City's intentional commitment to the community to maintain transparent communication and preserve public confidence.

Focus on Fridley Strategic Alignment

____	Vibrant Neighborhoods & Places	____	Community Identity & Relationship Building
X	Financial Stability & Commercial Prosperity	____	Public Safety & Environmental Stewardship
X	Organizational Excellence		

Attachments and Other Resources

- Distinguished Budget Presentation Award

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Fridley
Minnesota

For the Fiscal Year Beginning

January 01, 2024

Christopher P. Morrill
Executive Director

AGENDA REPORT

Meeting Date: June 10, 2024 **Meeting Type:** City Council

Submitted By: Roberta Collins, Assistant to the City Manager

Title

Approve the Minutes from the City Council Meeting of May 28, 2024

Background

Attached are the minutes from the City Council meeting of May 28, 2024.

Financial Impact

None.

Recommendation

Staff recommend the approval of the minutes from the City Council meeting of May 28, 2024.

Focus on Fridley Strategic Alignment

____ Vibrant Neighborhoods & Places
____ Community Identity & Relationship Building
____ Financial Stability & Commercial Prosperity
____ Public Safety & Environmental Stewardship
X Organizational Excellence

Attachments and Other Resources

- Minutes from the City Council Meeting of May 28, 2024

Vision Statement
We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

City Council Meeting

May 28, 2024
7:00 PM
Fridley City Hall, 7071 University Avenue NE

Minutes

Call to Order
Mayor Lund called the City Council Meeting of May 28, 2024, to order at 7:00 p.m.

Present
Mayor Scott Lund
Councilmember Dave Ostwald
Councilmember Tom Tillberry
Councilmember Ryan Evanson
Councilmember Ann Bolkcom

Absent

Others Present
Walter Wysopal, City Manager
Scott Hickok, Community Development Director
Brandon Brodhag, Assistant City Engineer

Pledge Of Allegiance

Proclamations/Presentations

1. Presentation of Certificate of Achievement to Muminah N. Mohammed and Recognition of Al-Amal School

   Mayor Lund presented a Certificate of Achievement to Muminah N. Mohammed. He asked how she came up with the idea. Muminah N. Mohammed explained how she developed the idea and then gathered additional information. She expressed thanks for this opportunity, noting that she was last before the Council as a junior and is now a senior, soon graduating. She stated that this amazing city and her school, Al-Amal, fosters her education through STEM, noting that she is excited to continue her journey and inspire others to find their passion.

   Zafar Siddiqui, Al-Amal School Board Member, commented that the school is ranked number one in Anoka County in STEM education as well as diversity and education, and number seven in the top private schools in Minnesota. He thanked the Mayor, Council and City for the support they have provided to the school.

   Mayor Lund commented that the school is doing a great job as well as a service to the community and its students.

<u>Approval of Proposed Consent Agenda</u>

Councilmember Bolkcom requested that Item 10 be removed from the Consent Agenda. It was noted that the item will become Item 20 on the Regular Agenda under New Business.

Motion made by Councilmember Tillberry to adopt the proposed Consent Agenda. Seconded by Councilmember Bolkcom.

Upon a voice vote, all voting aye, Mayor Lund declared the motion carried unanimously.

Approval/Receipt of Minutes

2. Approve the Minutes from the City Council Meeting of May 13, 2024.

3. Receive the Minutes from the City Council Conference Meeting of May 13, 2024.

4. Receive the Minutes from the Parks and Recreation Commission Meeting of April 1, 2024.

5. Receive the Minutes of the March 12, 2024 Environmental Quality and Energy Commission Meeting.

New Business

6. Ordinance No. 1423, Amending the Fridley City Code Chapter 213, Fences, to Allow Electric Security Fences on Certain Industrial Properties (Second Reading).

7. Resolution No 2024-65, Approving a Public Meeting Recording and Related Services Agreement with North Metro Telecommunications Commission, a/k/a North Metro TV.

8. Resolution No. 2024-68, Approving an Extension of Final Plat Approval for PS #23-02 Petitioned by Stonebrooke Engineering on Behalf of the City of Minneapolis.

9. Resolution No. 2024-69, Approving the Final Registered Land Survey, PS #23-01, Petitioned by the City of Fridley's Housing and Redevelopment Authority (HRA).

10. ~~Resolution No. 2024-70, Supporting Anoka County Parks Long-Range Plan for the Rice Creek West Regional Trail Corridor.~~

11. Resolution No. 2024-71, Approving a Quit Claim Deed for the Property at 5545 7th Street N.E.

12. Resolution No. 2024-72, Approving Gifts, Donations and Sponsorships Received Between April 13, 2024, and May 17, 2024.

13. Resolution No. 2024-74, Approving a Joint Powers Agreement with Anoka County for the Reconstruction of County State Aid Highway 35 (Central Avenue NE) at County State Aid Highway 6 (Mississippi Street NE).

14. Resolution No. 2024-76, Authorizing Execution of a Settlement Agreement with HydroKlean for the 2022-450 Sanitary Sewer Collection System Lining Project.

Claims

15. Resolution No. 2024-66, Approving Claims for the Period Ending May 22, 2024.

Open Forum, Visitors: (Consideration of Items not on Agenda – 15 minutes.)

State Representative Ilhan Omar congratulated Muminah Mohammed for her incredible achievements. She noted other visits she was able to complete within Fridley while in the community. She stated that the community funding projects were announced and a project from Fridley was submitted with $3,000,000 in funding for the bridge, with an additional $1,000,000 for the local food shelf. She provided an additional update on recent legislative matters.

Mayor Lund thanked Representative Omar for taking the time to hear and receive the requests from Fridley. He thanked her for visiting Fridley and ensuring that the community receives its fair share.

Adoption of Regular Agenda

Motion made by Councilmember Evanson to adopt the regular agenda with the amendments to add Items 19, Accept Resignation of Kyle Mulrooney and Consider Commission Appointments, and Item 20, approving Resolution No. 2024-70, Supporting Anoka County Parks Long-Range Plan for the Rice Creek West Regional Trail Corridor. Seconded by Councilmember Ostwald.

Upon a voice vote, all voting aye, Mayor Lund declared the motion carried unanimously.

Regular Agenda

New Business

16. Resolution No. 2024-67, Approving Temporary Intoxicating Liquor Permit for Fridley Lions Club for an Event Held During Fridley '49er Days on June 15, 2024, at Commons Park.

Wally Wysopal, City Manager, commented that this item would typically be on the Consent Agenda, but Councilmember Ostwald will need to abstain from voting because of his association with the Lions Club.

Motion made by Councilmember Bolkcom to approve Resolution No. 2024-67, Approving Temporary Intoxicating Liquor Permit for the Fridley Lions Club for an Event Held During Fridley '49er Days on June 15, 2024, at Commons Park. Seconded by Councilmember Tillberry.

Upon a voice vote, with Mayor Lund, Councilmember Tillberry, Councilmember Evanson and Councilmember Bolkcom voting aye, and Councilmember Dave Ostwald abstaining from voting, Mayor Lund declared the motion carried unanimously.

17. Resolution No. 2024-73, Awarding 2024 Sanitary Sewer Collection System Lining Project No. 24-450.

Brandon Brodhag, Assistant City Engineer, provided background information on the project and project areas. He reviewed the elements of the project and provided details on the bidding process, noting that Insituform Technologies submitted the low bid. He provided details on the project funding and tentative project schedule. He stated that staff recommends approval as presented.

Councilmember Ostwald asked how far the larger lining project is done in terms of the entire city. Mr. Brodhag estimated about half.

Mr. Wysopal commented that the funding from this project is from ARPA, noting that the City chose to select projects that would benefit the entire city when using those funds. He noted that typically this would have been on the Consent Agenda, but there was a discrepancy of about 10 percent between the engineer's estimate and bid therefore staff felt additional presentation was warranted.

Mr. Brodhag commented that the 15-inch pipe was the factor that caused the increased price.

Motion made by Councilmember Bolkcom to approve Resolution No. 2024-73, Awarding 2024 Sanitary Sewer Collection System Lining Project No. 24-450. Seconded by Councilmember Ostwald.

Upon a voice vote, all voting aye, Mayor Lund declared the motion carried unanimously.

18. Resolution No. 2024-75, Approving Change Order No. 1 for the 61st Avenue Parklet Project.

Brandon Brodhag, Assistant City Engineer, provided background information on the project and summarized the details of the proposed change order. Staff recommends approval as presented.

Mayor Lund commented that the project is looking nice and is a pleasant change from the vacant gas station and vacant lot.

Wally Wysopal, City Manager, asked for funding details.

Mr. Brodhag commented that the entire project is funded through the Community Development Block Grant the City received.

Motion made by Councilmember Tillberry to approve Resolution No. 2024-75, Approving Change Order No. 1 for the 61st Avenue Parklet Project. Seconded by Councilmember Bolkcom.

Upon a voice vote, all voting aye, Mayor Lund declared the motion carried unanimously.

19. Accept Resignation of Kyle Mulrooney and Consider Commission Appointments.

Motion made by Councilmember Ostwald to accept the resignation of Kyle Mulrooney from the Fridley Housing and Redevelopment Authority. Seconded by Councilmember Evanson.

Upon a voice vote, all voting aye, Mayor Lund declared the motion carried unanimously.

Motion made by Councilmember Evanson to approve the appointment of John Buyse, II, to the Housing and Redevelopment Authority, and Paul Nealy to the Planning Commission. Seconded by Councilmember Bolkcom.

Upon a voice vote, all voting aye, Mayor Lund declared the motion carried unanimously.

20. Resolution No. 2024-70, Supporting Anoka County Parks' Long-Range Plan for the Rice Creek West Regional Trail Corridor.

Motion made by Mayor Lund to table consideration of Resolution No. 2024-70, Supporting Anoka County Parks' Long-Range Plan for the Rice Creek West Regional Trail Corridor. Seconded by Councilmember Evanson.

Upon a voice vote, all voting aye, Mayor Lund declared the motion carried unanimously.

Informal Status Reports

Councilmembers Bolkcom and Ostwald commented on their recent experience at the Environmental Fair, thanking those who volunteered their time.

Upcoming activities include the dedication of the Moore Lake facility and town hall scheduled for June, which will occur from 11 a.m. to 2 p.m. The city-wide garage sale and '49er Days were also noted.

Adjourn

Motion made by Councilmember Ostwald to adjourn. Seconded by Councilmember Evanson.

Upon a voice vote, all voting aye, Mayor Lund declared the motion carried unanimously and the meeting adjourned at 7:53 p.m.

Respectfully Submitted,

Melissa Moore City Clerk	Scott J. Lund Mayor

AGENDA REPORT

Meeting Date: June 10, 2024 **Meeting Type:** City Council

Submitted By: Roberta S. Collins, Assistant to the City Manager

Title

Receive the Minutes from the City Council Conference Meeting of May 28, 2024

Background

Attached are the minutes from the City Council conference meeting of May 28, 2024.

Financial Impact

Recommendation

Receive the minutes from the City Council conference meeting of May 28, 2024.

Focus on Fridley Strategic Alignment

____ Vibrant Neighborhoods & Places

____ Community Identity & Relationship Building

____ Financial Stability & Commercial Prosperity

____ Public Safety & Environmental Stewardship

X Organizational Excellence

Attachments and Other Resources

- Minutes from the City Council Conference Meeting of May 28, 2024

Vision Statement

We believe Fridley will be a safe, vibrant, friendly and stable home for families and businesses.

Council Conference Meeting
May 28, 2024
5:00 P.M.
Fridley City Hall, 7071 University Avenue NE

Minutes

Roll Call

Present: Mayor Scott Lund
Councilmember Dave Ostwald
Councilmember Tom Tillberry
Councilmember Ryan Evanson
Councilmember Ann Bolkcom

Others Present: Walter Wysopal, City Manager
Mike Maher, Parks and Recreation Director
Scott Hickok, Community Development Director
Paul Bolin, Assistant HRA Director
Brandon Brodhag, Assistant City Engineer

Items for Discussion

1. Meeting with City Commission Applicants.

Council interviewed Paul Nealy and John Buyse for City Commission openings.

2. Recodification Update (Report Only).

Received.

3. Rice Creek West Regional Train Long-Range Plan Proposed Final Draft Presentation.

Mike Maher, Parks and Recreation Director, presented the proposed final draft of the Rice Creek West Regional Trail Long-Range Plan.

4. Commons Park Recreation Building Vision and Budget Update.

Mike Maher outlined and explained the revisions needed in the plans for the Commons Park building based on rising building construction costs.

City of Fridley

AGENDA REPORT

Meeting Date: June 10, 2024 **Meeting Type:** City Council

Submitted By: Roberta Collins, Assistant to the City Manager

Title

Resolution No. 2024-77, Approving Appointment to the Fridley Public Arts Commission

Background

Kara Ruwart has applied to be on the Fridley Public Arts Commission for a term which will expire on December 31, 2027. Staff has reviewed her application and recommend her appointment to the commission.

Financial Impact

None

Recommendation

Staff recommend the approval of Resolution No. 2024-77, Approving Appointment to the Fridley Public Arts Commission.

Focus on Fridley Strategic Alignment

X Vibrant Neighborhoods & Places
X Community Identity & Relationship Building
____ Financial Stability & Commercial Prosperity
____ Public Safety & Environmental Stewardship
____ Organizational Excellence

Attachments and Other Resources

- Resolution No. 2024-77, Approving Appointment to the Fridley Public Arts Commission

Resolution No. 2024-77

Approving Appointment to the Fridley Public Arts Commission

Whereas, pursuant to Chapter 105.06 of the Fridley City Code, a Fridley Public Arts Commission was established to advise the Council on arts-related matters and to stimulate participation in and appreciation of the arts by residents; and

Whereas, the Fridley City Council (Council) appoints Fridley residents to the City's commissions to perform functions outlined and authorized by the City Charter, City Code, resolution or agreement; and

Whereas, Kara Ruwart has expressed an interest in being appointed to the Fridley Public Arts Commission.;

Whereas, staff has reviewed Ms. Ruwart's qualifications and recommend that Council appoint her to the Public Arts Commission;

Now, therefore be it resolved, that the City Council of the City of Fridley hereby appoints Kara Ruwart to the Fridley Public Arts Commission for a three-year term expiring on December 31, 2027.

Passed and adopted by the City Council of the City of Fridley this 10th day of June 2024.

____
Scott J. Lund – Mayor

Attest:

____
Melissa Moore – City Clerk

AGENDA REPORT

Meeting Date: June 10, 2024 **Meeting Type:** City Council

Submitted By: Jim Kosluchar, Director of Public Works
Brandon Brodhag, Assistant City Engineer
Carl Lind, Graduate Engineer

Title

Resolution No. 2024-79, Ordering Preparation of Preliminary Report, Plans, and Specifications for 2025 Street Rehabilitation Project No. ST2025-01

Background

The attached resolution directs staff to prepare a feasibility report and initiate preliminary design and plan preparation for the proposed 2025 Street Rehabilitation Project No. ST2025–01. The feasibility report will address the scope of the work for Arthur Street, East Danube Road, North Danube Road and West Danube Road of the North Innsbruck neighborhood (Ward 2). The total length of the proposed project is 0.86 miles.

Please refer to the attached project map for the project location and streets to be included in the 2025 Street Rehabilitation Project. This area includes the small portion of streets within the City of Fridley (City) that are concrete compared to asphalt.

The concrete streets and underground utilities in the proposed project area were originally constructed in the early 1970s. Since their construction, the concrete streets have been periodically repaired but have not received any major rehabilitation to date. The segments were selected for rehabilitation based upon the existing pavement age, current pavement distresses noted by staff and excessive maintenance needs.

Routine pavement rehabilitation under a planned program with proper timing allows the City to maintain a standard of roadway condition throughout the network as well as minimize maintenance costs throughout a roadway segment's life cycle. Preparation of the feasibility report will allow staff to determine what construction is needed and can take place within the project budget as detailed in the City's Capital Investment Program (CIP). The feasibility report will further provide a recommendation to the City Council on proposed project scope and construction. All construction activities associated with the project are recommended to take place in 2025.

In June, an open house is planned for property owners adjacent to and within the areas affected by the proposed project. Staff will deliver a presentation highlighting project overview, construction impacts, anticipated schedule, draft budget, and estimated special assessments. The open house will provide the opportunity for residents in the area to ask questions, and express concerns about the project that can be taken into consideration as the project evolves to final design. Resident concerns raised at the meeting will be addressed in the feasibility report.

The scope of the proposed report will address pavement, street improvements, water main, sanitary sewer, and storm sewer replacement. There are typical private utilities within the project area. Staff is working with these entities on coordinated work that may be planned by others and completed during the construction of the 2025 project.

Financial Impact

Funding for this project is derived from several sources including Municipal State Aid street funding, special assessments and Utility Capital Investment Program (CIP) funds (water, sanitary sewer, and storm sewer).

Recommendation

Staff recommend the approval of Resolution No. 2024-79, Ordering Preparation of Preliminary Report, Plans, and Specifications for 2025 Street Rehabilitation Project No. ST2025-01.

Focus on Fridley Strategic Alignment

_X_ Vibrant Neighborhoods & Places
____ Financial Stability & Commercial Prosperity
____ Organizational Excellence
____ Community Identity & Relationship Building
____ Public Safety & Environmental Stewardship

Attachments and Other Resources

- Resolution No. 2024-79 Ordering Preparation of Preliminary Report, Plans, and Specifications for 2025 Street Rehabilitation Project No. ST2025-01
- Exhibit A – Project Map

Resolution No. 2024-79

Ordering Preparation of Preliminary Report, Plans, and Specifications for 2025 Street Rehabilitation Project No. ST2025-01

Whereas, the City of Fridley (City) staff regularly monitors the condition of streets and maintains them in good condition; and

Whereas, City staff have developed a long-range pavement management plan to rehabilitate select street segments by neighborhoods identified in the plan; and

Whereas, the City thereby maintains the condition of its streets in the most cost-efficient manner through this methodology, avoiding failing street conditions and reducing excessive maintenance costs; and

Whereas, the City funds these rehabilitation projects through its street reserve fund, with special assessments in accordance with its policies as one source of funding for said projects

Now therefore be it resolved, by the Fridley City Council of the City of Fridley as follows:

1. That it appears in the interests of the City and of the property owners affected that there be constructed certain improvements to-wit:

   Street and utility improvements, concrete pavement rehabilitation, concrete curb & gutter, drainage, water main and utility repairs including the street segments as follows:

ARTHUR STREET	from	NORTH DANUBE ROAD	to	WEST BAVARIAN PASS
EAST DANUBE ROAD	from	MATTERHORN DRIVE	to	NORTH INNSBRUCK DRIVE
NORTH DANUBE ROAD	from	WEST DANUBE ROAD	to	NORTH INNSBRUCK DRIVE
WEST DANUBE ROAD	from	SOUTHERN TERMINUS	to	NORTH DANUBE ROAD

   That the work involved in said improvements listed above shall hereafter be designated as:

2025 STREET REHABILITATION PROJECT NO. ST2025-01

2. That the Public Works Director, James P. Kosluchar, City Hall, Fridley, MN, is hereby authorized and directed to draw the preliminary plans and specifications and to tabulate the results of his estimates of the costs of completion and all fees and expenses incurred (or to be incurred) in a preliminary report of his finding stating therein whether said improvements are feasible and whether they can best be made as proposed, or in connection with some other improvements (and the estimated costs as recommended), including also a description of the lands or area as may receive benefits there from and as may be proposed to be assessed.

3. That said preliminary report of the Public Works Director shall be furnished to the Fridley City Council.

Passed and adopted by the City Council of the City of Fridley this 10th day of June, 2024.

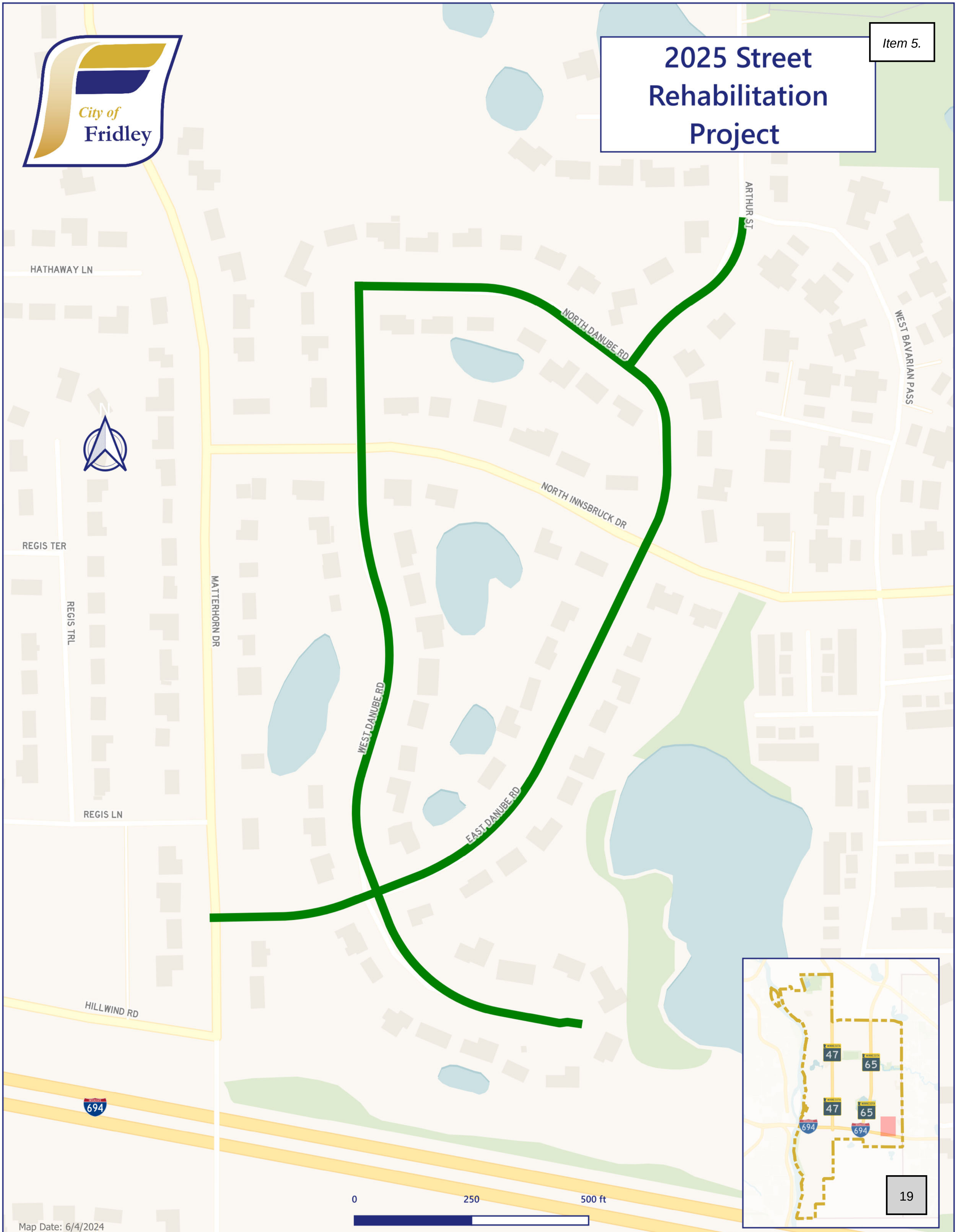
____
Scott J. Lund – Mayor

Attest:

____
Melissa Moore – City Clerk

Item 5.

2025 Street Rehabilitation Project



AGENDA REPORT

Meeting Date: June 10, 2024 **Meeting Type:** City Council

Submitted By: Jim Kosluchar, Director of Public Works
Brandon Brodhag, Assistant City Engineer

Title

Resolution No. 2024-80, Approve an Easement for CenterPoint Energy Gas Line Through Edgewater Gardens Park

Background

CenterPoint Energy (CenterPoint) is requesting a permanent easement in Edgewater Gardens Park (Park) for the purpose of installing a new gas line to realign their gas main corridor across Mississippi Street. The location of this easement is shown within the easement documents that have been submitted by CenterPoint for execution by the City of Fridley (City). The Park is part of the City's Park System Improvement Plan, with construction taking place in the summer of 2024. The location of the proposed easement has been reviewed by City staff, and this gas line does not create any problems for the Park. Staff have made CenterPoint aware of the construction that is going to be taking place this summer at the Park and have made the City's Park contractor, Peterson Companies, aware of CenterPoint's construction that will also be taking place this summer. CenterPoint's easement will be on north and south side of the City's planned improvements at the Park.

The City would be compensated in the amount of $64,082.21 for the easement in the Park. Revenue from the permanent easement will go towards the City's Community Investment Fund. City staff has met with representatives CenterPoint Energy and are comfortable with the items included in the easement document. Staff recommend that the Fridley City Council approve the attached easement agreement with CenterPoint Energy.

Financial Impact

After execution of the Easement Agreement, the City will receive $64,082.21 from CenterPoint Energy. The revenue will go towards the Community Investment Fund.

Recommendation

Staff recommend the approval of Resolution No. 2024-80, Approving an Easement for CenterPoint Energy Gas Line Through Edgewater Gardens Park.

Focus on Fridley Strategic Alignment

__X__ Vibrant Neighborhoods & Places
____ Financial Stability & Commercial Prosperity
____ Organizational Excellence
____ Community Identity & Relationship Building
____ Public Safety & Environmental Stewardship

Attachments and Other Resources

- Resolution No. 2024-80
- Easement Agreement

Resolution No. 2024-80

Approving Easement Agreement for CenterPoint Energy Gas Line Through Edgewater Gardens Park

Whereas, the City of Fridley owns the property at Edgewater Gardens Park; and

Whereas, the CenterPoint Energy has requested a permanent easement through a portion of Edgewater Gardens Park for the realignment of their gas line corridor through Mississippi Street; and

Whereas, the City of Fridley has coordinated with CenterPoint Energy to minimize impacts to the park improvements for the construction of the new gas line; and

Whereas, the City of Fridley and CenterPoint Energy arranged a location of the permanent easement that will have minimal impact on utilization of Edgewater Gardens Park and long-term maintenance; and

Whereas, CenterPoint Energy has provided the required easement documents and offered a compensation of $64,082.21 for proposed permanent easement at Edgewater Gardens Park.

Now, therefore be it resolved, that the Fridley City Council of the City of Fridley, in consideration of $64,082.21, does hereby grant a permanent easement for gas line purposes to CenterPoint Energy, per the terms of the easement documents, attached hereto, on land owned by the City of Fridley as depicted on said easement documents.

Passed and adopted by the City Council of the City of Fridley this 10th day of June, 2024.

____
Scott J. Lund – Mayor

Attest:

____
Melissa Moore – City Clerk

2024-002
Abstract

EASEMENT

THIS EASEMENT made __________________________, 2024, by and between City of Fridley, a municipal corporation under the laws of Minnesota, situated in the County of Anoka, State of Minnesota ("Grantor"), and CenterPoint Energy Resources Corp., a Delaware corporation, doing business in Minnesota as CenterPoint Energy Minnesota Gas, its successors, and assigns ("Grantee").

1. Grantor warrants it is the owner of that certain real property in Fridley, Anoka County, Minnesota, described below and in Document No. 29103.0 filed of record in the County Recorder, Anoka County, Minnesota, and has the right, without title restriction, to execute and deliver this instrument:

> Lots 1 through 13, Block 7, EDGEWATER GARDENS and Lots 1, 3, 4, and 5, Block 6, EDGEWATER GARDENS, according to the recorded plat on file with Anoka County, Minnesota. (Grantor's Property).

2. Grantee desires an easement in, under, and upon Grantor's Property. Grantor, in consideration of the sum of One Dollar ($1.00) and other good and valuable consideration paid by Grantee, the receipt of which is acknowledged, hereby grants to Grantee, its successors, and assigns, forever, a perpetual, exclusive Easement to lay, construct, inspect, protect, operate, maintain, alter, abandon, replace, substitute and remove the gas transmission or distribution pipelines or pipeline facilities and appurtenances thereto ("gas facilities") in, under and upon Grantor's Property in Fridley, Anoka County,, Minnesota. Said easement is described as:

> The North 9 foot of Lot 6, Block 7 and the South 41 foot of Lot 5, Block 7 of EDGEWATER GARDENS,
>
> AND
>
> All of Lots 1, Block 6, EDGEWATER GARDENS, EXECPT the Westerly 35 feet.
>
> AND
>
> The West 50-foot of the East 97-foot of lots 3, 4, 5, Block 6, EDGEWATER

GARDENS, according to the recorded plat on file with Anoka County, Minnesota. ("Grantee's Easement").

As shown in Exhibits 1 & 2, attached to and incorporated herein by reference.

3. In addition, Grantor grants to Grantee, its successors and assigns, the right of ingress and egress to and from Grantor's Property and Grantee's Easement; the right of surveying, the right of lateral and subjacent support; and the right to place signs and markers on Grantee's Easement as required by law, or in Grantee's judgment, to protect the public interest or property owner or to notify them of Grantee's Easement. Grantor also grants to Grantee, its successors and assigns, the privilege of temporarily placing tools, equipment, material, and soil on Grantor's Property for the above purposes.

4. Grantor further grants to Grantee the right to clear and keep Grantee's Easement cleared of trees, roots, brush, or other encroachments or obstructions on the surface, sub-surface, and over Grantee's Easement which may interfere with the gas facilities. However, subject to Grantee's written approval, Grantor retains the right to landscape Grantee's Easement with grass, mulch, or similar material and to pave Grantee's Easement for parking and driveway purposes. In the event, Grantee disrupts, removes, or destroys any grass or other landscaping in the Grantee's Easement in exercising its rights hereunder, Grantee will repair, replace and restore the disturbed area as close to its original condition as possible.

5. Grantor agrees not to interfere with, obstruct, or perform or undertake any activity that could damage or restrict Grantee's use or operation of its gas facilities or the rights granted to Grantee by this instrument. Additionally, Grantor agrees not to encroach upon Grantee's Easement by filling, excavating, or erecting buildings or permanent enclosures unless the same are pre-approved by Grantee, which approval shall not be unreasonably delayed or withheld. Grantor understands and agrees that Grantee may remove any unapproved encroachments or obstructions Grantor places on Grantee's Easement, at Grantor's expense.

6. Grantor agrees that future utilities or other entities will not be located within Grantee's Easement without Grantee's advance written consent, which consent shall not be unreasonably delayed or withheld.

7. Grantee will exercise due care and diligence to avoid injury or damage to Grantor's non-encroaching buildings, permitted personal property, and permitted landscaping. Grantee indemnifies Grantor from any such damage or loss arising or occurring to such property solely by reason of the operation, maintenance, relocation, replacement, substitution, or removal of Grantee's gas facilities.

8. If Grantee discontinues the use of its gas facilities, Grantee has the right, but not the duty, to enter upon Grantee's Easement and remove all or any portion of its gas facilities.

9. Grantee may exercise the rights conveyed herein from time-to-time as may

be necessary and convenient, and Grantee's failure to exercise said rights will not limit or extinguish said rights. Grantee's rights can only be extinguished or modified by a written instrument executed by Grantee and filed of record in the county and state aforesaid.

10. Recitals are incorporated and made a part of this Easement.

11. The persons signing this Easement have the real and apparent authority to bind the respective parties.

12. The terms and provisions of this instrument run with the land and extend to and are binding upon Grantor and Grantor's heirs, legal representatives, successors, and assigns. Grantee may assign or lease this Easement in whole or in part.

(REMAINDER OF PAGE LEFT BLANK INTENTIONALLY)

GRANTOR:

By:____
____________________Mayor

By:____
____________________City Administrator

STATE OF MINNESOTA)
) ss.
COUNTY OF ANOKA)

The foregoing instrument was acknowledged before me this ______ day of ____________________, 2024, by ____________________, Mayor and _________________, City Administrator, City of Fridley, a municipal corporation under the laws of the State of Minnesota, situated in the County of Anoka, State of Minnesota.

____
Notary Public

GRANTEE:
CenterPoint Energy Resources Corp.,
d/b/a CenterPoint Energy Minnesota Gas

By:____
Crystal R. Shrader, Manager,
Surveying & Right of Way Regional Support,
Agent & Attorney-in-Fact

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

The foregoing instrument was acknowledged before me this ___ day of ________________, 2023, by Crystal R. Shrader, Manager of Surveying & Right of Way Regional Support and Agent & Attorney-in-Fact for CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas.

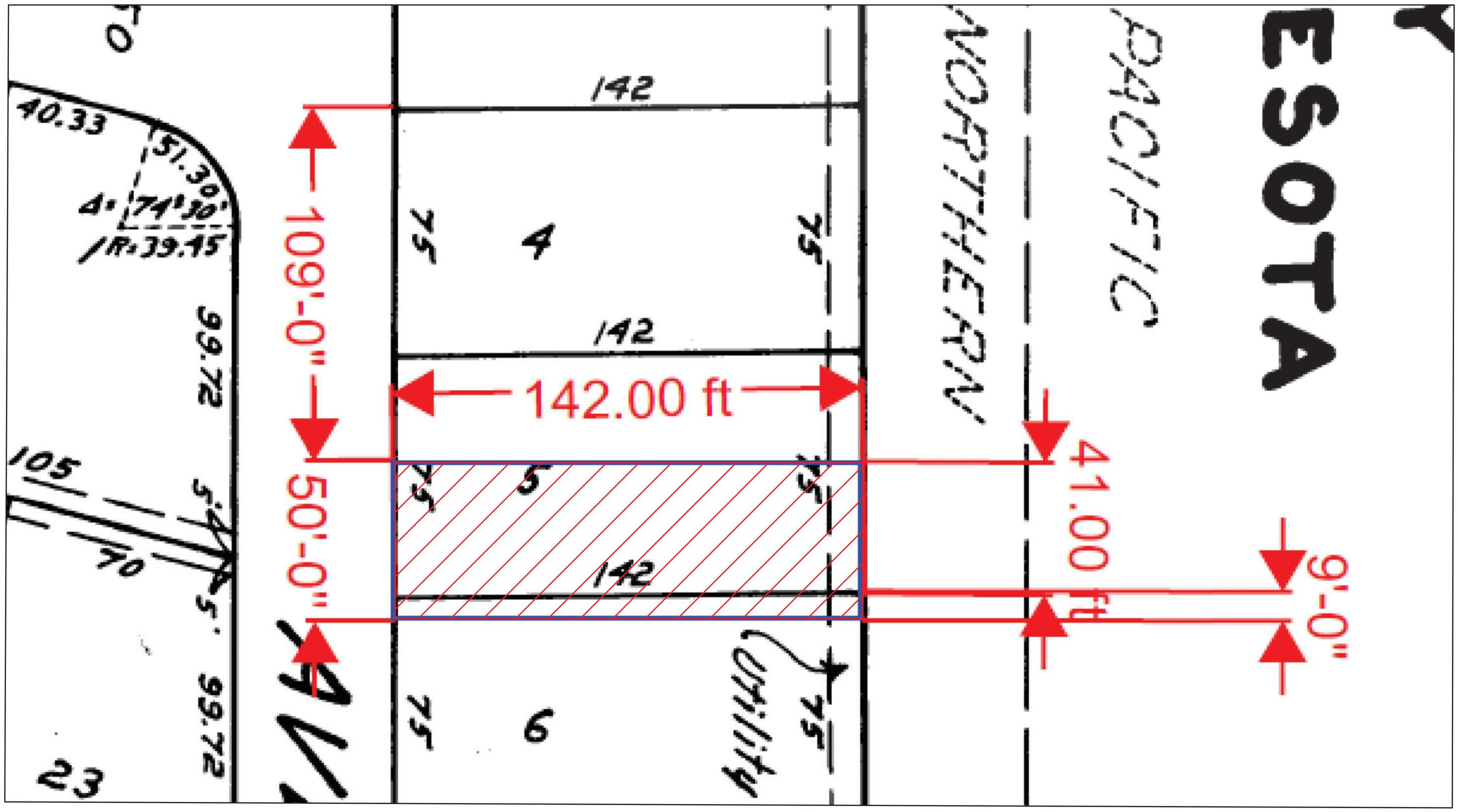
____
Notary Public

ATTENTION COUNTY RECORDER:

Please mail this document after recording to:

Chuck Mayers **SR/WA**
Senior Agent, Right of Way
CenterPoint Energy
P.O. Box 1165
Minneapolis, MN 55440-1165

THIS INSTRUMENT WAS DRAFTED BY:
CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas
700 West Linden Avenue
Minneapolis, MN 55440-1165

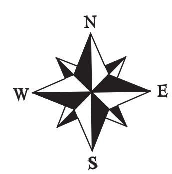


PID # 15-30-24-14-0083
Anoka County

City of Fridley
6700 Ashton Aveue N.E.
Fridley, MN 55432

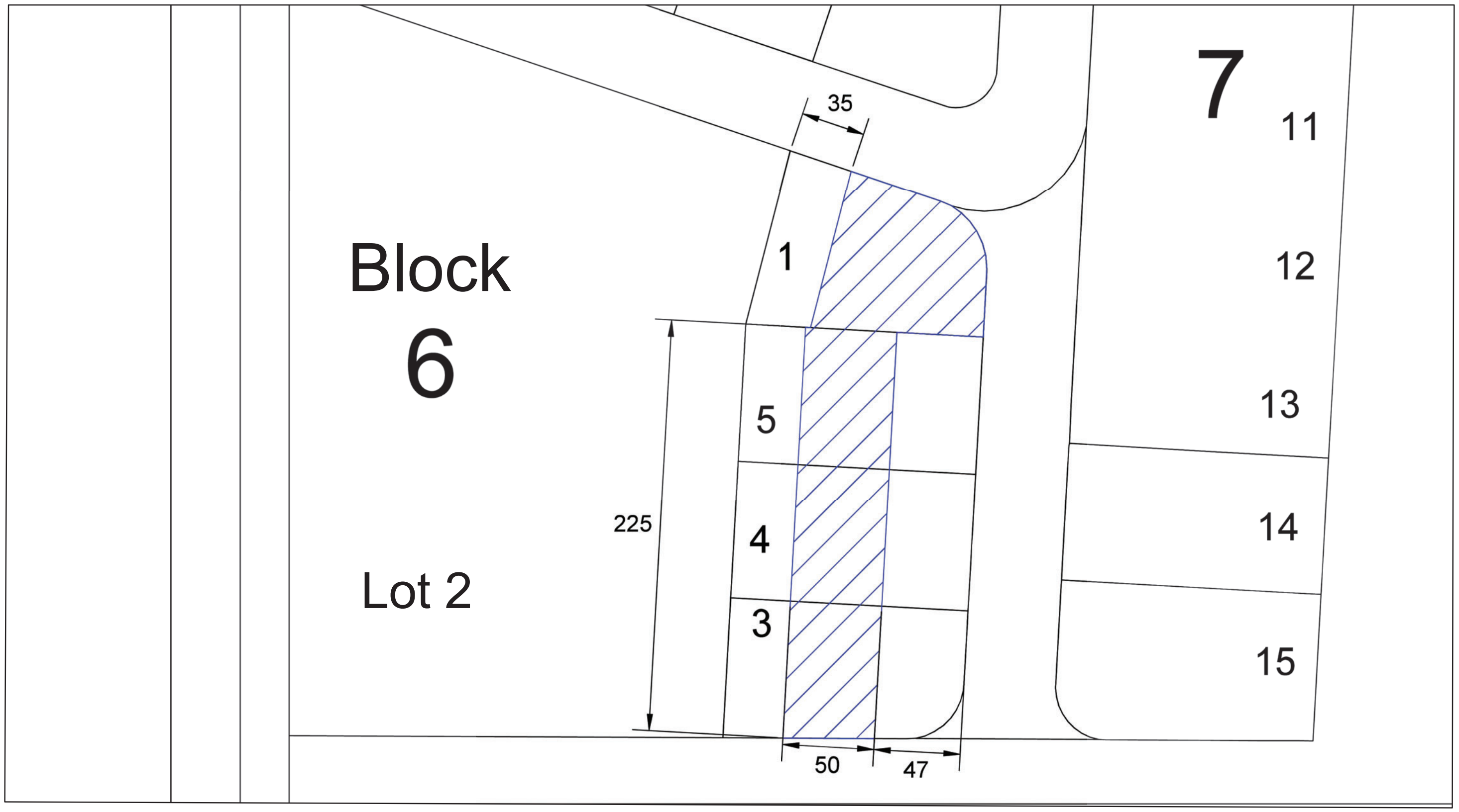
NE S-15 T-30 R-24

Easement
50' 50'



2024-002
Exhibit 1

Not to Scale



PID # 15-30-24-14-0083
Anoka County

Lots 1, 3, 4, 5, Block 6
EdgeWater Gardens

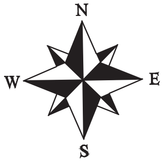
City of Fridley
6700 Ashton Aveue N.E.
Fridley, MN 55432

NE S-15 T-30 R-24

50'

50'

Easement
17,610 Sq Ft.



2024-002
Exhibit 2

Not to Scale

City of Fridley

AGENDA REPORT

Meeting Date: June 10, 2024 **Meeting Type:** City Council

Submitted By: Melissa Moore, City Clerk/Communications Manager
Olivia Gnadke, Communications and Engagement Specialist

Title

Resolution No. 2024-82, Authorizing Participation of the City of Fridley in the Minnesota Local Performance Measurement Program

Background

In 2019, the City of Fridley (City), under the general direction of the City Manager, formed the Process Management (PMT) to improve the efficiency and efficacy of City programs and services. The PMT consists of staff from each department, trained in continuous improvement, performance measurement, problem solving and leadership development.

The PMT seeks to improve businesses processes by reducing waste and enhancing quality. To measure the success and efficacy of key City processes, the PMT facilitates the City's participation in the Minnesota Local Performance Measurement Program (Program) offered by the Office of the State Auditor (OSA) in conjunction with the Council on Local Results and Innovation.

By formally reporting on at least 10 of the 29 performance measures identified by the Program to the OSA, the City may receive two benefits: 1) a per capita reimbursement of $0.14, and 2) an exemption from property tax levy limit if they are in effect. To participate in the Program, the City Council must adopt the minimum number of performance measures, report them at least annually to residents and submit a document detailing the actual results.

Based on those criteria, the PMT drafted the 2023 Performance Measures Report (attached), which outlines 18 performance measures. In addition to the benefits of the Program, the City will use the report to inform policy decisions, such as budget recommendations, and to gauge the success of City programs and services. Upon approval, the City would also post the report on its website.

Financial Impact

Staff estimate the City will receive a reimbursement of approximately $4,100.

Recommendation

Staff recommends the approval of Resolution No. 2024-82, Authorizing Participation of the City of Fridley in the Minnesota Local Performance Measurement Program.

Focus on Fridley Strategic Alignment

X Vibrant Neighborhoods & Places
X Financial Stability & Commercial Prosperity
X Organizational Excellence
X Community Identity & Relationship Building
X Public Safety & Environmental Stewardship

Attachments and Other Resources

- Resolution 2024-82
- 2023 Performance Measurement Report

Resolution No. 2024-82

Authorizing Participation of the City of Fridley in the Minnesota Local Performance Measurement Program

Whereas, in 2010, the Minnesota Legislature created the Council on Local Results and Innovation; and

Whereas, the Council on Local Results and Innovation developed a standard set of performance measures that will aid residents, taxpayers, and state and local elected officials in determining the efficacy of counties in providing services and measure residents' opinion of those services; and

Whereas, benefits to the City of Fridley are outlined in Minnesota Statute § 6.91 and include eligibility for a reimbursement; and

Whereas, any city participating in the comprehensive performance measurement program is also exempt from levy limits for taxes, if levy limits are in effect; and

Whereas, the City Council has adopted and implemented at least 10 of the performance measures, as developed by the Council on Local Results and Innovation, and a system to use this information to help plan, budget, manage and evaluate programs and processes for optimal future outcomes.

Now, therefore, be it resolved, that the City Council of the City of Fridley will report the results of the performance measures to its citizenry by the end of the year through publication, posting on the City's website, or through a public hearing at which the budget and levy will be discussed and public input allowed.

Be it further resolved, the City Council of the City of Fridley will submit to the Office of the State Auditor the actual results of the performance measures adopted by the City.

Passed and adopted by the City Council of the City of Fridley this 10th day of June, 2024.

____
Scott J. Lund – Mayor

Attest:

____
Melissa Moore – City Clerk

2023

Performance Measures Report

City of Fridley | 2023 Performance Measurement Report

In 2019, the City of Fridley (City), under the general direction of the City Manager, formed the Process Management Team (PMT) to improve the efficacy of City programs and services. The PMT consists of staff from each department, trained in continuous improvement, performance measurement, problem solving and leadership development.

The PMT seeks to improve business processes by reducing waste and enhancing quality. To measure the success and efficacy of key City processes, the PMT facilitates the City's participation in the Minnesota Local Performance Measurement Program (Program) offered by the Office of the State Auditor (OSA) in conjunction with Council on Local Results and Innovation.

By formally reporting on at least 10 of the 29 performance measures identified by the Program to the OSA, the City may receive two benefits: 1) A per capita reimbursement of $0.14, and 2) An exemption from property tax levy limit if they are in effect. To participate in the Program, the City Council must adopt the minimum number of performance measures, report them at least annually to residents and submit a document detailing the actual results.

Within the report, there is a full overview of the elected performance measures data as well as individual data sets and descriptions of the measurements. Descriptions include what data is being measured, why the data is important and what the results mean for the City of Fridley.

On June 10, 2024, the Fridley City Council adopted a resolution authorizing the Performance Measurement Committee to submit the 2023 Performance Measurement Report to the Office of the State Auditor.

PMT Members

Melissa Moore, City Manager's Office
Olivia Gnadke, Communications & Engagement
Mikey Oman, Employee Resources
Katy Dahl, Springbrook Nature Center
Jessica Nelson-Roehl, Parks and Recreation
John Odenthal, Public Works
Anna Smieja, Finance

Danielle Herrick, City Manager's Office
Nancy Abts, Community Development
Jeannie Benson, Public Works
Maddison Zikmund, Public Safety - Fire
Karen Fischer, Public Safety - Police
Touyia Lee, Engineering
Nate Kondrick, Information Technology

City of Fridley Standard Performance Measures

For the Year Ended December 31, 2023

General	2019	2020	2021	2022	2023
Percentage change in Taxable Market Value	12.81%	12.08%	6.29%	5.84%	7.70%
Nuisance code enforcement cases per 1,000 population	58.72	33.86	35.18	28.63	24.86
Bond rating	Aa2	Aaa	Aaa	Aa2	Aa2
Accuracy of post election audit	Not selected for audit	Not selected for audit	Not selected for audit	100%	Not selected for audit
Police Services					
Part I Crime Rates	1,148	1,329	1,312	1,400	1,076
Part II Crime Rates	1,163	1,007	842	796	662
Part I Crime Clearance Rates	28%	24%	32%	31%	29%
Part II Crime Clearance Rates	52%	42%	50%	48%	50%
Average police response time	3:33 Minutes	3:53 Minutes	5:39 Minutes	5:39 Minutes	5:36 Minutes
Fire & EMS Services					
Insurance industry rating of fire services	Class 3	Class 3	Class 3	Class 3	Class 3
Average fire response time	5:47 Minutes	6:07 Minutes	6:07 Minutes	5:38 Minutes	5:48 Minutes
Fire calls per 1,000 population	94	114	102	111	107
Number of fires with losses resulting in investigation	44	39	40	31	12
Streets					
Average city street pavement condition rating	6.50	6.84	6.80	6.87	6.70
Expenditures for road rehabilitation per paved lane mile rehabilitated	$194,894	$213,794	$210,025	$212,700	$219,405
Percentage of all jurisdiction lane miles rehabilitated in a year	0.51%	3.15%	2.60%	1.58%	2.77%
Average hours to complete road system during snow event	6.28	7.39	7.25	7.25	6.37
Water					
Operating cost per one million gallons of water pumped/ produced	$1,957	$1,868	$1,886	$1,987	$2,004
Sanitary Sewer					
Number of sewer blockages on city system per 100 connections	.048	.036	.012	.071	.071

Taxable Property Market Value	2019	2020	2021	2022	2023
Percentage change	12.81%	12.08%	6.29%	5.84%	7.70%
Taxable Market Value	$2,720,564,453	$3,049,186,337	$3,240,926,104	$3,977,804,222	$4,284,085,399

Source: Anoka County and City Assessing Division

Percent Change in the Taxable Market Value

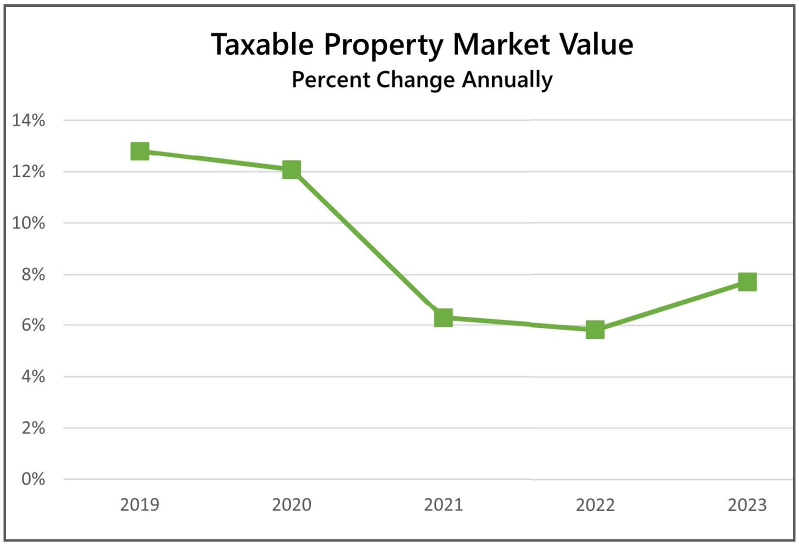
What is it?

As a local taxing jurisdiction, property taxes are the principal funding source for the City and its operations. For some real property, a portion of its market value may be excluded from taxation, such as the Homestead Market Value Exclusion. Once a taxing jurisdiction applies those exclusions, the market value becomes the Taxable Market Value (TMV).

Why does it matter?

The City uses the TMV to help determine the tax liability for each property within its jurisdiction. Usually, when the TMV for the City increases, the property tax rate decreases, and a property pays less in City property taxes. In other words, when the City grows and there are more properties to pay taxes, they can all pay a little less.

What does the data tell us?



Over the past five years the City has begun a return to annual growth rates in taxable market value between 6 and 7%. High interest rates and low housing supply signaled a flat market for home prices. With industrial properties still on the rise and commercial increasing at a nominal pace, there was a continued shift in the tax base away from housing and towards commercial and industrial tax. As this shift occurs, businesses are picking up an increasing portion of the tax levy while housing is seeing more stability in annual tax growth.

Nuisance Code Enforcement Cases	2019	2020	2021	2022	2023
Cases per year	1,629	992	1,041	868	753
Population per year	27,742	29,300	29,590	30,313	30,289
Cases per 1,000 residents	58.72	33.86	35.18	28.63	24.86

(# of cases/population) X 1,000 = Cases per 1,000 population, Source: City Planning Division & Population ASC Source

Nuisance Code Enforcement Cases (Per 1,000 Residents)

What is it?

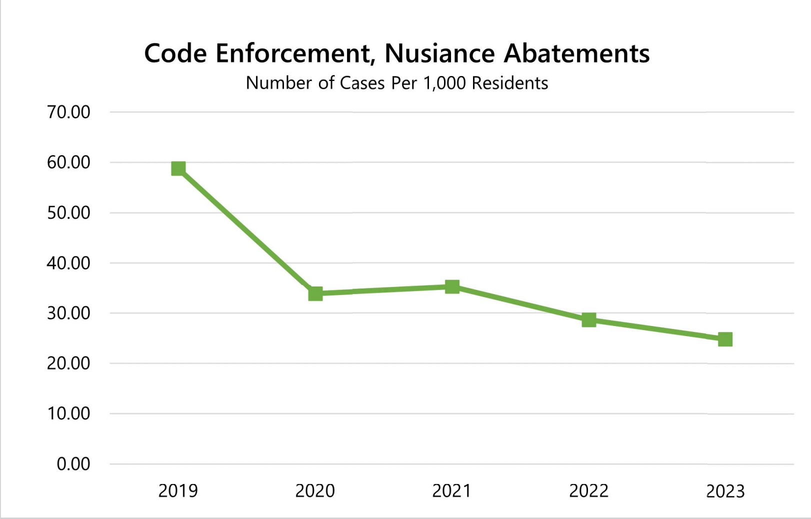
The City must preserve and protect the general welfare of its residents, including the abatement and prevention of public nuisances. Minnesota Statute § 561.01 states "Anything which is injurious to health, or indecent or offensive to the senses, or an obstruction to the free use of property, so as to interfere with the comfortable enjoyment of life or property, is a nuisance."

Why does it matter?

Public nuisance ordinances are designed to preserve the peace, quality of life, morals and public health of a community. The Fridley City Code regulates a number of activities to prevent the creation of public nuisance, including compost, garbage and yard waste storage, exterior storage, fences, housing and lawn maintenance, home occupations, noise, vehicle parking, vehicle sale, vehicle storage, and vision safety. These efforts make the City a safe, vibrant, friendly and stable home for families and businesses.

What does the data tell us?

Nuisance code enforcement cases reflect the City's commitment to enforcing the City Code through the work of code enforcement staff. The cases dropped in 2020 due to a decrease in bank-owned properties and code enforcement visits due to the COVID-19 health pandemic. In 2021 and 2022 nuisance code enforcement cases have returned to more typical caseloads for City operations.



Moody Bond Rating	2019	2020	2021	2022	2023
Rating	Aa2	Aaa	Aaa	Aa2	Aa2

Source: Moody's Investor Services

Bond Rating

What is it?

On occasion, the City issues debt, known as bonds, to support capital improvements (e.g., road rehabilitation). The process tends to be similar to a mortgage used for a home – a financial institution lends money to the City and the City agrees to repay it with interest over many years. To verify the City's ability to make those payments, it receives a bond rating from an independent agency, Moody's Investor Services (Moody's). The agency evaluates the City on several factors, such as economic stability, management practices and financial performance.

Why does it matter?

A bond rating may be thought of as a measure of risk or the likelihood that the City would not be able to make debt service payment, also known as default. Therefore, a financial institution uses the bond rating to determine the cost to the City to borrow money – expressed as a higher or lower interest rate. The higher the bond rating, the lower the interest rate and vice versa. In some situations, a lower bond rating (higher interest rate) could cost hundreds of thousands of dollars in additional interest costs.

What does the data tell us?

The City maintains an Aa2, or the third highest, bond rating from Moody's. The most recent bond rating (2023) notes the healthy financial reserves, stable operations and strong redevelopment activities.

Election Cycle	2019	2020	2021	2022	2023
Accuracy of post election elected	Not Selected for Audit	Not Selected for Audit	Not Selected for Audit	100%	Not Selected for Audit

Source: City Clerk Division

Accuracy of Post-Election Audit Results

What is it?

According to the Office of the Secretary of State, "Minnesota Statute § 206.89 states that after every state general election, Minnesota counties perform a post–election review of election results returned by the optical scan ballot counters used in the state. The review is a hand count of the ballots for each eligible election (US President, US Senator, US Representative and Governor) in the selected precincts compared with the results from the voting system used in those precincts."

For Anoka County (County), the County Canvassing Board must conduct a review of at least four precincts, or three percent of the total number of precincts in the County, whichever is greater. The precincts must be selected randomly.

Why does it matter?

Post–election audits allow the City, other levels of government and the public to verify election results, deter voter fraud, discover errors and promote confidence in the election(s) process. In turn, the review helps the City improve internal processes and service delivery.

What does the data tell us?

The City had not been selected for audit for several years. In 2022 the Anoka County Canvasing Board randomly selected Ward 2 Precinct 1 for a post election audit. Ballots were hand counted by Election Judges for Governor, United States Representative and Secretary of State. Results of the hand count matched the results reported by the City's vote counting equipment from Election Day. The City conducted no elections in 2023.

	2019	2020	2021	2022	2023
Part I Crime	1,148	1,329	1,312	1,400	1,076
Part II Crime	1,163	1,007	842	796	662
Total	**2,311**	**2,336**	**2154**	**2,196**	**1,738**

Source: City Police Division

Part I and Part II Crime Rates

What is it?

Crimes committed by perpetrators are classified as either Part I or Part II crimes. Part I crimes include homicide, sexual assault, robbery, aggravated assault, burglary, larceny-theft (shoplifting, pickpockets), motor vehicle theft, and arson. Part II crimes include other assaults, forgery and counterfeiting, fraud, embezzlement, stolen property (buying, receiving, possessing), prostitution, sex offenses, drug abuse violations, offenses against family and children, driving under the influence, drunkenness, disorderly conduct and all other offenses.

Why does it matter?

This data reported by the Department of Public Safety reflects the City's commitment to promoting public safety. Partnering with the community through engagement, leadership and education, assists in keeping Part I and Part II crime rates low.

What does the data tell us?

The Police Division responds to thousands of calls for service each year. Generally, Fridley experiences the same trends as the national average for both classifications and is similar to comparable surrounding communities.

At the same time, less violent Part II Crimes decreased to the lowest rate in five years. These changes were also consistent with the national average. In Fridley, the Police Division saw a decline in fraud and forgery, which may be attributed to businesses taking stronger actions regarding accepting checks and credit cards.

Police Services: Crime Rates, Clearance Rates and Response Times

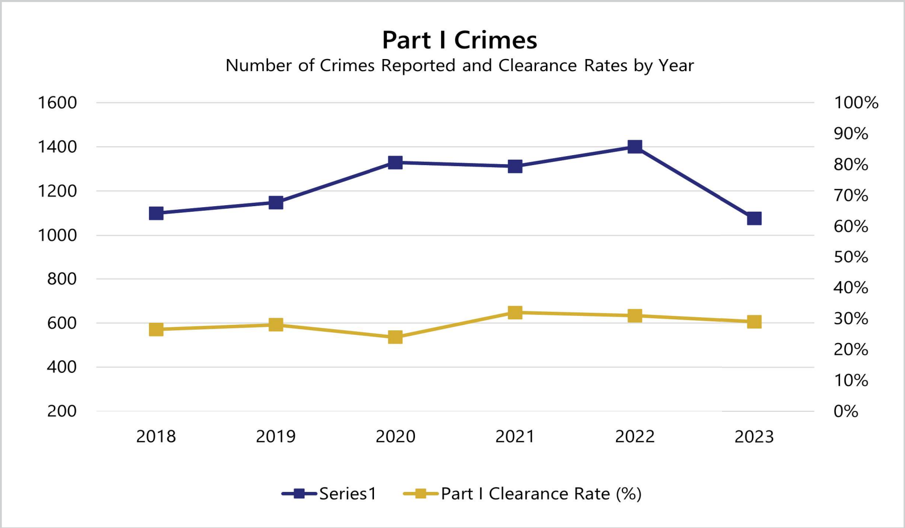
	2019	2020	2021	2022	2023
Part I Clearance Rate (%)	28%	24%	32%	31%	29%
Part II Clearance Rate (%)	52%	42%	50%	48%	50%

Source: City Police Division

Part I and Part II Clearance Rates

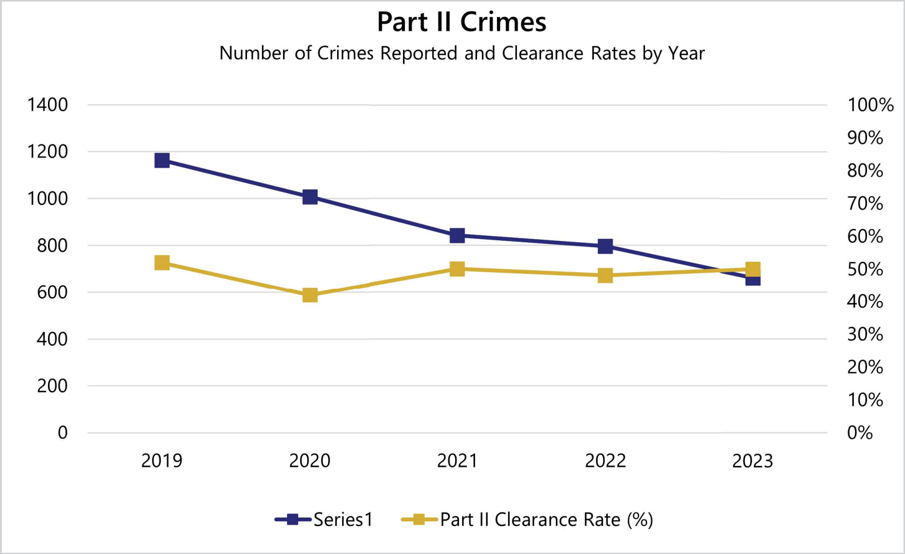
What is it?

Clearance rates measure the number of calls for service involving Part I and Part II crimes leading to various resolutions including warnings, citations or even arrests. The clearance rate is calculated by dividing the number of crimes that are cleared by the total number of crimes recorded.



Why does it matter?

The Police Division promotes the safety of the community and the feeling of security through the maintenance of law and order. This includes following through and applying legal penalties for violations.



What does the data tell us?

Evaluating the rate at which Part I and Part II crimes are cleared is often used as a measure of effectiveness in solving crimes.

	2019	2020	2021	2022	2023
Average police response time	3:33 minutes	3:53 minutes	3:39 minutes	5:39 minutes	5:36 minutes

Source: City Police Division

Average Police Response Time

What is it?

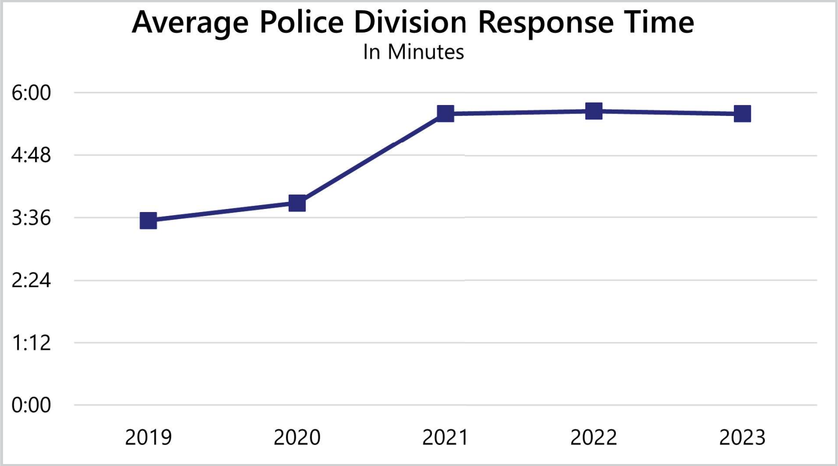
The average police response time details calls for service through the Anoka County Dispatch Center. The times do not reflect calls for service initiated by staff in the field. The measurement analyzes the amount of time from when an officer was sent on a call, to when the officer indicated they arrived on scene.

Why does it matter?

The Police Division promotes the safety of the community and the feeling of security through the maintenance of law and order, crime prevention, timely response to requests for police service, and positive contacts with the public.

What does the data tell us?

Response times saw an increase in 2021. This is due to new hires, training shifts, and operating at shift minimums. New officers can take a bit longer to respond to calls as they learn the layout of the City, and lower priority calls have had to wait longer than usual to be resolved due to staffing.



However, this increase in response time does not apply to urgent calls. Anoka County dispatch prioritizes calls on a scale of 1-5. Level 1 and 2 calls are urgent. If all Fridley officers are engaged in calls for service when an urgent call comes in, the City has mutual aid agreements with neighboring communities.

	2019	2020	2021	2022	2023
Insurance industry rating of fire services	Class 3	Class 3	Class 3	Class 3	Class 3

Source: City Fire Division

Insurance Industry Rating of Fire Services (Rating/Every 5 Years)

What is it?

A company called Insurance Services Office (ISO) creates ratings for fire departments and their surrounding communities. An ISO fire insurance rating, also referred to as a fire score or Public Protection Classification (PPC), is a score from one to 10 (one is the best, 10 is the worst) that indicates how well-protected your community is by the fire service. Insurers then use it to help set business and homeowner insurance rates. The more well-equipped a fire service is to put out a fire, the less likely houses will be lost to a structure fire. There is less risk to the home, and therefore it is less expensive to insure.

Why does it matter?

In order to maintain a good ISO rating, a city must demonstrate their ability to provide fire protection through many different areas, such as the ability to deliver a minimum amount of water to a fire through well-maintained fire hydrants, having fire engines that deliver a minimum amount of water in gallons per minute (GPM), maintaining enough fire engines for the city's size, and staffing fire stations with the minimum amount of trained firefighters.

What does the data tell us?

The Fire Division has been able to maintain an ISO rating of Class 3 consistently over the years, according to the Public Protection Classification Summary Report (PPC). The results are based on emergency communication, fire department equipment and operations, city water supply, and community risk reduction surveys. This rating is typical of a city the size of Fridley.

Fire & EMS Services: Rating, Response Times, Calls, Fire Data

	2019	2020	2021	2022	2023
Fire calls per 1,000 population	94	114	102	111	107

Source: City Fire Division. *In 2018, fire response changed for medical-related calls. Allina began providing primary response for medicals and fire response was reserved for priority medical calls. This accounts for the difference from 2018 and 2019.

Fire Calls per 1,000 Population

What is it?

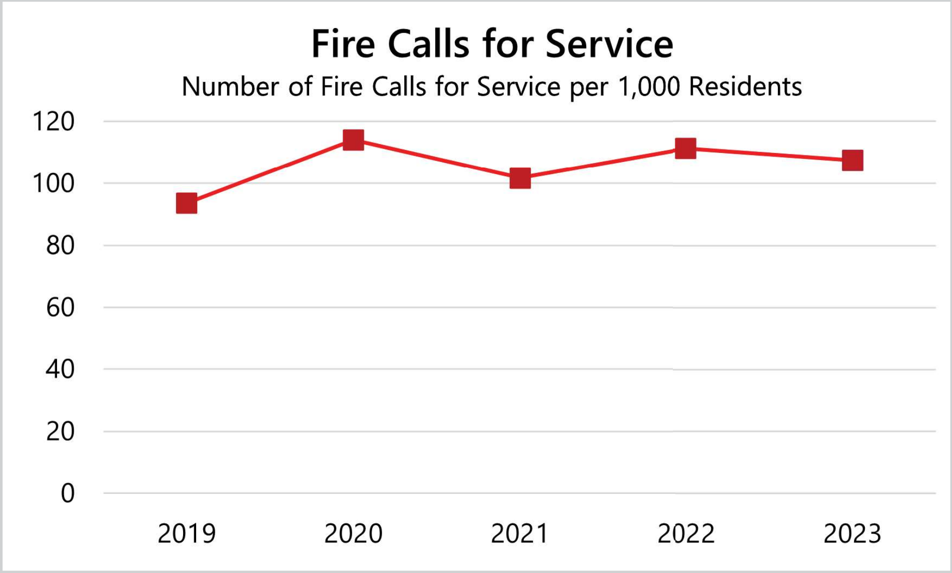
The Fire Division responded to 3,372 emergency calls in 2022. Based on the number of calls and total residents, there were 112 emergency responses per 1,000 Fridley residents.

Why does it matter?

The Fire Division projects an increase of more than 14 percent in emergency response calls over the next few years. This is based on the planned future residential housing and multi-story developments that lead to an estimated increase of 4,000 residents. The increase will determine future growth, staffing, equipment, and the supply needs of the division.

What does the data tell us?

In 2020, the Fire Division began responding to medical calls related to the pandemic, which speaks to that year's increase. 2021 and 2022 numbers should demonstrate the City's new average calls for service for a slightly increasing population.



Fire & EMS Services: Rating, Response Times, Calls, Fire Data

	2019	2020	2021	2022	2023
Average fire response time	5:47 minutes	6:07 minutes	6:07 minutes	5:38 minutes	5:48 minutes

Source: City Fire Division

Average Fire Response

What is it?

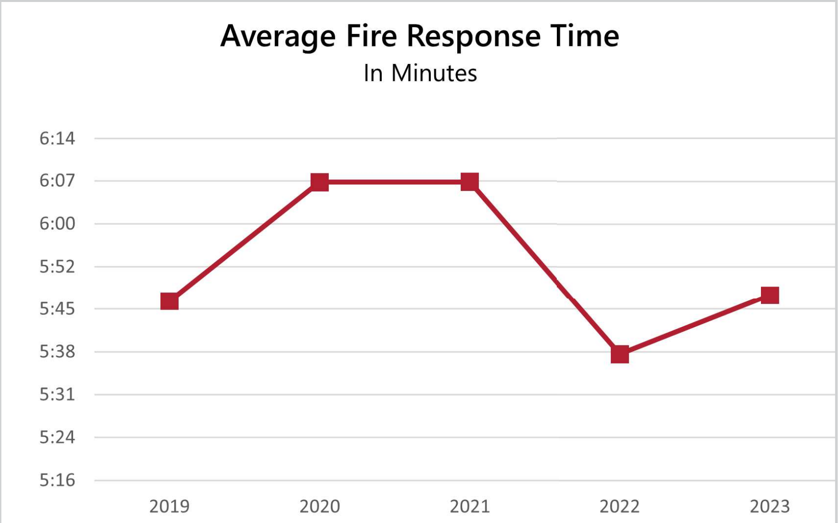
When fire services analyze their response times, they are really analyzing seconds in time. For example, the National Fire Protection Association (NFPA) 1710 standard states that "[T]he fire department's fire suppression resources shall be deployed to provide for the arrival of an engine company within a 240-second travel time (four minutes) to 90 percent of the incidents." That means every second counts, including call answering time (15 seconds), call processing time (60 seconds), and turnout time (80 seconds). For the City's paid-on-call firefighters, response time from home is approximately 6-10 minutes.

Why does it matter?

When measuring the effectiveness of fire protection services, response times are the key indicator. It determines if more resources are needed to effectively serve and protect communities. Therefore, it is crucial that local governments take these statistics seriously and allocate resources according to the specific needs of their local fire departments.

What does the data tell us?

Response time is made up of three components. First is call taking by dispatch - the amount of time it takes to dispatch to field the call and direct a response. Second is turnout time - the amount of time from when the call is dispatched to when the fire truck leaves the station. Third is travel time - the amount of time it takes for the vehicle to travel to the incident, which can vary based on distance and time of day.



	2019	2020	2021	2022	2023
Number of fires with loss resulting in investigation	44	39	40	31	12

Source: Fire Division

Number of Fires Resulting in Investigation and Financial Loss

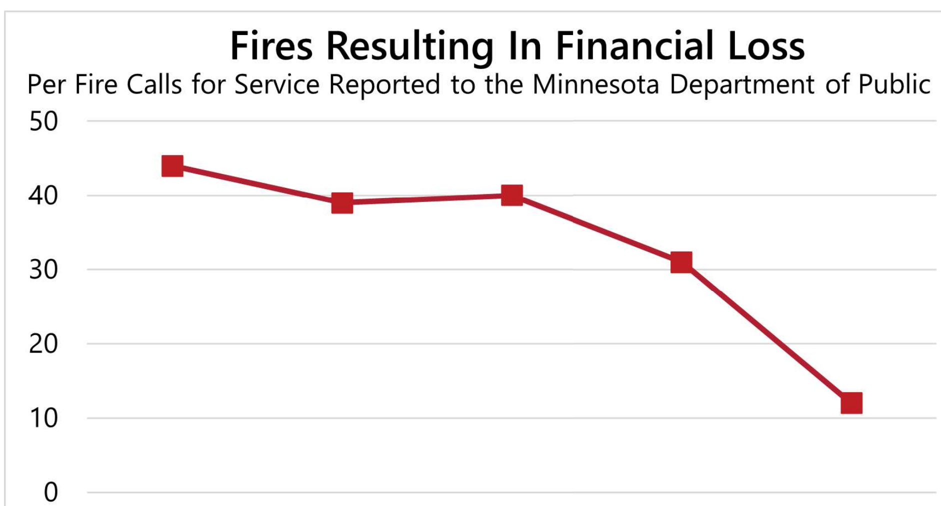
What is it?

U.S. fire departments have reported an estimated 358,500 residential home fires each year. On average, there were about 2,695 deaths, 12,000 injuries and property damage averaging $7 billion throughout the U.S. per year. Residential home fires usually start from open flames, accidents, and cooking, among other causes.

Why does it matter?

Documenting fires that resulted in investigation and financial losses as a result of the fires is a crucial tool in decision-making and helping to reduce loss to life/property due to fires. Estimating financial loss and property value are important pieces of data when assessing fire response at local, state and national levels.

What does the data tell us?



The data represents a the continued decreasing trend of fires resulting in a financial loss. This is due to a number of factors including increased staffing in the Fire Division, an increase in community outreach and fire prevention messaging, redevelopment within the City and a heavy emphasis on fire and life safety inspections across the City. In 2023 none of the incidents involving financial loss were commercial or industrial properties, which is indicate of the City's strategic emphasis on fire and life safety inspections in those occupancies.

	2019	2020	2021	2022	2023
Average City street pavement condition rating	6.50	6.84	6.80	6.87	6.70

Source: Engineering Division

Average City Street Pavement Condition Rating

What is it?

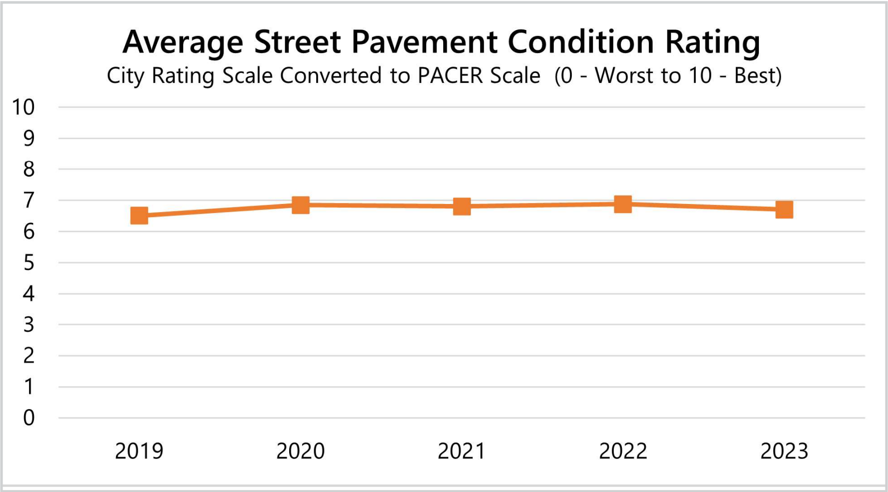
Public Works employees inspect City streets each year. Each street is given a rating on the Pavement Surface Evaluation and Rating (PASER) scale based on cracks, utility cuts and imperfections on the roadway. On the scale, zero is the worst and 10 is the best.

Why does it matter?

Regular roadway minor maintenance methods such as roadway and crack sealing and micro surfacing are cost-effective approaches to maintaining pavement in relatively good condition. If a roadway has too low of a rating, minor maintenance is ineffective, and it will need to be reconstructed entirely – which is much more expensive. Continued maintenance helps slow the aging of the pavement. However, once the pavement is 50-60 years old, too much minor maintenance is needed, and a full rehabilitation is often the most efficient method of maintaining pavement quality.

What does the data tell us?

The ratings are used to determine whether the City's road maintenance and rehabilitation strategies are satisfactory, and if there is a change in pavement quality, which may indicate that a higher or lower investment in pavement preservation is required. The rating remained nearly the same in 2022 due to the offset of degradation through improvements and repairs made.



	2019	2020	2021	2022	2023
Expenditures for road rehabilitation per paved lane mile rehabilitated	$194,894	$213,794	$210,025	$212,700	$219,405

Source: Engineering Division   *There was no rehabilitation project for 2018.

Expenditures for Road Rehabilitation Per Paved Line Mile Rehabilitated

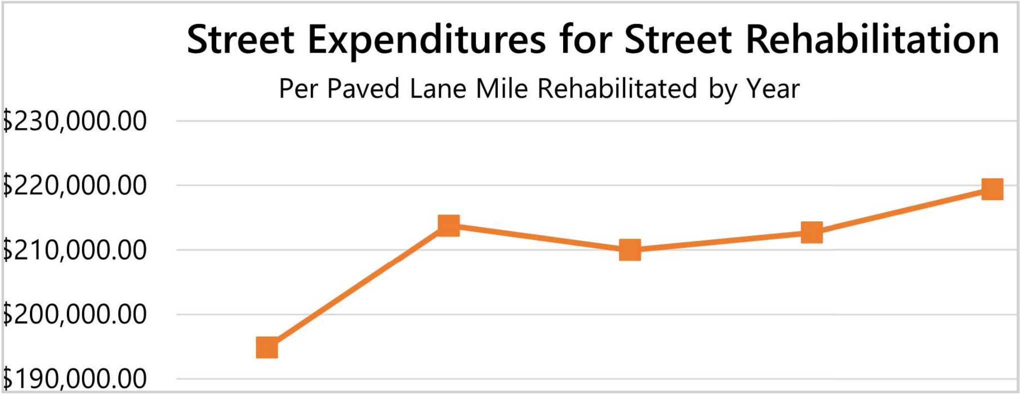
What is it?

This data is measuring the cost per mile for major reconstruction of roadways. The amount is influenced by the roadway characteristics and the length of roadway segments completed in a given year.

Why does it matter?

This data shows how cost-effective the rehabilitation methods are, illustrates increases in cost of construction, and if improvements need to be made in the manner in which roads are reconstructed. This number also reflects the numerous factors influencing the complexity of construction and rehabilitation of roadways.

What does the data tell us?



The data tells the City how cost-effective rehabilitation projects are and demonstrates efficiency in use of funds. The streets selected in 2023 for major rehabilitation required extensive repair due to their condition and were more costly to repair due to their width.

	2019	2020	2021	2022	2023
Percentage of all jurisdiction lane miles rehabilitated in the year	0.51%	3.15%	2.60%	1.58%	2.77%

Source: Engineering Division

Percentage of All Jurisdiction Lane Miles Rehabilitated in the Year

What is it?

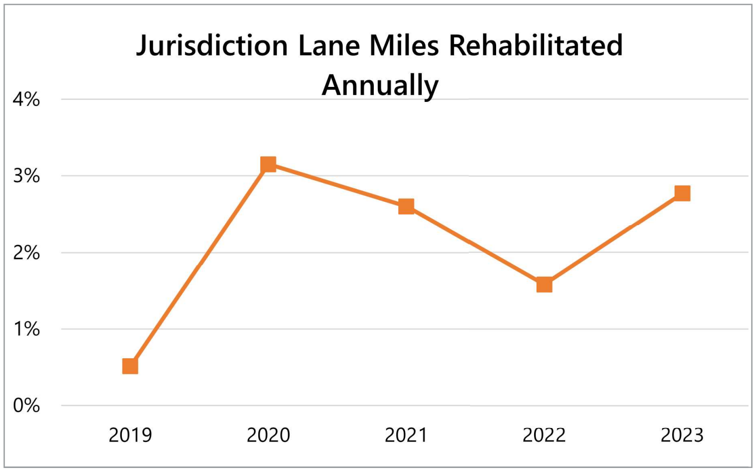
The data reflects how many lane miles out of the total miles within the City are being rehabilitated every year. The goal is to average 2% per year.

Why does it matter?

If mileage is lower and streets are not being rehabilitated, the average age of the pavement gets older and the quality of streets are reduced. To provide for a stable budget and yet be cost-effective and provide the best service to residents via streets, the number of miles rehabilitated should be relatively consistent each year and meet the percentage goal on average.

What does the data tell us?

The data shows a decrease in the number of miles rehabilitated in 2021-2022 This is related to project delivery factors (how long it takes to receive permits, amount of funding and coordination with other government agencies) and staffing changes in the City's Engineering Division. 2023 was over the City's target of 2% due to significant grant (Federal and State) funding received to aid in the completion of increased mileage.



Public Works: Streets, Water and Sanitary Sewer

	2019	2020	2021	2022	2023
Average hours to complete road system during snow event	6.28 hours	7.39 hours	7.25 hours	7.25 hours	6.37 hours

Source: Streets Division

Average Hours to Complete Road System During Snow Event

What is it?

The amount of time, in hours, it takes for City plows to clear City streets. The Public Works department clears 87 miles of streets, 29 miles of trails, and 12 miles of sidewalks. In total, the City clears 180 street lane miles. Street lane miles account for both sides of the roadway being cleared.

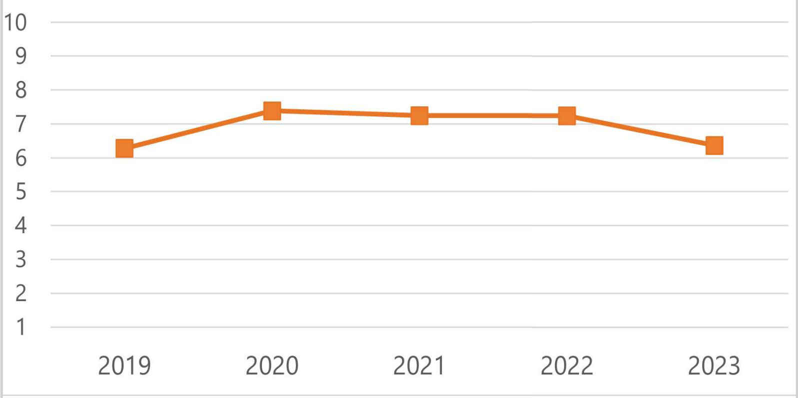
Why does it matter?

Winter road safety is extremely important to the community. Average hours of a plow route affect ability and safety of travel, which can influence work commutes, reduce school closures, keep businesses open and the ability to use recreation amenities.

What does the data tell us?

The data is an indicator of how efficient the plow routes/drivers are and the level of customer service the City is delivering to the residents. Data in a given year also indicates quantity and frequency of snow events, type of snow (light/heavy), ice conditions and timing and duration of snowfall. Data can vary year-over-year depending on how many snowfalls occurred and conditions at the time of snowfall.

Average Hours to Complete Road System during Snow Event



	2019	2020	2021	2022	2023
Operating cost per one million gallons of water pumped/ produced	$1,957	$1,868	$1,868	$1,987	$2,004

Operating Cost per 1 million Gallons of Water Pumped/Produced

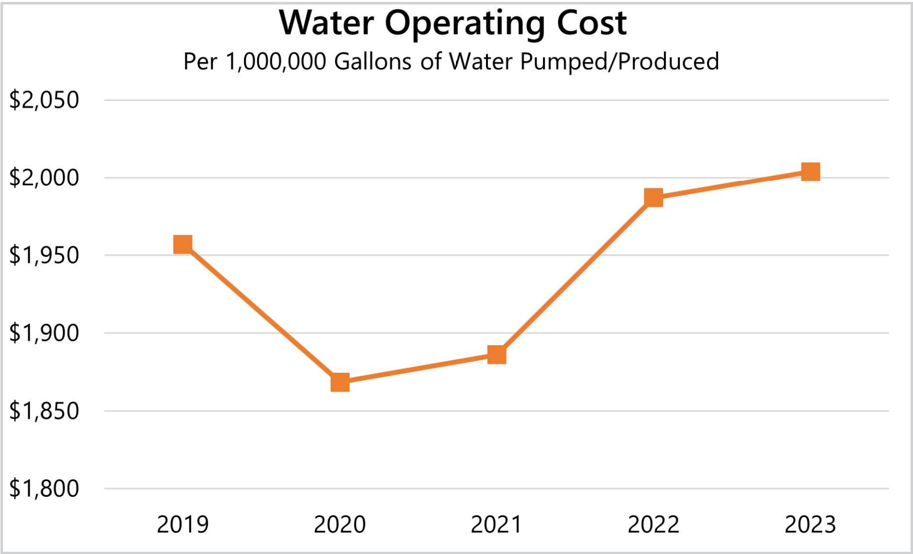
What is it?

The treatment, storage and distribution operating costs for every million gallons of drinking water produced and delivered. The cost includes labor, supplies, maintenance, equipment and repairs, among other items.

Why does it matter?

The data is illustrative of the decline in water use due to effective conservation methods. The data also reflects increased costs of water treatment due to improved regulations and annual inflation costs of supplies, labor and equipment.

What does the data tell us?



Year-over-year, the cost per gallon of water produced has been increasing slightly. While overall operating costs have remained stable, many of these costs are fixed regardless of production. Customers are conserving water, which leads to an increase in operating costs for a given volume of drinking water treated and delivered. As an example, even with less water going through a pump, its cost to maintain and eventually be replaced are dependent on its age rather than its use. Filters, storage tanks, distribution pipes and other components of the City's water treatment and delivery system must be maintained regularly, regardless of use.

	2019	2020	2021	2022	2023
Number of sewer blockages on City system per 100 connections	0.048	0.036	0.012	0.071	0.071

Source: Sewer Division

Number of Sewer Blockages on City System per 100 Connections

What is it?

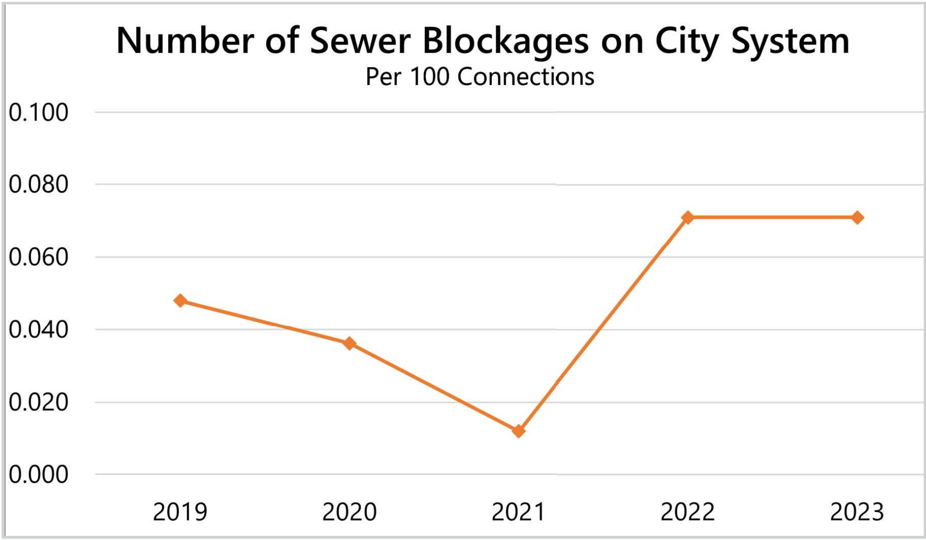
The amount of times that Public Works responds to an emergency sewer main blockage per 100 connections in a year. Blockages can be caused by improper disposal of non-flushable materials including grease and non-flushable wipes, tree root intrusion into sewers and lack of coordination of service cleaning by contractors.

Why does it matter?

Frequency of blockages is very low, and demonstrates the City's effective maintenance program for cleaning the sewer mains. The program reduces incidents of sewage backups that impact customers. When a blockage affecting a home does occur, residents are encouraged to contact the City to have the Public Works Department check to verify whether there is a blockage in the main or sewer service. This may save the resident from having to pay a contractor to clean the service.

What does the data tell us?

The data shows how effectively the Sanitary Sewer Division is cleaning mains on a regular basis. The City's goal is to meet recommended cleaning of all mains within a two-year to five-year cycle. The City has exceeded this goal for over a decade, cleaning the entire system every 1.5 years. The increase in 2022 can be attributed to an increased use of non-flushable wipes that clog the sewer system.



City of Fridley

City of Fridley

AGENDA REPORT

Meeting Date: June 10, 2024 **Meeting Type:** City Council

Submitted By: Roberta Collins, Assistant to the City Manager

Title

Resolution No. 2024- 81, Approving Claims for the Period Ending June 5, 2024

Background

Attached is Resolution No. 2024-81 and the claims report for the period ending June 5, 2024.

Financial Impact

Included in the budget.

Recommendation

Staff recommend the approval of Resolution No. 2024-81, Approving Claims for the Period Ending June 5, 2024.

Focus on Fridley Strategic Alignment

____ Vibrant Neighborhoods & Places
____ Community Identity & Relationship Building
X Financial Stability & Commercial Prosperity
____ Public Safety & Environmental Stewardship
____ Organizational Excellence

Attachments and Other Resources

- Resolution No. 2024-81, Approving Claims for the Period Ending June 5, 2024
- City Council Claims Report

Resolution No. 2024-81

Approving Claims for the Period Ending June 5, 2024

Whereas, Minnesota Statute § 412.271 generally requires the City Council to review and approve claims for goods and services prior to the release of payment; and

Whereas, a list of such claims for the period ending June 5, 2024, was reviewed by the City Council.

Now, therefore be it resolved, that the City Council of the City of Fridley hereby approves the payment of the claims as presented.

Passed and adopted by the City Council of the City of Fridley this 10th day of June, 2024.

____
Scott J. Lund - Mayor

Attest:

____
Melissa Moore – City Clerk

City of Fridley, MN

Bank Transaction Report

Transaction Detail

Issued Date Range: 05/23/2024 - 06/05/2024

Cleared Date Range: -

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
Bank Draft							
05/24/2024		DFT0004983	EMPOWER RETIREMENT (for MN/MSRS)	Accounts Payable	Outstanding	Bank Draft	-819.98
05/24/2024		DFT0004984	EMPOWER RETIREMENT (for MN/MSRS)	Accounts Payable	Outstanding	Bank Draft	-1,423.74
05/24/2024		DFT0004985	CITY OF FRIDLEY-MISSION SQUARE-457 Def.Comp	Accounts Payable	Outstanding	Bank Draft	-18,890.88
05/24/2024		DFT0004986	CITY OF FRIDLEY-MISSION SQUARE-457 Def.Comp	Accounts Payable	Outstanding	Bank Draft	-4,541.70
05/24/2024		DFT0004988	CITY OF FRIDLEY-MISSION SQUARE RHS Retiree Health Savi	Accounts Payable	Outstanding	Bank Draft	-374.40
05/24/2024		DFT0004990	OPTUM BANK (HSA)	Accounts Payable	Outstanding	Bank Draft	-4,391.71
05/24/2024		DFT0004991	OPTUM BANK (HSA)	Accounts Payable	Outstanding	Bank Draft	-2,710.66
05/24/2024		DFT0004992	PERA - PUBLIC EMPLOYEES	Accounts Payable	Outstanding	Bank Draft	-47,157.62
05/24/2024		DFT0004993	PERA - PUBLIC EMPLOYEES	Accounts Payable	Outstanding	Bank Draft	-164.46
05/24/2024		DFT0004994	PERA - PUBLIC EMPLOYEES	Accounts Payable	Outstanding	Bank Draft	-61,546.16
05/24/2024		DFT0004995	CITY OF FRIDLEY-MISSION SQUARE RHS Retiree Health Savi	Accounts Payable	Outstanding	Bank Draft	-125.00
05/24/2024		DFT0004996	CITY OF FRIDLEY-MISSION SQUARE RHS Retiree Health Savi	Accounts Payable	Outstanding	Bank Draft	-2,325.00
05/24/2024		DFT0004997	CITY OF FRIDLEY-MISSION SQUARE RHS Retiree Health Savi	Accounts Payable	Outstanding	Bank Draft	-600.00
05/24/2024		DFT0004998	CITY OF FRIDLEY-MISSION SQUARE Roth IRA	Accounts Payable	Outstanding	Bank Draft	-5,572.80
05/24/2024		DFT0004999	BENEFIT RESOURCE LLC - BPA/VEBA	Accounts Payable	Outstanding	Bank Draft	-950.00
05/24/2024		DFT0005000	INTERNAL REVENUE SERVICE - PAYROLL TAXES	Accounts Payable	Outstanding	Bank Draft	-46,476.34
05/24/2024		DFT0005001	INTERNAL REVENUE SERVICE - PAYROLL TAXES	Accounts Payable	Outstanding	Bank Draft	-16,823.50
05/24/2024		DFT0005002	MINN DEPT OF REVENUE - PAYROLL TAX	Accounts Payable	Outstanding	Bank Draft	-24,824.31
05/24/2024		DFT0005003	INTERNAL REVENUE SERVICE - PAYROLL TAXES	Accounts Payable	Outstanding	Bank Draft	-53,583.82
05/29/2024		DFT0005004	INTERNAL REVENUE SERVICE - PAYROLL TAXES	Accounts Payable	Outstanding	Bank Draft	-183.90
05/29/2024		DFT0005005	INTERNAL REVENUE SERVICE - PAYROLL TAXES	Accounts Payable	Outstanding	Bank Draft	-43.00
05/29/2024		DFT0005006	MINN DEPT OF REVENUE - PAYROLL TAX	Accounts Payable	Outstanding	Bank Draft	-71.47
06/01/2024		DFT0005012	HEALTH PARTNERS	Accounts Payable	Outstanding	Bank Draft	-6,953.76
06/03/2024		DFT0005007	SVAP II FRIDLEY MARKET LLC	Accounts Payable	Outstanding	Bank Draft	-22,854.00
						Bank Draft Total: (24)	**-323,408.21**
Check							
05/24/2024	05/22/2024	37	37	Payroll	Cleared	Check	0.00
05/29/2024		204727	ABM EQUIPMENT & SUPPLY	Accounts Payable	Outstanding	Check	-632.62
05/29/2024		204728	AIR CONDITIONING ASSOCIATES INC	Accounts Payable	Outstanding	Check	-670.00
05/29/2024		204729	ANOKA COUNTY TREASURY OFFICE	Accounts Payable	Outstanding	Check	-4,679.32
05/29/2024		204730	ASPEN MILLS INC	Accounts Payable	Outstanding	Check	-1,101.29
05/29/2024		204731	BEISSWENGER'S HARDWARE	Accounts Payable	Outstanding	Check	-18.67
05/29/2024		204732	BIRCH TREE CARE LLC	Accounts Payable	Outstanding	Check	-4,658.85
05/29/2024		204733	BLAINE BROTHERS	Accounts Payable	Outstanding	Check	-483.75
05/29/2024		204734	BOLTON & MENK INC	Accounts Payable	Outstanding	Check	-19,716.50

Bank Transaction Report **Issued Date Range:**

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
05/29/2024		204735	BRYAN ROCK PRODUCTS INC	Accounts Payable	Outstanding	Check	-1,009.11
05/29/2024		204736	CERES ENVIRONMENTAL INC	Accounts Payable	Outstanding	Check	-504.00
05/29/2024		204737	COMCAST/XFINITY	Accounts Payable	Outstanding	Check	-2,804.36
05/29/2024		204738	CRYSTEEL TRUCK EQUIP/DISTRIBUTION	Accounts Payable	Outstanding	Check	-2,213.58
05/29/2024		204739	CUSTOM GRAPHIX	Accounts Payable	Outstanding	Check	-280.00
05/29/2024		204740	DAMA METAL PRODUCTS INC.	Accounts Payable	Outstanding	Check	-130.50
05/29/2024		204741	ECHO DATA ANALYTICS	Accounts Payable	Outstanding	Check	-2,000.00
05/29/2024		204742	EMERGENCY AUTOMOTIVE TECHNOLOGIES	Accounts Payable	Outstanding	Check	-1,507.31
05/29/2024		204743	ENTERPRISE FM TRUST	Accounts Payable	Outstanding	Check	-37,870.71
05/29/2024		204744	Void Check	Accounts Payable	Voided	Check	0.00
05/29/2024		204745	ENVIRONMENTAL EQUIP & SERVICE INC	Accounts Payable	Outstanding	Check	-2,072.00
05/29/2024		204746	FIELD TRAINING SOLUTIONS	Accounts Payable	Outstanding	Check	-1,180.00
05/29/2024		204747	FIRE SAFETY USA	Accounts Payable	Outstanding	Check	-888.85
05/29/2024		204748	GENUINE PARTS CO/NAPA	Accounts Payable	Outstanding	Check	-149.94
05/29/2024		204749	GERTENS GREENHOUSE INC	Accounts Payable	Outstanding	Check	-380.11
05/29/2024		204750	HAWKINS INC	Accounts Payable	Outstanding	Check	-6,368.13
05/29/2024		204751	HIPERLINE / R & H PAINTING LLC	Accounts Payable	Outstanding	Check	-2,059.60
05/29/2024		204752	HYDRAULIC SPECIALTY CO	Accounts Payable	Outstanding	Check	-244.90
05/29/2024		204753	INDELCO PLASTICS CORPORATION	Accounts Payable	Outstanding	Check	-157.52
05/29/2024		204754	INTL SECURITY PRODUCTS-ISP FENCING	Accounts Payable	Outstanding	Check	-138.25
05/29/2024		204755	JOHNSON, ERIK	Accounts Payable	Outstanding	Check	-70.00
05/29/2024		204756	KATH FUEL OIL SERVICE	Accounts Payable	Outstanding	Check	-310.00
05/29/2024		204757	LEAGUE OF MINNESOTA CITIES	Accounts Payable	Outstanding	Check	-60.00
05/29/2024		204758	MARTIN MARIETTA	Accounts Payable	Outstanding	Check	-690.38
05/29/2024		204759	MENARDS - FRIDLEY	Accounts Payable	Outstanding	Check	-61.07
05/29/2024		204760	MIDWEST MACHINERY/MINNESOTA AG POWER INC	Accounts Payable	Outstanding	Check	-392.53
05/29/2024		204761	MINN FIRE SERVICE CERT BOARD	Accounts Payable	Outstanding	Check	-126.00
05/29/2024		204762	NATIONAL REC & PARK ASSOC - NRPA	Accounts Payable	Outstanding	Check	-180.00
05/29/2024		204763	NEW BRIGHTON, CITY OF	Accounts Payable	Outstanding	Check	-2,014.03
05/29/2024		204764	NORTHERN TOOL & EQUIPMENT	Accounts Payable	Outstanding	Check	-1,260.53
05/29/2024		204765	PINOTTI, MATTHEW	Accounts Payable	Outstanding	Check	-57.99
05/29/2024		204766	PIONEER RIM & WHEEL COMPANY	Accounts Payable	Outstanding	Check	-350.02
05/29/2024		204767	RADCO INDUSTRIES INC	Accounts Payable	Outstanding	Check	-1,275.92
05/29/2024		204768	RAILROAD MANAGEMENT COMPANY LLC	Accounts Payable	Outstanding	Check	-379.14
05/29/2024		204769	READY WATT ELECTRIC	Accounts Payable	Outstanding	Check	-885.00
05/29/2024		204770	RESPEC	Accounts Payable	Outstanding	Check	-6,201.56
05/29/2024		204771	SHORTSTOP BAR AND GRILL / BAM INC	Accounts Payable	Outstanding	Check	-200.00
05/29/2024		204772	SHRED RIGHT	Accounts Payable	Outstanding	Check	-62.65
05/29/2024		204773	SMITH, MICHAEL	Accounts Payable	Outstanding	Check	-596.02
05/29/2024		204774	ST PAUL, CITY OF	Accounts Payable	Outstanding	Check	-500.00
05/29/2024		204775	STREICHER'S	Accounts Payable	Outstanding	Check	-1,300.00
05/29/2024		204776	SUN BADGE CO	Accounts Payable	Outstanding	Check	-385.75
05/29/2024		204777	SURFACE PRO LLC	Accounts Payable	Outstanding	Check	-14,000.00

Bank Transaction Report | **Issued Date Range:**

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
05/29/2024		204778	TAHO SPORTSWEAR	Accounts Payable	Outstanding	Check	-1,756.45
05/29/2024		204779	TIMESAVER OFF SITE SECRETARIAL INC	Accounts Payable	Outstanding	Check	-206.50
05/29/2024		204780	TITAN MACHINERY	Accounts Payable	Outstanding	Check	-43.15
05/29/2024		204781	T-MOBILE	Accounts Payable	Outstanding	Check	-165.00
05/29/2024		204782	VERIZON WIRELESS	Accounts Payable	Outstanding	Check	-2,415.04
05/29/2024		204783	VESTIS	Accounts Payable	Outstanding	Check	-652.13
05/29/2024		204784	WSB & ASSOCIATES INC	Accounts Payable	Outstanding	Check	-628.50
05/29/2024		204785	XCEL ENERGY	Accounts Payable	Outstanding	Check	-224.73
05/29/2024		204786	YOURMEMBERSHIP INC	Accounts Payable	Outstanding	Check	-99.00
05/29/2024		204787	METROPOLITAN COUNCIL	Accounts Payable	Outstanding	Check	-453,647.56
05/30/2024		204788	LEAGUE OF MN CITIES INS TRUST	Accounts Payable	Outstanding	Check	-2,948.52
06/05/2024		204789	CHARLES SCHWAB TRUST BANK	Accounts Payable	Outstanding	Check	-960.00
06/05/2024		204790	LAW ENFORCEMENT LABOR SERVICES	Accounts Payable	Outstanding	Check	-2,981.46
06/05/2024		204791	LEGALSHIELD	Accounts Payable	Outstanding	Check	-394.90
06/05/2024		204792	NCPERS MINNESOTA-478000	Accounts Payable	Outstanding	Check	-656.00
06/05/2024		204793	ADVANCE COMPANIES INC	Accounts Payable	Outstanding	Check	-707.30
06/05/2024		204794	ASPEN MILLS INC	Accounts Payable	Outstanding	Check	-914.70
06/05/2024		204795	ASTLEFORD INTERNATIONAL TRUCKS	Accounts Payable	Outstanding	Check	-212.77
06/05/2024		204796	BECKMAN, KAYLA	Accounts Payable	Outstanding	Check	-100.00
06/05/2024		204797	BEISSWENGER'S HARDWARE	Accounts Payable	Outstanding	Check	-6.36
06/05/2024		204798	BOLTON & MENK INC	Accounts Payable	Outstanding	Check	-36,921.00
06/05/2024		204799	BRANDL, LAUREN	Accounts Payable	Outstanding	Check	-79.96
06/05/2024		204800	BRAUN INTERTEC CORPORATION	Accounts Payable	Outstanding	Check	-1,302.00
06/05/2024		204801	BRIGHTWOOD HILLS GOLF COURSE	Accounts Payable	Outstanding	Check	-1,512.00
06/05/2024		204802	CENTERPOINT ENERGY-MINNEGASCO	Accounts Payable	Outstanding	Check	-57.99
06/05/2024		204803	CENTURY LINK	Accounts Payable	Outstanding	Check	-859.73
06/05/2024		204804	CERES ENVIRONMENTAL INC	Accounts Payable	Outstanding	Check	-125.00
06/05/2024		204805	COMCAST/XFINITY	Accounts Payable	Outstanding	Check	-124.89
06/05/2024		204806	CULLIGAN	Accounts Payable	Outstanding	Check	-126.45
06/05/2024		204807	DAY, KIMBERLY	Accounts Payable	Outstanding	Check	-4,032.50
06/05/2024		204808	DRIVEN WILD GOOSE CONTROL	Accounts Payable	Outstanding	Check	-1,400.00
06/05/2024		204809	EGGROLL QUEEN INC	Accounts Payable	Outstanding	Check	-50.00
06/05/2024		204810	EMERGENCY AUTOMOTIVE TECHNOLOGIES	Accounts Payable	Outstanding	Check	-1,148.40
06/05/2024		204811	FERGUSON WATERWORKS #2518	Accounts Payable	Outstanding	Check	-1,901.56
06/05/2024		204812	FLAGSHIP RECREATION LLC	Accounts Payable	Outstanding	Check	-44,857.62
06/05/2024		204813	FLEET PRIDE TRUCK & TRAILER PARTS	Accounts Payable	Outstanding	Check	-61.86
06/05/2024		204814	GENUINE PARTS CO/NAPA	Accounts Payable	Outstanding	Check	-263.64
06/05/2024		204815	GERTENS GREENHOUSE INC	Accounts Payable	Outstanding	Check	-696.53
06/05/2024		204816	HIRSHFIELD'S PAINT MFG	Accounts Payable	Outstanding	Check	-529.40
06/05/2024		204817	HOTSY MINNESOTA	Accounts Payable	Outstanding	Check	-118.60
06/05/2024		204818	HYDRAULIC SPECIALTY CO	Accounts Payable	Outstanding	Check	-393.29
06/05/2024		204819	INTERSTATE ALL BATTERY CENTER	Accounts Payable	Outstanding	Check	-665.85
06/05/2024		204820	KLEVE, WILLIAM	Accounts Payable	Outstanding	Check	-94.99

Bank Transaction Report **Issued Date Range:**

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
06/05/2024		204821	LA COCHINITA	Accounts Payable	Outstanding	Check	-50.00
06/05/2024		204822	LEAGUE OF MINNESOTA CITIES	Accounts Payable	Outstanding	Check	-45.00
06/05/2024		204823	LORENZ BUS SERVICE INC	Accounts Payable	Outstanding	Check	-3,097.50
06/05/2024		204824	MARTIN MARIETTA	Accounts Payable	Outstanding	Check	-199.74
06/05/2024		204825	MENARDS - FRIDLEY	Accounts Payable	Outstanding	Check	-347.02
06/05/2024		204826	METRO VOLLEYBALL OFFICIALS ASSOCIATION	Accounts Payable	Outstanding	Check	-782.00
06/05/2024		204827	MINN DEPT OF TRANSPORTATION	Accounts Payable	Outstanding	Check	-60.78
06/05/2024		204828	MINN IT	Accounts Payable	Outstanding	Check	-301.35
06/05/2024		204829	MISSION CRITICAL CONCEPTS LLC	Accounts Payable	Outstanding	Check	-3,000.00
06/05/2024		204830	NFP INSURANCE SERVICES INC	Accounts Payable	Outstanding	Check	-1,413.75
06/05/2024		204831	NORTH ANOKA PLUMBING / DUSTY'S DRAIN CLEANING	Accounts Payable	Outstanding	Check	-574.00
06/05/2024		204832	NORTH STAR TOWING & SERVICE CENTER	Accounts Payable	Outstanding	Check	-174.00
06/05/2024		204833	NORTHERN TOOL & EQUIPMENT	Accounts Payable	Outstanding	Check	-33.20
06/05/2024		204834	PRESSROOM INC	Accounts Payable	Outstanding	Check	-305.00
06/05/2024		204835	QUADIENT FINANCE USA INC	Accounts Payable	Outstanding	Check	-900.00
06/05/2024		204836	RADCO INDUSTRIES INC	Accounts Payable	Outstanding	Check	-497.95
06/05/2024		204837	RECYCLE TECHNOLOGIES INC	Accounts Payable	Outstanding	Check	-8,779.05
06/05/2024		204838	SCHMIDT, NICHOLAS	Accounts Payable	Outstanding	Check	-200.00
06/05/2024		204839	SUN BADGE CO	Accounts Payable	Outstanding	Check	-407.75
06/05/2024		204840	TITAN MACHINERY	Accounts Payable	Outstanding	Check	-1,278.55
06/05/2024		204841	ULINE	Accounts Payable	Outstanding	Check	-168.16
06/05/2024		204842	USA BLUEBOOK	Accounts Payable	Outstanding	Check	-260.10
06/05/2024		204843	VALLEY-RICH CO INC	Accounts Payable	Outstanding	Check	-8,208.25
06/05/2024		204844	VESTIS	Accounts Payable	Outstanding	Check	-501.60
06/05/2024		204845	WIEHLE, SHELBY	Accounts Payable	Outstanding	Check	-100.00
06/05/2024		204846	ZIEGLER INC	Accounts Payable	Outstanding	Check	-27,250.00
06/05/2024		204847	56 BREWING LLC	Accounts Payable	Outstanding	Check	-561.00
06/05/2024		204848	AM CRAFT SPIRITS SALES	Accounts Payable	Outstanding	Check	-561.70
06/05/2024		204849	AMERICAN BOTTLING COMPANY	Accounts Payable	Outstanding	Check	-314.42
06/05/2024		204850	ARTISAN BEER COMPANY	Accounts Payable	Outstanding	Check	-8,557.30
06/05/2024		204851	BELLBOY CORPORATION	Accounts Payable	Outstanding	Check	-6,073.73
06/05/2024		204852	BETTER BEV CO	Accounts Payable	Outstanding	Check	-192.00
06/05/2024		204853	BOURGET IMPORTS	Accounts Payable	Outstanding	Check	-1,464.00
06/05/2024		204854	BREAKTHRU BEVERAGE BEER LLC	Accounts Payable	Outstanding	Check	-133,626.41
06/05/2024		204855	BREAKTHRU BEVERAGE WINE & SPIRITS	Accounts Payable	Outstanding	Check	-35,788.87
06/05/2024		204856	CAPITOL BEVERAGE SALES	Accounts Payable	Outstanding	Check	-50,541.54
06/05/2024		204857	CLEAR RIVER BEVERAGE	Accounts Payable	Outstanding	Check	-3,327.85
06/05/2024		204858	COCA-COLA DISTRIBUTION	Accounts Payable	Outstanding	Check	-2,969.75
06/05/2024		204859	HOHENSTEINS INC	Accounts Payable	Outstanding	Check	-9,136.00
06/05/2024		204860	INBOUND BREWCO	Accounts Payable	Outstanding	Check	-315.00
06/05/2024		204861	INSIGHT BREWING COMPANY	Accounts Payable	Outstanding	Check	-218.30
06/05/2024		204862	INVICTUS BREWING	Accounts Payable	Outstanding	Check	-436.00
06/05/2024		204863	JOHNSON BROTHERS LIQUOR	Accounts Payable	Outstanding	Check	-73,955.90

Bank Transaction Report **Issued Date Range:**

Issued Date	Cleared Date	Number	Description	Module	Status	Type	Amount
06/05/2024		204864	LOMPIAN WINES LLC	Accounts Payable	Outstanding	Check	-474.25
06/05/2024		204865	MATTSON ICE	Accounts Payable	Outstanding	Check	-1,634.30
06/05/2024		204866	MAVERICK WINE COMPANY	Accounts Payable	Outstanding	Check	-576.42
06/05/2024		204867	MEGA BEER LLC	Accounts Payable	Outstanding	Check	-469.00
06/05/2024		204868	MODIST BREWING CO LLC	Accounts Payable	Outstanding	Check	-356.75
06/05/2024		204869	MOOSE LAKE BREWING COMPANY	Accounts Payable	Outstanding	Check	-140.00
06/05/2024		204870	OLD WORLD BEER	Accounts Payable	Outstanding	Check	-902.00
06/05/2024		204871	PAUSTIS WINE COMPANY	Accounts Payable	Outstanding	Check	-1,449.50
06/05/2024		204872	PHILLIPS WINE & SPIRITS	Accounts Payable	Outstanding	Check	-38,423.98
06/05/2024		204873	PRYES BREWING	Accounts Payable	Outstanding	Check	-890.75
06/05/2024		204874	QUALITY REFRIGERATION SERVICE	Accounts Payable	Outstanding	Check	-378.44
06/05/2024		204875	RED BULL DISTRIBUTION	Accounts Payable	Outstanding	Check	-1,106.72
06/05/2024		204876	SOUTHERN WINE / SOUTHERN GLAZERS	Accounts Payable	Outstanding	Check	-43,060.04
06/05/2024		204877	SUMMER LAKES BEVERAGE	Accounts Payable	Outstanding	Check	-283.50
06/05/2024		204878	UNMAPPED BREWING CO	Accounts Payable	Outstanding	Check	-300.00
06/05/2024		204879	VINOCOPIA INC	Accounts Payable	Outstanding	Check	-1,375.50
06/05/2024		204880	WINE COMPANY	Accounts Payable	Outstanding	Check	-1,426.10
06/05/2024		204881	WINE MERCHANTS	Accounts Payable	Outstanding	Check	-1,002.61
06/05/2024		204882	WINEBOW	Accounts Payable	Outstanding	Check	-1,365.64
						Check Total: (157)	**-1,174,911.81**
Check Reversal							
05/29/2024		204228	YOURMEMBERSHIP INC Reversal	Accounts Payable	Outstanding	Check Reversal	99.00
						Check Reversal Total: (1)	**99.00**
EFT							
05/24/2024		941	FRIDLEY POLICE ASSOCIATION-PY only	Accounts Payable	Outstanding	EFT	-204.00
05/24/2024		942	FRIDLEY-IAFF DUES/INTL ASSOC/FIRE FIGHTERS	Accounts Payable	Outstanding	EFT	-100.00
05/24/2024		EFT0000213	Payroll EFT	Payroll	Outstanding	EFT	-388,367.51
05/29/2024		EFT0000214	Payroll EFT	Payroll	Outstanding	EFT	-1,298.12
						EFT Total: (4)	**-389,969.63**
						Report Total: (186)	**-1,888,190.65**

Summary

Bank Account		Count	Amount
0000100479 City of Fridley		186	-1,888,190.65
	Report Total:	**186**	**-1,888,190.65**

Cash Account		Count	Amount
No Cash Account		2	0.00
999 999-101100 Cash in Bank - CITY Pooled Cash		184	-1,888,190.65
	Report Total:	**186**	**-1,888,190.65**

Transaction Type	Count	Amount
Bank Draft	24	-323,408.21
Check	157	-1,174,911.81
Check Reversal	1	99.00
EFT	4	-389,969.63
Report Total:	**186**	**-1,888,190.65**

AGENDA REPORT

Meeting Date: June 10, 2024 **Meeting Type:** City Council

Submitted By: Joe Starks, Finance Director/City Treasurer

Title

Resolution No. 2024-78, Approving and Accepting the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ending December 31, 2023

Background

Pursuant to Minnesota Statute § 471.697 and City Charter § 7.11, the City Manager must submit to the City Council and the Office of the State Auditor (OSA) a complete financial report for the City of Fridley (City) for the preceding fiscal year. In order to satisfy these requirements, the City prepares the Annual Comprehensive Financial Report (ACFR) (Exhibit A) with the assistance of an external auditing firm, Redpath and Company (Redpath).

Consistent with these accounting regulations, Redpath audited the financial activities and statements of the City, which included a two–week, virtual site visit in April. As a result of this process, Redpath issued an unmodified or "clean" audit opinion, indicating the financial statements of the City are fairly presented and free of any material misstatement in accordance with Generally Accepted Accounting Principles (GAAP).

Redpath also reviewed other financial management practices of the City, such as contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions and tax increment financing. During this review, Redpath did not identify any areas of non–compliance. The attached Audit Management Letter (AML) summarizes of their audit results (Exhibit B).

Assuming the City Council approves and accepts the attached reports, staff will submit the ACFR to the OSA and publish a corresponding summary in the official publication as required by the City Charter. These documents will also be on file and available for public inspection in the City Clerk's Office.

Financial Impact

None.

Recommendation

Staff recommend the approval of Resolution No. 2024-78, Approving and Accepting the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ending December 31, 2023.

Focus on Fridley Strategic Alignment

____	Vibrant Neighborhoods & Places	____	Community Identity & Relationship Building
X	Financial Stability & Commercial Prosperity	____	Public Safety & Environmental Stewardship
____	Organizational Excellence		

Attachments and Other Resources

- Resolution No. 2024-78
- Exhibit A: Annual Comprehensive Financial Report for the Fiscal Year Ending December 31, 2023
- Exhibit B: Audit Management Letter
- Exhibit C: Internal Control Report
- Exhibit D: Legal Compliance Report

Resolution No. 2024-78

Approving and Accepting the Annual Comprehensive Financial Report for the Fiscal Year Ending December 31, 2023

Whereas, Minnesota Statute § 471.697 and City Charter § 7.11 require the City Manager to submit to the City Council and other parties a complete financial report for the City of Fridley (City) for the preceding fiscal year; and

Whereas, the City engaged the Redpath and Company to audit the financial statements of the governmental activities, business–type activities, aggregate discretely presented component units, each major fund and aggregate remaining fund information of the City for the fiscal year ending December 31, 2023; and

Whereas, Redpath and Company conducted a site visit between April 15, 2024, and April 26, 2024, to complete the majority of the auditing process for the fiscal year ending December 31, 2023; and

Whereas, as a result of this process, Redpath and Company issued an unmodified or "clean" audit opinion, indicating the financial statements of the City are fairly presented and free on any material misstatement in accordance with Generally Accepted Accounting Principles (GAAP).

Therefore, be it resolved, that the City Council of the City of Fridley hereby approves and accepts the Comprehensive Annual Finance Report for the fiscal year ending December 31, 2023.

Passed and adopted by the City Council of the City of Fridley this 10th day of June, 2024.

____
Scott J. Lund – Mayor

Attest:

____
Melissa Moore – City Clerk

City of Fridley, Minnesota

Annual Comprehensive Financial Report

For year end December 31, 2023

FridleyMN.gov/233/City-Financials

City of Fridley

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CITY OF FRIDLEY, MINNESOTA

Annual Comprehensive Financial Report

For Year End December 31, 2023

Prepared by:
Finance Department

Joseph Starks
Finance Director

City of
Fridley

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CITY OF FRIDLEY, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2023
TABLE OF CONTENTS

CITY OF FRIDLEY, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2023
TABLE OF CONTENTS

CITY OF FRIDLEY, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2023
TABLE OF CONTENTS

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I. INTRODUCTORY SECTION

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

June 3, 2024

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, 2023, is submitted herewith:

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

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

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

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

PROFILE OF THE CITY

The City is a first–ring suburban community with a population of 30,289, according to the current census estimate. The City is located 10 minutes north of downtown Minneapolis and 25 minutes northwest of downtown St. Paul. Incorporated in July of 1949, the City covers about 11 square miles and is home to some of the most important industries in the world. An "industrial spine" around the rail corridor has served the City well and has provided the community with nearly as many jobs as the number of residents. The City is home to the largest number of employees in Anoka County.

LOCAL ECONOMY

The local economy continues to grow through an increase in new construction, redevelopment, and renovation. Unemployment in Minnesota rose slightly throughout 2023. Current unemployment as of February 2024 is still near historic lows at 2.7% and is lower than the national average of 3.8%. In 2023, job growth rose at a steady pace as Minnesota employers added just over 35,000 jobs which brought the total to just over 3 million jobs by year-end. The state surpassed pre-pandemic employment levels as of September. The Consumer Price Index (CPI) has steadily declined from a multi-decade high of 9.1% in June of 2022 to the current CPI of 3.2% as of February 2024. While there is optimism, inflation continues to be a worry for many as the cost of life's necessities continues to be impactful, and recent data from the Federal Reserve shows the ongoing process to tame inflation is not over.

In December, the City received its one-time payment of $1,292,504 in public safety aid funds from the State of Minnesota. The City intends to use the funds as one-time expenditures as there will not be continued funding moving forward.

Based on preliminary data received from Anoka County for the January 2, 2024, assessment (unaudited), the estimated market value of the City increased modestly in 2023, growing by about $121,722,300, or 2.8%, compared to the prior year. The number of residential home sales decreased by about 27.22% over the same time period, largely due to rising interest rates and a low inventory of homes for sale. Additionally, the City experienced a relatively modest year of real estate development, adding about $7,312,000 of new market value to the community.

The estimated market value for all property classes in the City increased, with apartments up 2.4%, commercial/industrial up 5.8%, and residential values by 1.5%. The average sale price of a residential homestead increased by 1.4% compared to the previous year. These increases in valuation are consistent with other cities located in the Minneapolis–St. Paul Metropolitan Statistical Area.

LONG-TERM FINANCIAL PLANNING

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

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

The City also continues to work closely with every level of government and other interested parties to improve transportation throughout the community, including major investment in area highways, roads and streets. Funding for these improvements comes largely from the State and certain federal agencies with additional monies levied through special assessment against benefiting properties and other applicable funds controlled by the City.

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

MAJOR INITIATIVES

In 2023, the City continued a number of projects in partnership with various public and private entities related to several infrastructure and redevelopment projects. The following non-exhaustive list outlines many of the more significant projects.

1. The City completed the 2023 Street Rehabilitation Project that included the Marian Hills, Georgetown Charles and Flannery Park neighborhoods.

2. The City completed the 53rd Avenue Roundabout Safety Project in the area of 53rd Avenue from the West Target Entrance to Highway 65.

3. The City completed the 53rd Avenue Trail and Walk Improvements Project in the area of 53rd Avenue from Main Street to the West Target Entrance.

4. The City completed the West Moore Lake Drive Mill and Overlay Project in the area of West Moore Lake Drive from 61st Avenue to Highway 65 West Service Drive.

5. The City completed construction on three parks, Ed Wilmes, Creek View and Skyline. It neared completion on a very large project at Moore Lake Park. These were all funded through the City's Park System Improvement Plan (PSIP).

6. The City allocated approximately $435,000 of American Rescue Plan Act (ARPA) funds to cover the costs of Water System Upgrades with Street Projects and Water Treatment Plan Security in 2023.

7. It was a strong year for development as the value for all building permits was approximately $73.5 million.

Moving into 2024, 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 2024 Budget reflects these goals while also responding to various cost pressures and guidance from the City Council.

The City plans on allocating remaining ARPA funds to various utility infrastructure projects in 2024, including Recondition Water System Pumps for $200,000, Water Treatment Plant Security for $210,000, Water Distribution System Reconstruction for $314,500 and Sanitary Sewer Lining for $1,100,000.

In 2024, construction and development have begun strong. As of March 31, 2024, the value of new construction totaled approximately $4.6 million. The City has several large projects anticipated for 2024, including, but not limited to the following:

1. A major re-development project is underway as Roers Companies previously requested the approval of several items to allow for the redevelopment of the Moon Plaza Property. The redevelopment includes construction of a 169-unit affordable multi-family rental housing development.

2. Design works on the 57th Avenue Bridge will be completed in 2024. Simultaneous to the design work, staff will be working with the legislature to secure a State match for our Federal funding request for bridge construction. Acquisition of the right-of-way (3 small properties) to make way for the bridge will be completed.

3. Coordination between the City of Fridley and the Metropolitan Council continues plans for the development of the former Girl Scout Camp for the Metropolitan Council Sanitary Pump Station.

4. Platting efforts and parcel consolidation are underway to prepare the property at the southeast quadrant of Central Avenue and Mississippi Street for development of additional housing. Planning and Housing and Redevelopment Authority staff continue to evaluate housing type and development layout.

5. A multi-modal parklet is being created at University Avenue and 61st Avenue NE.

6. The former Park Construction site has been purchased by a private industrial entity who plans to build a 20,000 to 50,0000 square foot building on the site.

7. A small office condominium building, including eight for sale units, will be constructed on 6th Street (south of Highway 694).

8. The City plans to complete the 2024 Street Rehabilitation Project that includes the Brookview, Norton and Marian Hills neighborhoods.

9. The City plans to start design and/or construction at multiple City parks, including Edgewater, Plymouth Square, Sylvan Hills as part of the approved PSIP. The largest project of the park system improvement plan, Commons, will start design in 2024 with construction planned for 2025.

RELEVANT FINANCIAL POLICIES

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

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

Budgets for the General, Special Revenue and Capital Projects Funds are adopted on an annual basis. Budgetary control is maintained in compliance with the City Charter. The City Charter provides that it is the duty of the City Manager to strictly enforce the provisions of the budget. The management policy of the City is such that the existence of a particular item or appropriation in the approved budget does not mean that it will or must be expended.

Budget adjustments between City departments are made upon the approval of a resolution by the City Council. The City Charter provides that the City Council shall not have power to increase the total amount of the budget, whether by insertion of new items or otherwise, beyond the estimated revenue unless the actual revenue exceeds such revenue estimates, and in that event not beyond such actual revenue.

There is a monthly process to review actual revenues and expenditures. The City Council also adopts a revised budget annually to reflect any material changes consistent with the City Charter.

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

The purpose of the Fund Balance Policy is to establish appropriate fund balance levels for each fund that is primarily supported by property tax revenues or user fees. These policies will ensure that adequate resources are available to meet cash flow needs for carrying out the regular operations of the City. The funds addressed in this policy include the General Fund, Solid Waste Abatement Fund, Springbrook Nature Center Fund, Cable Television Fund, and all Enterprise Funds. In 2023, all the funds addressed by this policy, with the exception of the Springbrook Nature Center, met their fund balance guidelines.

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

Section 7.13 of the City Charter requires an annual audit to be made of the books of account, financial records and transactions of all administrative departments of the City by a certified public accountant or the Office of the State Auditor. The accounting firm of Redpath and Company was engaged by the City to render an opinion on the financial statements of the City. The auditor’s report on the basic financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report.

AWARDS AND ACKNOWLEDGEMENTS

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR for the fiscal year ended December 31, 2022. 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	Joe Starks
City Manager	Finance Director/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, 2022

Christopher P. Morrill

Executive Director/CEO

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CITY OF FRIDLEY, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
December 31, 2023

ELECTED OFFICIALS

		Term of Office Expires December
Mayor	Scott J. Lund	2024
Councilmember At Large	David Ostwald	2024
Councilmember, Ward I	Thomas Tillberry	2026
Councilmember, Ward II	Ryan Evanson	2026
Councilmember, Ward III	Ann R. Bolkcom	2026

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 and City Treasurer	Joseph A. Starks
Director of Public Safety	Ryan N. George
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

City of Fridley

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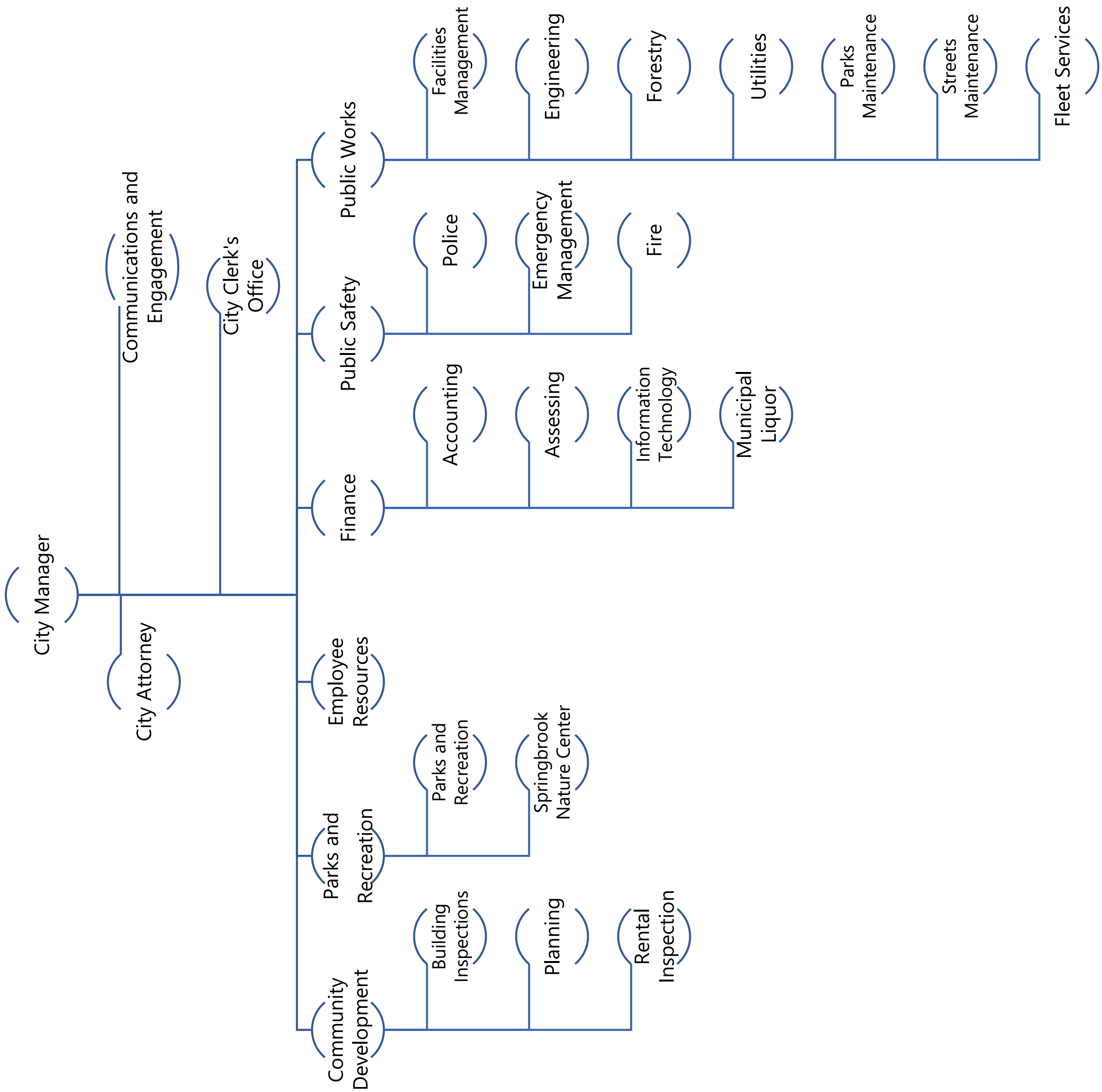
City Manager
City Attorney
Communications and Engagement
City Clerk's Office
Community Development
Building Inspections
Planning
Rental Inspection
Parks and Recreation
Parks and Recreation
Springbrook Nature Center
Employee Resources
Finance
Accounting
Assessing
Information Technology
Municipal Liquor
Public Safety
Police
Emergency Management
Fire
Public Works
Facilities Management
Engineering
Forestry
Utilities
Parks Maintenance
Streets Maintenance
Fleet Services

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II. FINANCIAL SECTION

City of Fridley

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REDPATH AND COMPANY

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2023, and the related notes to the financial statements, which collectively comprise the City of Fridley, Minnesota's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fridley, Minnesota, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Fridley, Minnesota's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Fridley, Minnesota's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and the schedules of OPEB and pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fridley, Minnesota's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2024 on our consideration of the City of Fridley, Minnesota’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Fridley, Minnesota’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Fridley, Minnesota’s internal control over financial reporting and compliance.

Redpath and Company LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

June 3, 2024

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, 2023. The City encourages readers to consider the information presented here in conjunction with additional information that we have furnished in the letter of transmittal, which can be found in the table of contents within this report.

Financial Highlights

The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $93,129,477 (net position). Of this amount, $30,926,670 (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 2023, the City's total net position increased by $13,767,283.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $56,767,858. Of this total amount, $22,072,612, or 39% is restricted through legal restrictions or third–party agreements.

At the end of the current fiscal year, the General Fund balance of $12,885,809 included $258,652 in nonspendable, $1,381,489 in restricted, and $11,245,668 in unassigned fund balance.

The City's total debt decreased by $2,514,729 during the current fiscal year. Total debt outstanding at December 31, 2023 is $82,736,021.

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 useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

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

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

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

The City maintains six individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Debt Service, Street Improvements, Community Investment, Park Improvements, and CARES/ARPA Funds, all of which are considered to be major funds.

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

The City adopts an annual appropriated budget for its General Fund, four Special Revenue funds and five Capital Project Funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

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

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

The basic proprietary fund financial statements can be found on Exhibits A-6 through A-8 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government–wide financial statements because the resources of those funds are not available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found Exhibits A-9 through A-10 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government–wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents within this report.

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

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 $93,129,477 at the close of the most recent fiscal year.

A significant portion of the City's net position ($55,100,718 or 59%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Fridley's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	$68,717,893	$69,234,551	$19,762,921	$16,405,782	$88,480,814	$85,640,333
Capital assets	83,800,824	72,796,652	27,565,510	27,610,263	111,366,334	100,406,915
Total assets	$152,518,717	$142,031,203	$47,328,431	$44,016,045	$199,847,148	$186,047,248
Total deferred outflows of resources	13,048,644	15,346,190	58,577	12,383	13,107,221	15,358,573
Long-term liabilities outstanding	$89,460,839	$105,160,637	$3,004,453	$3,291,661	$92,465,292	$108,452,298
Other liabilities	11,162,047	8,069,363	1,700,905	2,404,943	12,862,952	10,474,306
Total liabilities	$100,622,886	$113,230,000	$4,705,358	$5,696,604	$105,328,244	$118,926,604
Total deferred inflows of resources	14,467,346	3,110,218	29,302	6,805	14,496,648	3,117,023
Net position:						
Net investment in capital assets	$30,920,434	$27,164,052	$24,180,284	$23,290,271	$55,100,718	$50,454,323
Restricted	7,102,089	3,957,778	-	-	7,102,089	3,957,778
Unrestricted	12,454,606	9,915,345	18,472,064	15,034,748	30,926,670	24,950,093
Total net position	$50,477,129	$41,037,175	$42,652,348	$38,325,019	$93,129,477	$79,362,194

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 $12,497,929 at December 31, 2023 due to pension–related amounts included in the above schedule related to the standard are as follows:

Deferred outflows of resources	12,014,264
Deferred inflows of resources	(12,003,039)
Noncurrent liabilities	(12,509,154)
Total	($12,497,929)

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 $30,926,670 in unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

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

Governmental Activities

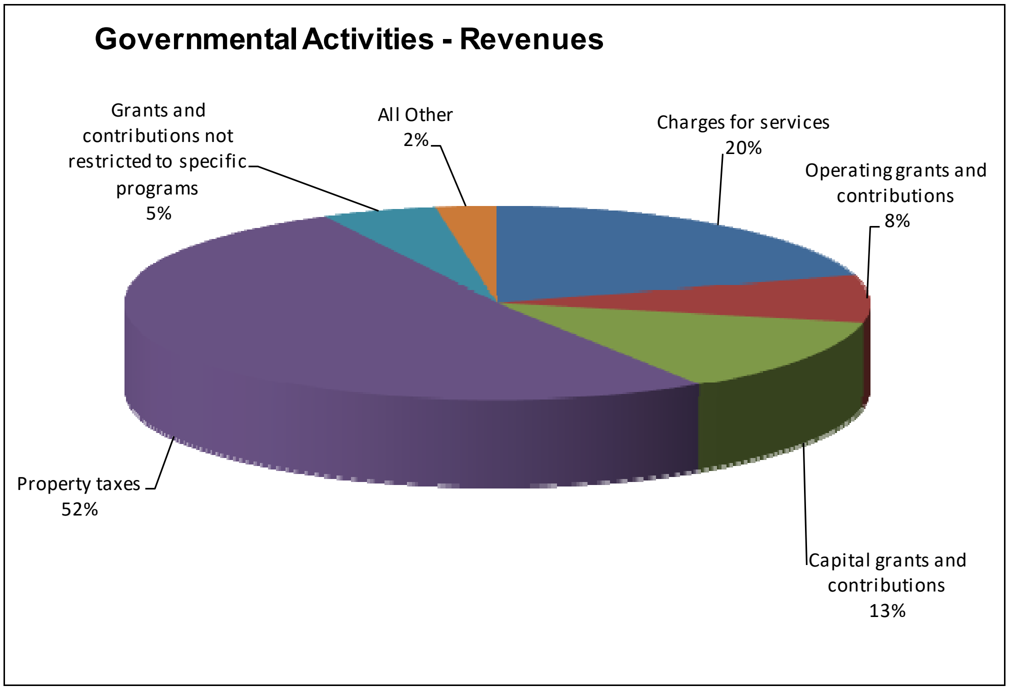
Governmental activities increased the City's net position by $9,439,954. Some of the largest factors contributing to this increase are as follows: Investment earnings increased by $3,443,720 as a result of improved investment rates of return. Capital Grants and Contributions increased $2,608,414. This was largely due to $1,292,504 received as part of a one-time statewide public safety aid disbursement, and an increase in municipal state aid for street projects of $906,186. Property taxes increased $2,069,773 due to an increased levy, primarily for tax abatement bonds issued in 2022 and levied for beginning in 2023. Finally, charges for services increased by $1,921,816. The majority of this is due to reimbursements from other local governments for shared street projects.

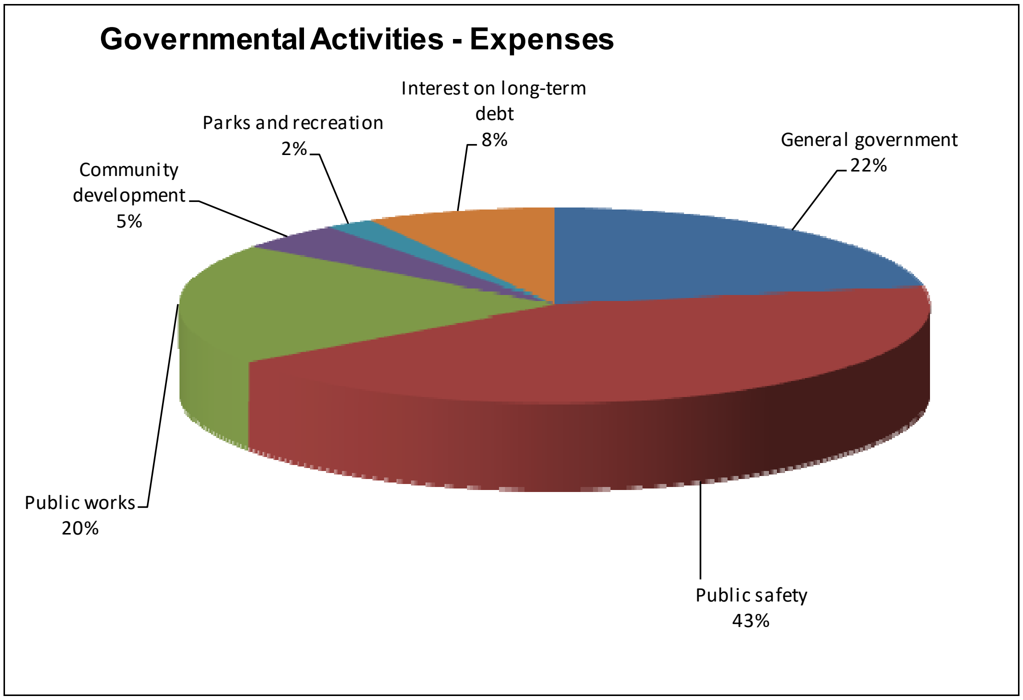
Management's Discussion and Analysis

City of Fridley's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$7,726,692	$5,804,876	$20,649,450	$19,474,103	$28,376,142	$25,278,979
Operating grants and contributions	2,908,752	2,082,891	38,706	84,590	2,947,458	2,167,481
Capital grants and contributions	4,743,465	2,135,051	191,275	466,483	4,934,740	2,601,534
General revenues:						
Property taxes	19,410,491	17,340,718	-	-	19,410,491	17,340,718
Grants and contributions not restricted to specific programs	1,875,934	1,839,727	434,500	794,835	2,310,434	2,634,562
Unrestricted investment earnings	2,866,774	(576,946)	828,946	(387,377)	3,695,720	(964,323)
Gain on sale of property	188,057	48,528	39,551	17,550	227,608	66,078
Other	797,556	259,020	103	295	797,659	259,315
Total revenues	40,517,721	28,933,865	22,182,531	20,450,479	62,700,252	49,384,344
Expenses:						
General government	6,921,931	6,389,864	-	-	6,921,931	6,389,864
Public safety	13,556,667	12,178,884	-	-	13,556,667	12,178,884
Public works	6,244,765	6,186,146	-	-	6,244,765	6,186,146
Community development	1,450,922	1,478,757	-	-	1,450,922	1,478,757
Parks and recreation	661,060	1,854,907	-	-	661,060	1,854,907
Interest on long-term debt	2,580,922	2,795,304	-	-	2,580,922	2,795,304
Liquor	-	-	5,858,397	6,098,010	5,858,397	6,098,010
Water	-	-	3,364,844	3,270,302	3,364,844	3,270,302
Sewer	-	-	6,726,694	6,266,036	6,726,694	6,266,036
Storm water	-	-	1,566,767	1,496,526	1,566,767	1,496,526
Total expenses	31,416,267	30,883,862	17,516,702	17,130,874	48,932,969	48,014,736
Increase (decrease) in net position before transfers	9,101,454	(1,949,997)	4,665,829	3,319,605	13,767,283	1,369,608
Transfers	338,500	338,500	(338,500)	(338,500)	-	-
Increase in net position	9,439,954	(1,611,497)	4,327,329	2,981,105	13,767,283	1,369,608
Net position - January 1, as previously reported	41,037,175	42,648,672	38,325,019	35,293,914	79,362,194	77,942,586
Prior period adjustment	-	-	-	50,000	-	50,000
Net position - January 1, restated	41,037,175	42,648,672	38,325,019	35,343,914	79,362,194	77,992,586
Net position - December 31	$50,477,129	$41,037,175	$42,652,348	$38,325,019	$93,129,477	$79,362,194

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

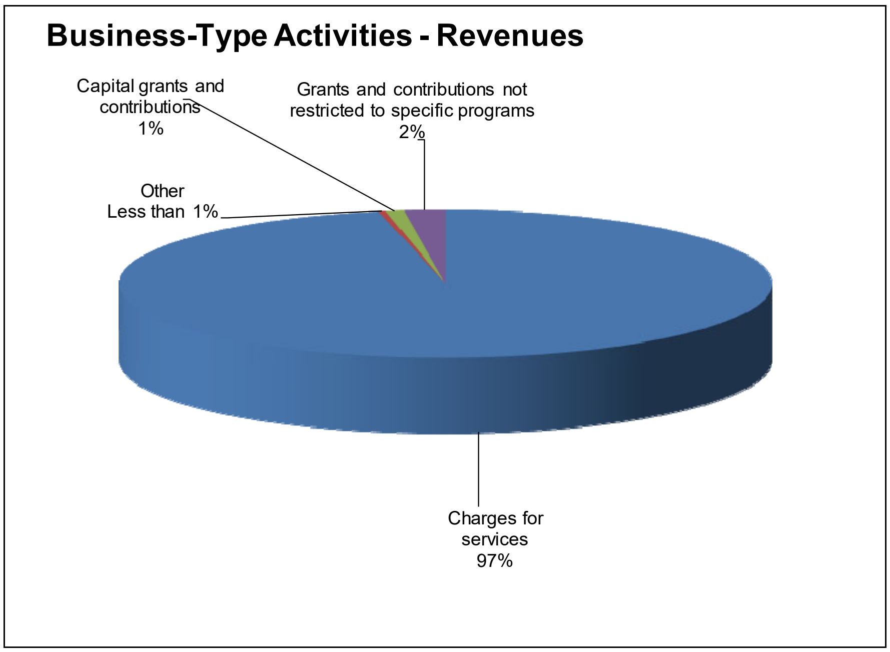


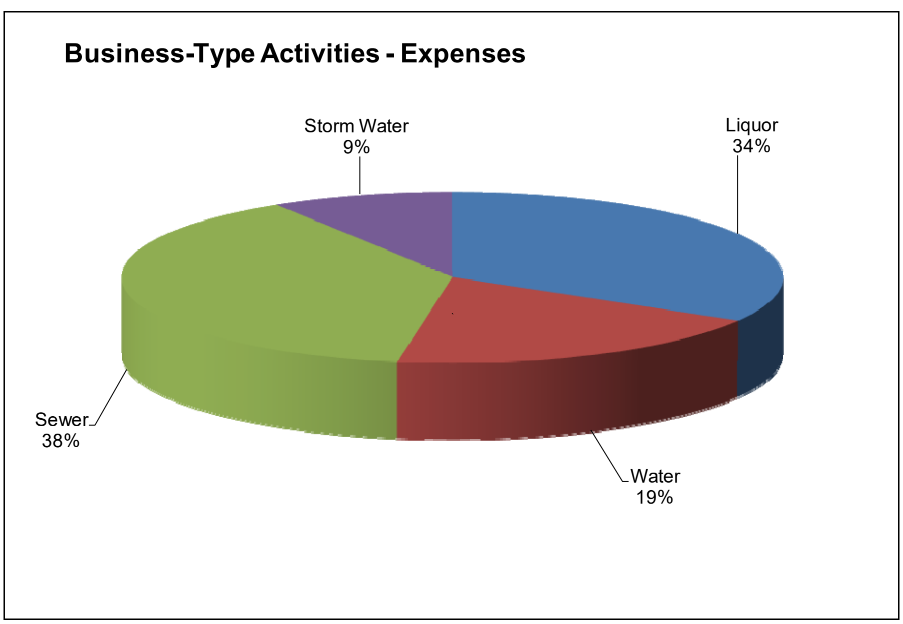


Business–Type Activities

Business-type activities increased net position by $4,327,329. This increase is primarily due to positive cash flow in all four of the City's Enterprise funds, namely increased water usage due to a drier than normal year. In addition, it is also due to federal grants being used for utility infrastructure in the amount of $434,500.

Business–Type 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 $56,767,858.

The General Fund's fund balance increased by $2,037,976 in 2023. This was more than the $0 anticipated fund balance change with the 2023 budget. Intergovernmental revenue was over budget by $1,659,887 largely due to a one-time statewide public safety aid disbursement of $1,292,504. Investment income came in $465,997 over budget due to an increasing rate environment.

The Debt Service Fund balance increased by $1,667,168 in 2023.

The Street Improvements Fund has an assigned fund balance of $2,005,960 and is identified as a major fund. The fund balance decreased by $523,270 in 2023.

The Community Investment Fund has a committed fund balance of $14,197,809 and is identified as a major fund. The fund balance increased $1,115,227. The increase in fund balance is primarily due to a $576,977 gain on investments. The fund also received a one-time payment of $452,110 as a result a conduit debt issuance.

The CARES/ARPA fund has $1,811,552 in unearned revenue at December 31, 2023.

Non–major special revenue funds decreased by $30,327 in 2023.

Non–major capital project funds increased by $362,292 in 2023. This was primarily due to $371,359 increase in public safety expenditures from leasing public safety vehicles and related lease issuance. Additionally, the fund received a transfer in of $250,000 and recognized proceeds from the sale of capital assets.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government–wide financial statements, but in more detail. The unrestricted net position in the respective proprietary funds is: Liquor, $1,966,399; Water, $6,271,785; Sewer, $6,376,419; and Storm Water, $4,036,308. The Liquor, Water, Sewer, and Storm Water funds increased respectively in net position by $122,431, $2,410,641, $999,341, and $878,832.

Budgetary Highlights

General Fund

The original revenue and expenditure budgets were both amended. Three significant adjustments were made. Police insurance premiums were increased in the amount of $82,000. Another substantial budget amendment was for $76,000 for Tools that were able to be purchased towards auto theft prevention and covered by the increase in premiums. Finally, Fire paid on call staff was increased by $65,000 and was offset by an increase in Police security revenue.

Operating expenditures in total were less than the final budgetary estimates by $334,861. Information Technology came in $153,752 under budget largely due to two unfilled positions at the beginning of 2023. Emergency reserves in the amount of $88,300 were not used. Parks and recreation had $86,978 budget authority remaining partially due to a reduced summer staff and having lower than anticipated utility bills.

Total revenues were greater than the final budgetary estimates by $2,053,115. Local grants came in $1,427,613 over budget due primarily to a one-time statewide public safety aid disbursement in the amount of $1,292,504. Investment income came in $465,997 over budget due to an improved interest rate environment.

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, 2023, amounts to $111,366,334 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, improvements other than buildings, machinery and equipment, infrastructure, construction in progress, and right to use leased assets.

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

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	$5,654,704	$5,502,104	$699,047	$699,047	$6,353,751	$6,201,151
Buildings and structures	46,062,576	43,493,731	5,194,941	5,483,565	51,257,517	48,977,296
Improvements other than buildings	5,263,555	3,424,332	-	19,316,182	5,263,555	22,740,514
Machinery and equipment	4,467,525	3,960,468	769,402	744,478	5,236,927	4,704,946
Infrastructure	17,202,482	14,039,539	19,549,941	-	36,752,423	14,039,539
Construction in progress	4,571,540	2,376,478	603,083	581,963	5,174,623	2,958,441
Right to use leased assets	578,442	-	749,096	785,028	1,327,538	785,028
Total Capital Assets	$83,800,824	$72,796,652	$27,565,510	$27,610,263	$111,366,334	$100,406,915

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

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $76,920,000. This is a decrease of $2,785,000 from 2023. $41,780,000 of this is for General Obligation Improvement Debt, which is supported by special assessments and property tax levies. $11,970,000 is General Obligation Tax Increment Debt which is support by tax increments. $20,730,000 is General Obligation Tax Abatement Bonds and $2,440,000 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 $1,278,683 for compensated absences and $3,210,638 of bond issuance premium/discount.

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

City of Fridley's Outstanding Debt

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

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
General Obligation Improvement Bonds	$41,780,000	$43,245,000	$ -	$ -	$41,780,000	$43,245,000
General Obligation Tax Increment Bonds	11,970,000	12,715,000	-	-	11,970,000	12,715,000
General Obligation Tax Abatement Bonds	20,730,000	20,730,000	-	-	20,730,000	20,730,000
General Obligation Revenue Bonds	-	-	2,440,000	3,015,000	2,440,000	3,015,000
Compensated Absences	1,278,683	1,214,923	-	-	1,278,683	1,214,923
Lease Liability	516,400	-	810,300	817,471	1,326,700	817,471
Bond issuance premium/discount	3,125,806	3,416,687	84,832	96,669	3,210,638	3,513,356
Total	$79,400,889	$81,321,610	$3,335,132	$3,929,140	$82,736,021	$85,250,750

The City of Fridley has an Aa2 rating.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of total Estimated Market Value. The current debt limitation for the City is $122,055,999. Only $41,780,000 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

City of Fridley

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CITY OF FRIDLEY, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing & Redevelopment Authority
Assets:				
Cash and investments	$57,221,670	$16,694,047	$73,915,717	$18,620,671
Receivables:				
Accounts	221,414	4,575,051	4,796,465	699,985
Taxes	479,356	-	479,356	45,469
Special assessments	1,548,869	10,684	1,559,553	-
Mortgage	-	-	-	3,548,471
Notes	-	-	-	400,000
Interest	351,397	-	351,397	93,778
Due from component unit	450,709	-	450,709	-
Due from other governments	3,041,688	196,293	3,237,981	-
Internal balances	3,165,063	(3,165,063)	-	-
Prepaid items	207,711	454,153	661,864	-
Inventories - at cost	83,152	997,756	1,080,908	-
Lease receivable	1,946,864	-	1,946,864	-
Land held for resale	-	-	-	743,030
Capital assets (net of accumulated depreciation):				
Land	5,654,704	699,047	6,353,751	1,011,755
Buildings and structures	46,062,576	5,194,941	51,257,517	-
Improvements other than buildings	5,263,555	-	5,263,555	-
Machinery and equipment	4,467,525	769,402	5,236,927	-
Infrastructure	17,202,482	19,549,941	36,752,423	-
Construction in progress	4,571,540	603,083	5,174,623	-
Right-to-use leased assets	578,442	749,096	1,327,538	-
Total assets	152,518,717	47,328,431	199,847,148	25,163,159
Deferred outflows of resources:				
Related to other post employment benefits	1,034,380	58,577	1,092,957	-
Related to pensions	12,014,264	-	12,014,264	-
Total deferred outflows of resources	13,048,644	58,577	13,107,221	-
Liabilities:				
Due to primary government	-	-	-	450,595
Accounts payable	384,617	448,444	833,061	886,743
Deposits payable	107,387	361	107,748	-
Contracts payable	2,337,993	50,094	2,388,087	-
Due to other governments	221,064	599,237	820,301	-
Salaries payable	797,675	101,964	899,639	-
Accrued interest payable	1,178,271	20,672	1,198,943	-
Unearned revenue	1,811,552	43,318	1,854,870	-
Compensated absences payable:				
Due within one year	857,229	-	857,229	-
Due in more than one year	421,454	-	421,454	-
Other post employment benefits payable:				
Due within one year	70,405	-	70,405	-
Due in more than one year	1,803,879	106,136	1,910,015	-
Lease liability:				
Due within one year	115,854	151,815	267,669	-
Due in more than one year	400,546	658,485	1,059,031	-
Bonds payable:				
Due within one year	3,280,000	285,000	3,565,000	-
Due in more than one year	74,325,806	2,239,832	76,565,638	-
Net pension liability:				
Due in more than one year	12,509,154	-	12,509,154	-
Total liabilities	100,622,886	4,705,358	105,328,244	1,337,338
Deferred inflows of resources:				
Related to leases	1,946,864	-	1,946,864	-
Related to other post employment benefits	517,443	29,302	546,745	-
Related to pensions	12,003,039	-	12,003,039	-
Total deferred inflows of resources	14,467,346	29,302	14,496,648	-
Net position:				
Net investment in capital assets	30,920,434	24,180,284	55,100,718	1,011,755
Restricted for:				
Debt service	5,484,171	-	5,484,171	-
Tax increment purposes	-	-	-	7,070,266
Police forfeitures	136,211	-	136,211	-
Public safety	1,292,504	-	1,292,504	-
Cable television equipment	100,218	-	100,218	-
Donations	88,985	-	88,985	-
Unrestricted	12,454,606	18,472,064	30,926,670	15,743,800
Total net position	$50,477,129	$42,652,348	$93,129,477	$23,825,821

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

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2023

		Program Revenues		
Functions/Programs	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$6,921,931	$2,229,748	$186,874	$ -
Public safety	13,556,667	903,757	2,507,212	-
Public works	6,244,765	1,997,663	5,540	4,743,465
Community development	1,450,922	2,247,338	-	-
Parks and recreation	661,060	348,186	209,126	-
Interest on long-term debt	2,580,922	-	-	-
Total governmental activities	31,416,267	7,726,692	2,908,752	4,743,465
Business-type activities:				
Liquor	5,858,397	6,230,594	-	-
Water	3,364,844	4,894,229	725	-
Sewer	6,726,694	7,491,197	-	19,624
Storm water	1,566,767	2,033,430	37,981	171,651
Total business-type activities	17,516,702	20,649,450	38,706	191,275
Total primary government	$48,932,969	$28,376,142	$2,947,458	$4,934,740
Component unit:				
Housing and Redevelopment Authority	$4,545,172	$416,308	$138,232	$ -
Total component unit	$4,545,172	$416,308	$138,232	$ -

General revenues:
Property taxes
Tax increment collections
Grants and contributions not restricted to specific programs
Investment income/(loss)
Gain on sale of property
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.

Exhibit A-2

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			Housing & Redevelopment Authority
Governmental Activities	Business-Type Activities	Total	
($4,505,309)	$ -	($4,505,309)	$ -
(10,145,698)	-	(10,145,698)	-
501,903	-	501,903	-
796,416	-	796,416	-
(103,748)	-	(103,748)	-
(2,580,922)	-	(2,580,922)	-
(16,037,358)	-	(16,037,358)	-
-	372,197	372,197	-
-	1,530,110	1,530,110	-
-	784,127	784,127	-
-	676,295	676,295	-
-	3,362,729	3,362,729	-
(16,037,358)	3,362,729	(12,674,629)	$ -
			($3,990,632)
			(3,990,632)
19,410,491	-	19,410,491	625,607
-	-	-	6,088,745
1,875,934	434,500	2,310,434	-
2,866,774	828,946	3,695,720	753,375
188,057	39,551	227,608	127,970
797,556	103	797,659	-
338,500	(338,500)	-	-
25,477,312	964,600	26,441,912	7,595,697
9,439,954	4,327,329	13,767,283	3,605,065
41,037,175	38,325,019	79,362,194	20,220,756
$50,477,129	$42,652,348	$93,129,477	$23,825,821

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

CITY OF FRIDLEY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	General	Debt Service
Assets:		
Cash and investments	$12,605,448	$5,307,024
Receivables:		
Accounts	89,284	-
Taxes	342,603	123,177
Special assessments	74,222	1,995
Interest	351,397	-
Due from component unit	15,737	-
Due from other governments	233,391	-
Due from other funds	29,133	-
Prepaids	175,500	-
Lease receivable	1,946,864	-
Inventories, at cost	83,152	-
Total assets	$15,946,731	$5,432,196
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	$176,966	$475
Due to other funds	-	-
Deposits payable	93,937	-
Contracts payable	-	-
Due to other governments	7,104	-
Salaries payable	614,246	-
Unearned revenue	-	-
Total liabilities	892,253	475
Deferred inflows of resources:		
Related to leases	1,946,864	-
Unavailable revenue	221,805	51,109
Total deferred inflows of resources	2,168,669	51,109
Fund balance:		
Nonspendable	258,652	-
Restricted	1,381,489	5,433,063
Committed	-	-
Assigned	-	-
Unassigned	11,245,668	(52,451)
Total fund balance	12,885,809	5,380,612
Total liabilities, deferred inflows of resources, and fund balance	$15,946,731	$5,432,196

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

Street Improvements	Community Investment	Park Improvements	CARES/ARPA	Other Governmental Funds	Intra-Activity Eliminations	Totals Governmental Funds
$43,317	$11,226,984	$18,026,181	$1,881,812	$5,546,534	$ -	$54,637,300
-	-	33,192	-	95,058	-	217,534
-	251	133	-	13,225	-	479,389
1,404,982	299	-	-	67,338	-	1,548,836
-	-	-	-	-	-	351,397
-	-	-	-	434,972	-	450,709
2,673,748	-	-	-	134,549	-	3,041,688
-	2,986,216	-	-	-	(29,133)	2,986,216
-	-	-	-	32,211	-	207,711
-	-	-	-	-	-	1,946,864
-	-	-	-	-	-	83,152
$4,122,047	$14,213,750	$18,059,506	$1,881,812	$6,323,887	($29,133)	$65,950,796
$18,437	$15,410	$100,618	$ -	$67,276	$ -	$379,182
-	-	-	-	29,133	(29,133)	-
11,300	-	-	-	2,150	-	107,387
490,492	-	1,847,501	-	-	-	2,337,993
195,428	-	-	-	283	-	202,815
-	-	-	-	35,101	-	649,347
-	-	-	1,811,552	-	-	1,811,552
715,657	15,410	1,948,119	1,811,552	133,943	(29,133)	5,488,276
-	-	-	-	-	-	1,946,864
1,400,430	531	133	-	73,790	-	1,747,798
1,400,430	531	133	-	73,790	-	3,694,662
-	-	-	-	32,211	-	290,863
-	-	15,021,631	-	236,429	-	22,072,612
-	14,197,809	-	70,260	3,687,329	-	17,955,398
2,005,960	-	1,089,623	-	2,160,185	-	5,255,768
-	-	-	-	-	-	11,193,217
2,005,960	14,197,809	16,111,254	70,260	6,116,154	-	56,767,858
$4,122,047	$14,213,750	$18,059,506	$1,881,812	$6,323,887	($29,133)	$65,950,796

Fund balance reported above	$56,767,858
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.	83,800,824
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	1,747,798
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(79,300,477)
Other post employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(1,357,347)
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.	(11,181,527)
Net position of governmental activities	$50,477,129

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2023

	General	Debt Service	Street Improvements
Revenues:			
Taxes	$13,710,273	$5,143,482	$ -
Special assessments	47,216	47	607,867
Licenses and permits	1,131,770	-	-
Intergovernmental revenue	3,967,987	-	4,556,734
Charges for services	2,685,894	-	-
Reimbursements	-	-	-
Fines and forfeits	154,274	-	-
Investment income (loss)	642,097	-	132,947
Contributions and donations	47,200	-	-
Payment from component unit	-	1,135,413	-
Interest on loan	-	-	-
Miscellaneous:			
Other	262,604	-	-
Total revenues	22,649,315	6,278,942	5,297,548
Expenditures:			
Current:			
General government	4,361,518	-	-
Public safety	10,532,022	-	-
Public works	3,859,192	-	55,694
Community development	1,379,785	-	-
Parks and recreation	808,922	-	-
Debt service:			
Principal	-	2,210,000	-
Interest and other charges	-	2,949,429	-
Capital outlay	-	-	5,658,524
Total expenditures	20,941,439	5,159,429	5,714,218
Excess (deficiency) of revenues over (under) expenditures	1,707,876	1,119,513	(416,670)
Other financing sources (uses):			
Proceeds from sale of capital assets	-	-	-
Lease issuance	-	-	-
Transfers in	330,100	547,655	-
Transfers out	-	-	(106,600)
Total other financing sources (uses)	330,100	547,655	(106,600)
Net change in fund balance	2,037,976	1,667,168	(523,270)
Fund balance - January 1	10,847,833	3,713,444	2,529,230
Fund balance - December 31	$12,885,809	$5,380,612	$2,005,960

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

Community Investment	Park Improvements	CARES/ARPA	Other Governmental Funds	Intra-Activity Eliminations	Totals Governmental Funds
$ -	$ -	$ -	$569,795	$ -	$19,423,550
-	-		28,792	-	683,922
-	-	-	221,068	-	1,352,838
-	30,000	-	1,166,294	-	9,721,015
-	-	-	557,799	-	3,243,693
-	-	-	200,034	-	200,034
-	-	-	41,652	-	195,926
576,977	949,471	129,154	282,379	-	2,713,025
-	186,385	-	18,041	-	251,626
-	-	-	-	-	1,135,413
97,181	-	-	-	-	97,181
466,646	35,882	-	29,546	-	794,678
1,140,804	1,201,738	129,154	3,115,400	-	39,812,901
25,577	-	45,102	1,194,519	-	5,626,716
-	-	-	999,621	-	11,531,643
-	-	-	13,358	-	3,928,244
-	-	-	6,360	-	1,386,145
-	53,431	-	741,597	-	1,603,950
-	-	-	75,908	-	2,285,908
-	-	-	22,107	-	2,971,536
-	7,689,586	-	760,330	-	14,108,440
25,577	7,743,017	45,102	3,813,800	-	43,442,582
1,115,227	(6,541,279)	84,052	(698,400)	-	(3,629,681)
-	-	-	188,057	-	188,057
-	-	-	592,308	-	592,308
-	-	-	250,000	(789,255)	338,500
-	(682,655)	-	-	789,255	-
0	(682,655)	-	1,030,365	-	1,118,865
1,115,227	(7,223,934)	84,052	331,965	-	(2,510,816)
13,082,582	23,335,188	(13,792)	5,784,189	-	59,278,674
$14,197,809	$16,111,254	$70,260	$6,116,154	$ -	$56,767,858

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

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Exhibit A-5

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, 2023

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)	($2,510,816)
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.	11,004,172
Deferred revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	343,154
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.	1,984,481
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.	(1,432,456)
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.	(48,314)
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.	99,733
Change in net position of governmental activities (Exhibit A-2)	$9,439,954

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

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2023

	Business-Type Activities - Enterprise Funds	
Assets:	Liquor	Water
Current assets:		
Cash and investments	$1,561,958	$7,639,586
Accounts receivable	-	1,659,453
Special assessments receivable	-	9,994
Due from other governments	-	4,487
Prepaid items	-	253
Inventories - at cost	894,734	103,022
Total current assets	2,456,692	9,416,795
Noncurrent assets:		
Capital assets:		
Land	151,946	147,485
Buildings and structures	528,636	8,369,979
Machinery and equipment	322,452	2,905,452
Infrastructure	-	23,681,933
Construction in process	-	-
Right to use leased asset	919,604	39,813
Total capital assets	1,922,638	35,144,662
Less: Allowance for depreciation and amortization	(856,083)	(21,209,221)
Net capital assets	1,066,555	13,935,441
Total assets	3,523,247	23,352,236
Deferred outflows of resources:		
Related to pensions	-	-
Related to other post employment benefits	13,419	21,037
Total deferred outflows of resources	13,419	21,037
Liabilities:		
Current liabilities:		
Accounts payable	338,153	92,765
Deposits payable	361	-
Accrued interest payable	-	20,672
Contracts payable	-	-
Due to other governments	64,517	215,481
Due to other funds	-	2,756,216
Salaries payable	26,338	32,273
Payroll deductions payable	-	-
Compensated absences payable	-	-
Lease liability - current	131,927	7,144
Bonds payable - current	-	285,000
Unearned revenue	43,318	-
Total current liabilities	604,614	3,409,551
Noncurrent liabilities:		
Other post employment benefits	24,313	38,117
Compensated absences - noncurrent	-	-
Lease liability - noncurrent	578,429	27,948
Bonds payable - noncurrent	-	2,239,832
Net pension liability	-	-
Total noncurrent liabilities	602,742	2,305,897
Total liabilities	1,207,356	5,715,448
Deferred inflows of resources:		
Related to pensions	-	-
Related to other post employment benefits	6,712	10,523
Total deferred outflows of resources	6,712	10,523
Net position:		
Net investment in capital assets	356,199	11,375,517
Unrestricted	1,966,399	6,271,785
Total net position	$2,322,598	$17,647,302

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			Governmental Activities -
Sewer	Storm Water	Total	Internal Service Funds
$4,095,118	$3,397,385	$16,694,047	$2,584,370
2,297,373	618,225	4,575,051	3,880
-	690	10,684	-
18,758	173,048	196,293	-
453,900	-	454,153	-
-	-	997,756	-
6,865,149	4,189,348	22,927,984	2,588,250
22,800	376,816	699,047	-
903,244	-	9,801,859	-
1,172,268	542,164	4,942,336	-
11,540,262	14,512,828	49,735,023	-
25,134	577,949	603,083	-
72,142	-	1,031,559	-
13,735,850	16,009,757	66,812,907	-
(9,490,581)	(7,691,512)	(39,247,397)	-
4,245,269	8,318,245	27,565,510	-
11,110,418	12,507,593	50,493,494	2,588,250
-	-	-	12,014,266
10,231	13,890	58,577	-
10,231	13,890	58,577	12,014,266
7,784	9,742	448,444	5,435
-	-	361	-
-	-	20,672	-
16,022	34,072	50,094	-
319,239	-	599,237	18,249
130,000	100,000	2,986,216	-
18,280	25,073	101,964	-
-	-	-	136,328
-	-	-	857,229
12,744	-	151,815	
-	-	285,000	-
-	-	43,318	-
504,069	168,887	4,687,121	1,017,241
18,539	25,167	106,136	-
-	-	-	433,454
52,108	-	658,485	-
-	-	2,239,832	-
-	-	-	12,509,154
70,647	25,167	3,004,453	12,942,608
574,716	194,054	7,691,574	13,959,849
-	-	-	12,003,040
5,119	6,948	29,302	-
5,119	6,948	29,302	12,003,040
4,164,395	8,284,173	24,180,284	-
6,376,419	4,036,308	18,650,911	(11,360,373)
$10,540,814	$12,320,481	$42,831,195	($11,360,373)
		$42,831,195	
		(178,847)	
		$42,652,348	

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, 2023

	Business-Type Activities - Enterprise Funds	
	Liquor	Water
Sales	$6,230,219	$ -
Cost of sales	(4,443,563)	-
Gross profit	1,786,656	-
Operating revenues:		
Customer billings	-	4,891,077
Charges for services	-	-
Other revenues	375	3,152
Total operating revenues	375	4,894,229
Total gross profit and operating revenues	1,787,031	4,894,229
Operating expenses:		
Personnel services	713,095	907,807
Supplies and other charges:		
Disposal charges	-	-
Other	458,474	1,288,870
Depreciation and amortization	178,782	1,007,899
Total operating expenses	1,350,351	3,204,576
Operating income (loss)	436,680	1,689,653
Nonoperating revenues (expenses):		
Intergovernmental revenue	-	435,225
Investment income (loss)	66,621	408,568
Insurance reimbursement	-	-
Interest and fiscal charges	(42,370)	(131,983)
Gain (loss) on sale of capital assets	-	9,178
Other	-	-
Total nonoperating revenues (expenses)	24,251	720,988
Income (loss) before transfers and capital contributions	460,931	2,410,641
Transfers and capital contributions:		
Transfers out	(338,500)	-
Capital contributions	-	-
Total contributions and transfers	(338,500)	-
Change in net position	122,431	2,410,641
Net position - January 1	2,200,167	15,236,661
Net position - December 31	$2,322,598	$17,647,302

Changes in net position reported above

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

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

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

Exhibit A-7

Business-Type Activities - Enterprise Funds			Governmental Activities -
Sewer	Storm Water	Total	Internal Service Funds
$ -	$ -	$6,230,219	$ -
-	-	(4,443,563)	-
-	-	1,786,656	-
7,491,197	2,033,430	14,415,704	-
-	-	-	1,887,408
-	-	3,527	-
7,491,197	2,033,430	14,419,231	1,887,408
7,491,197	2,033,430	16,205,887	1,887,408
494,746	642,033	2,757,681	3,256,053
5,232,866	-	5,232,866	-
564,987	510,541	2,822,872	340,419
413,983	392,372	1,993,036	-
6,706,582	1,544,946	12,806,455	3,596,472
784,615	488,484	3,399,432	(1,709,064)
-	37,981	473,206	19,860
170,544	183,213	828,946	153,749
-	-	-	19,084
(5,815)	(2,600)	(182,768)	-
30,373	-	39,551	-
-	103	103	-
195,102	218,697	1,159,038	192,693
979,717	707,181	4,558,470	(1,516,371)
-	-	(338,500)	-
19,624	171,651	191,275	-
19,624	171,651	(147,225)	-
999,341	878,832	4,411,245	(1,516,371)
9,541,473	11,441,649	38,419,950	(9,844,002)
$10,540,814	$12,320,481	$42,831,195	($11,360,373)
		$4,411,245	
		(83,916)	
		$4,327,329	

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, 2023

	Business-Type Activities - Enterprise Funds	
	Liquor	Water
Cash flows from operating activities:		
Receipts from customers and users	$6,229,568	$4,865,356
Receipts from interfund services provided	-	-
Payment to suppliers	(4,852,687)	(1,443,740)
Payment to employees	(705,348)	(897,703)
Operating contribution	-	-
Net cash flows from operating activities	671,533	2,523,913
Cash flows from noncapital financing activities:		
Intergovernmental revenue	-	435,225
Transfers out	(338,500)	-
Net cash flows from noncapital financing activities	(338,500)	435,225
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(93,141)	(933,068)
Proceeds from sale of capital assets	-	9,178
Capital grants and contributions	-	-
Principal received on special assessments	-	4,113
Insurance reimbursement	-	-
Principal paid on revenue bonds	-	(586,837)
Principal paid on leases	(107,115)	(4,721)
Repayment on interfund loan	-	(488,149)
Interest and paying agent fees on long-term liabilities	(42,371)	(136,775)
Net cash flows from capital and related financing activities	(242,627)	(2,136,259)
Cash flows from investing activities:		
Investment income (loss)	66,621	408,568
Net increase (decrease) in cash and cash equivalents	157,027	1,231,447
Cash and cash equivalents - January 1	1,404,931	6,408,139
Cash and cash equivalents - December 31	$1,561,958	$7,639,586
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$436,680	$1,689,653
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation and amortization	178,782	1,007,899
Operating contribution	-	-
Changes in assets and liabilities:		
Decrease (increase) in receivables	-	(28,873)
Decrease (increase) in prepaid items	-	(253)
Decrease (increase) in inventories	(4,627)	(20,078)
Decrease (increase) in deferred outflows of resources	(10,379)	(16,593)
Increase (decrease) in payables	67,061	(115,923)
Increase (decrease) in unearned revenue	(1,026)	-
Increase (decrease) in deferred inflows of resources	5,042	8,081
Total adjustments	234,853	834,260
Net cash provided by operating activities	$671,533	$2,523,913

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

Exhibit A-8

-

Business-Type Activities - Enterprise Funds			Governmental Activities -
Sewer	Storm Water	Total	Internal Service Funds
$6,902,037	$1,905,077	$19,902,038	$ -
-	-	-	1,890,235
(5,848,563)	(510,709)	(12,655,699)	(381,987)
(487,101)	(630,011)	(2,720,163)	(1,589,830)
-	103	103	-
566,373	764,460	4,526,279	(81,582)
-	37,981	473,206	19,860
-	-	(338,500)	-
-	37,981	134,706	19,860
(176,619)	(974,407)	(2,177,235)	-
30,373	-	39,551	-
55,837	238,433	294,270	-
-	1,059	5,172	-
-	-	-	19,084
-	-	(586,837)	-
(7,140)	-	(118,976)	
(40,000)	(30,000)	(558,149)	-
(5,815)	(2,600)	(187,561)	-
(143,364)	(767,515)	(3,289,765)	19,084
170,544	183,213	828,946	153,749
593,553	218,139	2,200,166	111,111
3,501,565	3,179,246	14,493,881	2,473,259
$4,095,118	$3,397,385	$16,694,047	$2,584,370
$784,615	$488,484	$3,399,432	($1,709,064)
413,983	392,372	1,993,036	-
-	103	103	-
(589,160)	(128,353)	(746,386)	2,827
(19,563)	-	(19,816)	-
-	-	(24,705)	-
(8,158)	(11,064)	(46,194)	2,916,998
(19,323)	17,523	(50,662)	(12,841,946)
-	-	(1,026)	-
3,979	5,395	22,497	11,549,603
(218,242)	275,976	1,126,847	1,627,482
$566,373	$764,460	$4,526,279	($81,582)

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

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
December 31, 2023

	Total
Assets:	
Cash and investments	$7,464
Accounts receivables	8,110
	$15,574
Liabilities:	
Accounts payable	15,574
Net Position:	
Restricted for economic development	$ -

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

Exhibit A-10

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
For The Year Ended December 31, 2023

	Total
Additions:	
Tax collections from other governments	$136,089
Total additions	136,089
Deductions:	
Payments of tax to other governments	129,285
Administrative fee	6,804
Total deductions	136,089
Net increase in fiduciary net position	-
Net position - beginning	-
Net position - ending	$ -

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

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THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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*.

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

D. Budgets

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

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

E. Legal Compliance - Budgets

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

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. The budget is legally enacted through passage of a resolution.

4. The City Council may authorize transfer of budgeted amounts between departments within any fund.

5. Reported budget amounts are as originally adopted or as amended by Council approved transfers. The City Charter limits appropriations to the total estimated revenues and fund balances. If actual revenues exceed the original estimates, appropriations may be increased by the Council up to the amount of revenue increases.

6. All budget amounts lapse at the end of the year to the extent they have not been expended or encumbered. Encumbrances are reappropriated into the following year's budget.

7. Annual budgets are legally adopted for the General Fund and for the following Special Revenue Funds: Cable TV Fund, Solid Waste Abatement Fund, Police Activity Fund, and Springbrook Nature Fund. Formal budgeting integration is employed as a management control device during the year for each of these funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is achieved through the bond indenture provisions. Budgetary control for other Capital Projects Funds is accomplished through the use of project controls.

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, 2023

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	$465,400	$471,669	$6,269

F. Cash and Investments

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

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

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

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

G. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due from/to other funds." All short-term interfund receivables and payables at December 31, 2023 are planned to be eliminated in the subsequent year. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Uncollectible property taxes and special assessments are not material and therefore have not been reported. Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for other receivables and have not been reported.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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 in full on May 15 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 (including interest) is handled by the County in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

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

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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 the other governmental funds are recorded as expenditures at the time of purchase.

Proprietary Funds

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

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.

L. Lease Receivable

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

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

M. Capital Assets

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

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

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

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

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

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

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

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

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

N. 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.

O. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Issuance costs are immaterial and are expensed in the year of bond issuance.

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

P. 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.

Q. 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.

R. 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.

S. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. They are the pension and OPEB related deferred outflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has pension related deferred inflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position and lease related deferred inflows reported in the government-wide Statements of Net Position and the governmental funds Balance Sheet. The City also has a type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from property taxes and special assessments.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

T. 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.

U. Reconciliation of Government-Wide and Fund Financial Statements

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

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

Bonds payable	$74,480,000
Premium on bonds payable	3,125,806
Lease liability	516,400
Accrued interest payable	1,178,271
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$79,300,477

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

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

Capital outlay	$15,919,127
Depreciation expense	(4,914,955)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$11,004,172

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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

Unavailable revenue - general property taxes:	
At December 31, 2022	214,706
At December 31, 2023	(204,555)
Unavailable revenue - special assessments:	
At December 31, 2022	1,189,938
At December 31, 2023	(1,543,243)
Net adjustments to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	($343,154)

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

Principal repayments	$2,210,000
Amortization of premium on bonds issuance	290,881
Lease repayment	75,908
Lease issuance	(592,308)
Net adjustment to increase (decrease) net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$1,984,481

2. Deposits and Investments

A. Deposits

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

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

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

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State Statutes require that insurance, surety bonds or collateral protect all City deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. As of December 31, 2023, the bank balance of the City's and HRA's deposits were either insured by the Federal Deposit Insurance Corporation (FDIC) or covered by perfected pledged collateral held in the City or HRA's name.

B. Investments

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

As of December 31, 2023 the City's investment balances were as follows:

			Investment Maturities (in Years)		
Investment Type	Rating	Fair Value	Less Than 1	1-5	6-10
Federal Farm Credit Bank	AA+	$1,309,333	$98,440	$1,210,893	$ -
Federal Home Loan Bank	AA+	$4,129,310	2,225,094	1,904,216	-
Federal National Mortgage Association	AA+	$8,543,541	1,018,472	2,015,087	5,509,982
Federal Home Loan Mortgage Corporation	AA+	$6,144,929	61	6,144,868	-
Local government bonds	A+-AAA, Aaa-Aa3	$23,795,919	5,797,501	17,522,983	475,435
International Development Finance Corp	N/R	$827,530	437,422	390,108	-
US Treasury Notes	AA+	$9,589,693	7,718,940	1,870,753	-
US Treasury Bills	AA+	$4,619,765	4,619,765	-	-
Brokered Certificates of Deposits	N/R	$4,523,325	1,317,205	3,206,120	-
Money market	N/R	$8,864,051	8,864,051	-	-
Total		$72,347,396	$32,096,951	$34,265,028	$5,985,417
Total investments		$72,347,396			
Deposits		1,571,185			
Petty cash		4,600			
Total cash and investments		$73,923,181			

As of December 31, 2023 the HRA investment balances were as follows:

			Investment Maturities (in Years)		
Investment Type	Rating	Fair Value	Less Than 1	1-5	6-10
Federal National Mortgage Association	AA+	1,308,120	$ -	$738,376	$569,744
Federal Home Loan Mortgage Corp	AA+	3,208,291	82,811	3,125,480	-
Local Government Bonds	N/R, AA1-AAA	2,411,683	646,925	1,764,758	-
Inter American Development Bank	AAA	121,909	-	121,909	-
US Treasury Notes	AA+	4,516,275	4,516,275	-	-
US Treasury Bills	AA+	742,385	742,385	-	-
Brokered Certificates of Deposits	N/R	2,669,190	486,701	2,182,489	-
Money Market	N/R	3,537,413	3,537,413	-	-
Total		$18,515,266	$10,012,510	$7,933,012	569,744
Total investments		$18,515,266			
Deposits		105,405			
Total cash and investments		$18,620,671			

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable either directly or indirectly. Level 3 investments are valued using inputs that are unobservable.

The City has the following recurring fair value measurements as of December 31, 2023:

	Fair	Fair Value Measurement Using		
Investment Type	Value	Level 1	Level 2	Level 3
Investments at fair value:				
Federal Farm Credit Bank	$1,309,333	$ -	$1,309,333	$ -
Federal Home Loan Bank	4,129,310	-	4,129,310	-
Federal National Mortgage Association	8,543,541	-	8,543,541	-
Federal Home Loan Mortgage Corporation	6,144,929	-	6,144,929	-
Local government bonds	23,795,919	-	23,795,919	-
International Development Finance Corp	827,530	-	827,530	-
US Treasury Notes	9,589,693	9,589,693	-	-
US Treasury Bills	4,619,765	4,619,765	-	-
Brokered Certificates of Deposits	4,523,325	-	4,523,325	-
	$63,483,345	$14,209,458	$49,273,887	$ -
Investments not categorized:				
Money market	8,864,051			
Total	$72,347,396			

The HRA has the following recurring fair value measurements as of December 31, 2023:

	Fair	Fair Value Measurement Using		
Investment Type	Value	Level 1	Level 2	Level 3
Investments at fair value:				
Federal National Mortgage Association	$1,308,120	$ -	$1,308,120	$ -
Federal Home Loan Mortgage Corp	3,208,291	-	3,208,291	-
Local Government Bonds	2,411,683	-	2,411,683	-
Inter American Development Bank	121,909	-	121,909	-
US Treasury Notes	4,516,275	4,516,275	-	-
US Treasury Bills	742,385	742,385	-	-
Brokered Certificates of Deposits	2,669,190	-	2,669,190	-
Total/Subtotal	$14,977,853	$5,258,660	$9,719,193	$ -
Investments not categorized:				
Money market	3,537,413			
Total	$18,515,266			

C. Investment Risks

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

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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

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

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

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

Federal Home Loan Bank	5.71%
Federal National Mortgage Association	11.81%
Federal Home Loan Mortgage Corporation	8.49%
US Treasury Notes	13.26%
US Treasury Bills	6.39%

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

Federal National Mortgage Association	7.07%
Federal Home Loan Mortgage Corp	17.33%
US Treasury Notes	24.39%
First American Treasury Obligation Money Market	19.11%

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

3. Receivables

Significant receivables balances not expected to be collected within one year of December 31, 2023 are as follows:

	Primary Government						
	Major Funds						
	General	Debt Service	Street Improvements	Community Investment	Park Improvements	Nonmajor Funds	Total
Special assessments receivable	$52,277	$1,427	$1,011,483	$216	$ -	$49,227	$1,114,630
Delinquent property taxes	117,900	38,800	-	200	100	4,400	161,400
Lease Receivable	1,946,864	-	-	-	-	-	1,946,864
	$2,117,041	$40,227	$1,011,483	$416	$100	$53,627	$3,222,894

4. Lease Receivable

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

Tower Leases	Estimated Ending Term **	Estimated Range of Monthly Payments During Lease Term	Annual Adjustment Escalator
Dish Wireless - Commons Tower #1	5/1/2033	$2,000 - $3,103	5% every 5 years
AT&T - Marion Hills	7/1/2025	$3,374 - $3,906	Greater of 5% or CPI-U
AT&T - Public Works Garage	11/30/2028	$3,759 - $5,037	Greater of 5% or CPI-U
T-Mobile - Marion Hills	6/17/2032	$3,039 - $3,705	Greater of 2% or CPI-U up to 5%
T-Mobile - Commons Tower #1	3/28/2030	$2,919 - $3,420	Greater of 2% or CPI-U up to 5%
T-Mobile - TH65 Tower #2	2/22/2035	$2,078 - $3,460	Greater of 4% or CPI-U
T-Mobile - TH65 Tower #2	10/1/2025	$3,382 - $3,915	Greater of 5% or CPI-U
Verizon - Commons Tower #1	6/30/2033	$3,610 - $6,175	Greater of 5% or CPI-U
Verizon - TH65 Tower #2	2/13/2034	$3,610 - $6,484	Greater of 5% or CPI-U

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

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

At December 31, 2023, the City recorded $1,946,864 in leases receivables and deferred inflows of resources for these arrangements.

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

Amortization of lease-related deferred inflows:	
Site leases	$190,348
Interest Revenue	114,851
Total revenue recognized in relation to lease assets	$305,199

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

5. Unavailable Revenues

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

	Property Taxes	Special Assessments	Total
Major funds:			
General	$149,424	$72,381	$221,805
Debt Service	49,134	1,975	51,109
Street Improvements	-	1,400,430	1,400,430
Park Improvements	133	-	133
Community Investment	232	299	531
Nonmajor	5,632	68,158	73,790
Total unavailable revenue	$204,555	$1,543,243	$1,747,798

6. Capital and Right to Use Leased Assets

Capital asset and right to use leased asset activity for the year ended December 31, 2023 was as follows:

Primary Government	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated or amortized:					
Land	$5,502,104	$152,600	$ -	$ -	$5,654,704
Construction in progress	2,376,478	4,232,851	(2,037,789)	-	4,571,540
Total capital assets, not being depreciated	7,878,582	4,385,451	(2,037,789)	0	10,226,244
Capital assets, being depreciated and amortized:					
Buildings and structures	53,656,293	4,679,125	(188,901)		58,146,517
Machinery and equipment	14,161,867	2,154,756			16,316,623
Improvements	5,681,879	4,405,405	(177,960)		9,909,324
Infrastructure	36,302,611	1,665,285	(779,137)	15,347	37,204,106
Right-to-use leased assets	-	666,894	-	-	666,894
Total capital assets, being depreciated	109,802,650	13,571,465	(1,145,998)	15,347	122,243,464
Less accumulated depreciation and amortization for:					
Buildings and structures	10,162,562	2,110,280	(188,901)	-	12,083,941
Machinery and equipment	10,201,399	315,533	-	-	10,516,932
Improvements	2,257,547	1,242,462	(177,960)	-	3,322,049
Infrastructure	22,263,072	1,158,228	(779,137)	15,347	22,657,510
Right-to-use leased assets	-	88,452	-	-	88,452
Total accumulated depreciation	44,884,580	4,914,955	(1,145,998)	15,347	48,668,884
Total capital assets being depreciated and amortized - net	64,918,070	8,656,510	-	-	73,574,580
Governmental activities capital assets - net	$72,796,652	$13,041,961	($2,037,789)	$0	$83,800,824

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Primary Government	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated or amortized:					
Land	$699,047	$ -	$ -	$ -	$699,047
Construction in progress	581,963	167,219	(146,099)	-	603,083
Total capital assets, not being depreciated	1,281,010	167,219	(146,099)	0	1,302,130
Capital assets, being depreciated and amortized:					
Buildings and structures	9,618,145	191,969	(8,255)	-	9,801,859
Machinery and equipment	4,732,826	368,739	(143,882)	(15,347)	4,942,336
Infrastructure	48,499,862	1,254,500	(19,339)	-	49,735,023
Right-to-use leased assets	919,604	111,955	-	-	1,031,559
Total capital assets, being depreciated and amortized	63,770,437	1,927,163	(171,476)	(15,347)	65,510,777
Less accumulated depreciation and amortization for:					
Buildings and structures	4,134,580	480,593	(8,255)	-	4,606,918
Machinery and equipment	3,988,348	219,272	(19,339)	(15,347)	4,172,934
Infrastructure	29,183,680	1,145,284	(143,882)	-	30,185,082
Right-to-use leased assets	134,576	147,887	-	-	282,463
Total accumulated depreciation and amortization	37,441,184	1,993,036	(171,476)	(15,347)	39,247,397
Total capital assets being depreciated and amortized - net	26,329,253	(65,873)	-	-	26,263,380
Business-type activities capital assets - net	$27,610,263	$101,346	($146,099)	$0	$27,565,510

The City has recorded one right-to-use leased asset for building space, and nineteen right-to-use leased assets for vehicle leases. The related leases are discussed in the long-term liabilities footnote disclosure.

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

Governmental activities:	
General government	$948,802
Public safety	1,154,322
Public works, including depreciation of general infrastructure assets	2,482,944
Community development	7,759
Parks and recreation	321,128
Total - governmental activities	$4,914,955
Business-type activities:	
Liquor	$178,782
Water	1,007,899
Sewer	413,983
Storm water	392,372
Total - business-type activities	$1,993,036

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

7. Long-Term Liabilities

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

As of December 31, 2023, the long-term bonded debt of the City consisted of the following:

Governmental Activities:	
$49,130,000 General Obligation Improvement Bonds, Series 2017A due in varying annual installments of $1,060,000 - $2,925,000 through February 1, 2042; interest at 3.00% - 5.00%	$41,780,000
$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%	2,460,000
$20,730,000 General Obligation Tax Abatement bonds, Series 2022A due in varying installments of $965,000 - $1,855,000, beginning February 1, 2024 through February 1, 2038; interest at 4.00% - 5.00%	20,730,000
Unamortized premium	3,125,806
Subtotal governmental activities	77,605,806
Business-Type Activities:	
$5,995,000 General Obligation Water Revenue Bonds of 2016A due in varying annual installments of $275,000 - $575,000 through February 1, 2031; interest at 2.00% - 2.25%	2,440,000
Unamortized premium	84,832
Subtotal business-type activities	2,524,832
Total primary government	$80,130,638

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

The City has entered into an agreement to lease building space. The lease requires 82 monthly lease payments that range from $12,153 - $13,975. The lease liability is measured at a discount rate of 5.50%, which is the City's incremental borrowing rate. The lease requires the City to pay a portion of the operating costs of the building. As a result of the lease, the City has recorded a right to use asset with a net book value of $650,452 and lease liability of $810,300 on December 31, 2023.

The City has entered into nineteen agreements to lease vehicles with terms up to 60 months. The leases require monthly payments ranging from $205-$1,593. The lease liabilities are measured at discount rates implicit in the lease ranging from 7.31% - 8.28%. As a result of these agreements, the City has recorded right-to-use leased assets with a net book value totaling $677,086 with a lease liability of $616,343 at December 31, 2023.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Total expense related to the leased asset for the year ended December 31, 2023 is as follows:

Amortization expense on building space	$236,339
Variable lease expense	96,508
Interest on lease liabilities	69,111
Total expense recognized in relation to leased assets	$401,958

The future minimum lease obligation and the net present value of the minimum lease payments as of December 31, 2023 was as follows:

Business-Type Activities

Year Ending December 31,	Principal	Interest	Total
2024	$151,814	$42,611	$194,425
2025	160,801	33,624	194,425
2026	170,326	24,099	194,425
2027	180,425	14,000	194,425
2028	146,934	18,005	164,939
Total	$810,300	$132,339	$942,639

Governmental Activities

Year Ending December 31,	Principal	Interest	Total
2024	$115,854	$35,777	$151,631
2025	125,040	28,335	153,375
2026	115,155	20,474	135,629
2027	108,241	12,169	120,410
2028	52,110	3,459	55,569
Total	$516,400	$100,214	$616,614

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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

	Primary Government							
	Governmental Activities						Business-Type Activities	
Year Ending	G.O. Improvement		G.O. Tax Increment		G.O. Tax Abatement		Revenue Bonds	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$1,535,000	$1,451,238	$780,000	$352,288	$965,000	$942,325	$285,000	$46,763
2025	1,615,000	1,372,488	820,000	312,288	1,015,000	892,825	290,000	41,012
2026	1,695,000	1,289,738	860,000	270,288	1,065,000	840,825	295,000	35,163
2027	1,780,000	1,211,763	930,000	225,538	1,120,000	786,200	300,000	29,212
2028	1,850,000	1,139,163	975,000	177,912	1,175,000	728,825	310,000	23,113
2029	1,925,000	1,073,288	1,025,000	143,287	1,230,000	668,700	315,000	16,862
2030	1,985,000	1,014,637	1,045,000	122,587	1,295,000	605,575	320,000	10,512
2031	2,040,000	954,263	1,065,000	101,487	1,360,000	539,200	325,000	3,656
2032	2,105,000	890,771	1,085,000	79,987	1,425,000	469,575	-	-
2033	2,170,000	822,619	1,105,000	58,087	1,500,000	396,450	-	-
2034	2,240,000	750,956	1,130,000	35,737	1,575,000	319,575	-	-
2035	2,315,000	676,937	1,150,000	12,219	1,650,000	247,200	-	-
2036	2,390,000	600,481	-	-	1,715,000	179,900	-	-
2037	2,465,000	520,047	-	-	1,785,000	109,900	-	-
2038	2,550,000	433,825	-	-	1,855,000	37,100	-	-
2039	2,640,000	343,000	-	-	-	-	-	-
2040	2,730,000	249,025	-	-	-	-	-	-
2041	2,825,000	151,812	-	-	-	-	-	-
2042	2,925,000	51,188	-	-	-	-	-	-
Total	$41,780,000	$14,997,239	$11,970,000	$1,891,705	$20,730,000	$7,764,175	$2,440,000	$206,293

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
G.O. improvement bonds	$43,245,000	$ -	($1,465,000)	$41,780,000	$1,535,000
G.O. tax increment bonds	12,715,000	-	(745,000)	11,970,000	780,000
G.O. tax abatement bonds	20,730,000	-	-	20,730,000	965,000
Total bonds payable	76,690,000	-	(2,210,000)	74,480,000	3,280,000
Bond issuance premium/discount	3,416,687	-	(290,881)	3,125,806	-
Lease liability	-	592,308	(75,908)	516,400	115,854
Compensated absences**	1,214,923	63,760	-	1,278,683	857,229
Total governmental activities long-term debt	$81,321,610	$656,068	($2,576,789)	$79,400,889	$4,253,083
Business-type activities:					
Bonds payable:					
G.O. revenue bonds	$3,015,000	$ -	($575,000)	$2,440,000	$285,000
Bond issuance premium/discount	96,669	-	(11,837)	84,832	-
Lease liability	817,471	111,805	(118,976)	810,300	151,815
Total business-type activities long-term debt	$3,929,140	$111,805	($705,813)	$3,335,132	$436,815

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

All long-term bonded indebtedness outstanding at December 31, 2023 is backed by the full faith and credit of the City, including improvement and revenue bond issues. Delinquent assessments receivable at December 31, 2023 totaled $14,296.

Revenues Pledged

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

		Revenue Pledged					Current Year	
Bond Issue	Use of Proceeds	Type	Percent of total debt service	Debt service as a % of net revenues	Term of Pledge	Remaining Principal	Principal and Interest paid	Pledged Revenue received
2022A	Park Improvements	Property Taxes	100%	-	2020-2038	$20,730,000	$1,030,880	-
2020A	Housing Redevelopment	Tax Increment	100%	100.0%	2020-2026	2,460,000	886,625	886,625
2019A	Housing Redevelopment	Tax Increment	100%	100.0%	2020-2035	9,510,000	248,788	248,788
2017A	Building Improvements	Property Taxes	100%	95.06%	2017-2042	41,780,000	2,991,238	3,146,774
2016A Water Revenue Bonds	Infrastructure Improvements	Water Customer Net Revenue	100%	12.88%	2016-2031	2,440,000	630,363	4,894,229

8. Defined Benefit Pension Plans

A. Plan Description

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

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

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

B. Benefits Provided

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

1. GERF Benefits

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

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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

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. GERF Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the GERF for the year ended December 31, 2023, were $625,623 The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2023 and the City was required to contribute 17.70% for Police and Fire plan members. The City's contributions to the PEPFF for the year ended December 31, 2023, were $946,028. The City's contributions were equal to the required contributions as set by state statute.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

D. Pension Costs

1. GERF Pension Costs

At December 31, 2023, the City reported a liability of $5,631,031 for its proportionate share of GERF's net pension liability. The City net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled $155,264.

The net pension liability was measured as of June 30, 2023, 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1007% at the end of the measurement period and 0.0982% for the beginning of the period.

City's proportionate share of the net pension liability	$5,631,031
State of Minnesota's proportionate share of the net pension liability associated with the City	155,264
Total	$5,786,295

For the year ended December 31, 2023, the City recognized pension expense of $973,288 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional $698 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the GERF.

At December 31, 2023, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$184,925	$39,273
Changes in actuarial assumptions	922,449	1,543,417
Difference between projected and actual investment earnings	-	224,014
Changes in proportion	155,464	-
Contributions paid to PERA subsequent to the measurement date	314,869	-
Total	$1,577,707	$1,806,704

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

The $314,869 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense
2024	231,900
2025	(815,924)
2026	162,314
2027	(122,156)
2028	-
Thereafter	-
	($543,866)

2. PEPFF Pension Costs

At December 31, 2023, the City reported a liability of $6,878,123 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2023 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.3983% at the end of the measurement period and 0.4048% for the beginning of the period.

The State of Minnesota also contributed $18 million to PEPFF during the plan fiscal year ended June 30, 2023. 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, 2022. Thereafter, by October 1 of each year, the state will pay $9 million to the PEPFF until full funding is reached or July 1, 2048, whichever is earlier. The $9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled $277,026.

City's proportionate share of the net pension liability	$6,878,123
State of Minneosta's proportionate share of the net pension liability associated with the City	277,026
Total	$7,155,149

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, 2023, the City recognized pension expense of $2,217,196 for its proportionate share of the Police and Fire Plan's pension

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

expense. The City recognized an additional ($16,685) 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 recognized $35,847 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2023, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$1,895,353	$ -
Changes in actuarial assumptions	7,970,444	9,670,575
Difference between projected and actual investment earnings	-	313,571
Changes in proportion	97,008	212,190
Contributions paid to PERA subsequent to the measurement date	473,754	
Total	$10,436,559	$10,196,336

The $473,754 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense
2024	$252,754
2025	39,731
2026	1,645,967
2027	(450,365)
2028	(1,721,618)
Thereafter	-
	($233,531)

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

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

E. Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25% per year
Investment Rate of Return	7.00%

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 7.00% was deemed to be within that range of reasonableness for financial reporting purposes.

Benefit increases after retirement are assumed to be 1.25% for the GERF and 1.00% for the PEPFF.

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

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

Actuarial assumptions for GERF are reviewed every four years. The most recent four-year experience study for GERF was completed in 2022. The assumption changes were adopted by the Board and become effective with the July 1, 2023 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 2023:

General Employees Fund
Changes in Actuarial Assumptions:
- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

Changes in Plan Provisions:
- An additional one-time direct state aid contribution of $170.1 million was contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Fund
Changes in Actuarial Assumptions:
- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.40% to 7.00%.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of $19.4 million was contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.00% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
    - The total and permanent duty disability benefit was increased, effective July 1, 2023.

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

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

F. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.00%. 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 PEPFF were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
Proportionate share of the GERF net pension liability	$9,961,746	$5,631,031	$2,068,853
Proportionate share of the PEPFF net pension liability	$13,647,017	$6,878,123	$1,313,187

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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.

I. Pension Expense

Pension expense recognized by the City for the year ended December 31, 2023 is as follows

GERF	$973,986
PEPFF	2,200,511
Total	$3,174,497

9. Defined Contribution Plan

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

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

Total contributions made by the City during fiscal year 2023 were:

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

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

Plan Description

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

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

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

Contribution Made
The City collected and remitted $228,821 and $199,515 in State Aid to the Association for December 31, 2023 and 2022, respectively. This transaction is recorded as revenue and expenditures in the City's financial statements.

During 2023 and as of December 31, 2023, the Association held no securities issued by the City or other related parties.

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

A. Plan Description

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

B. Benefits Provided

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

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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

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

C. Participants

As of the January 1, 2023 actuarial valuation date, participants of the plan consisted of:

Active employees	150
Inactive employees or beneficiaries currently receiving benefits	6
Total	156

D. Total OPEB Liability and Changes in Total OPEB Liability

The City's total OPEB liability of $1,542,143 was measured as of January 1, 2023 and was determined by an actuarial valuation as of January 1, 2023. Changes in the total OPEB liability during 2023 were:

Balance - beginning of year	$1,542,143
Changes for the year:	
Service cost	37,192
Interest cost	31,042
Changes of benefit terms	
Differences between expected and actual experience	828,651
Changes in assumptions	(403,871)
Benefit payments	(54,737)
Net changes	438,277
Balance - end of year	$1,980,420

There were no plan changes since the measurement date of January 1, 2023.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

E. Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	service graded increases ranging from 3% - 11.755%
Discount rate	4.00%
20-year municipal bond yield	4.00%
Healthcare cost trend rates	6.50% as of January 1, 2023 grading to 5.00% over 6 years and then to 4.00% over the next 48 years
Retirees' share of benefit-related costs	100%

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

Mortality rates were based on the Pub-2010 Public Retirement Plan Headcount – weighted mortality tables (General, Safety) with MP-2020 Generational Improvement Scale.
The actuarial assumptions (retirement withdrawal) used in the January 1, 2023 valuation are similar to those used to value pension liabilities for Minnesota public employees. The state pension plans base their assumptions on periodic experience studies.

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

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate 4.00%:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	$2,197,782	$1,980,420	$1,790,262

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 or 1% higher than the current healthcare cost trend rates of 6.50% grading to 5.00% over 6 years and then to 4.00% over the next 4 years:

	1% Decrease	Healthcare Cost Trend Rates (6.25% decreasing to 5.00%)	1% Increase
Total OPEB liability	$1,782,189	$1,980,420	$2,207,451

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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

For the year ended December 31, 2023, the City recognized $110,339 of OPEB expense. At December 31, 2023, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$854,528	$170,474
Changes in actuarial assumptions	163,887	376,271
Contributions subsequent to the measurement date	74,542	-
Total	$1,092,957	$546,745

$74,542 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, 2024. Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	OPEB Expense
2024	$91,039
2025	91,039
2026	91,040
2027	55,514
2028	36,844
Thereafter	106,194

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

12. Interfund Receivables, Payables and Transfers

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

Interfund receivables and payables of the City are as follows:

	Interfund Receivables	Interfund Payables
Due From/Due To:		
Major Funds:		
General Fund	$29,133	$ -
Community Investment (1) (2)	2,986,216	-
Water (1) (2)	-	2,756,216
Sewer (2)	-	130,000
Storm Water (2)	-	100,000
Nonmajor Fund:		
Police Activity	-	29,133
Total	$3,015,349	$3,015,349

(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 $2,286,216 at December 31, 2023.

(2) Interfund loan from Community Investment Fund to Water, Sewer, and Storm Water Funds to pay off the 2010A revenue bond to save on interest expense. Balance is $700,000 at December 31, 2023.

Interfund receivables and payables of the HRA component unit at December 31, 2023 are as follows:

	Interfund Receivables	Interfund Payables
Due From/Due To:		
Major Funds:		
General Fund	$8,772,506	$ -
Lake Pointe	-	95,303
Gateway Northeast	-	1,872,606
BAE Hazardous Sub District	-	2,390,888
Locke Point Park	-	4,191,974
Nonmajor Governmental Funds:		
Gateway East	-	69,586
Gateway West	-	146,265
Moon Plaza	-	5,884
Total	$8,772,506	$8,772,506

The above balances are not expected to be eliminated within one year of December 31, 2023.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Interfund Transfers:

	Transfer In	Transfer Out
Governmental Funds:		
Major Funds:		
General Fund (3) (4) (5)	$330,100	$ -
Street Improvements (5)	-	106,600
Park Improvements (4) (1)	-	682,655
Debt Service (1)	547,655	-
Nonmajor Governmental Funds:		
Capital Equipment (2)	250,000	-
Total governmental funds	1,127,755	789,255
Proprietary Funds:		
Liquor (2) (3)	-	338,500
Total	$1,127,755	$1,127,755

(1) Transfer of $547,655 to Debt Service Fund from Park improvements for 1st interest payment on PSIP bond.
(2) Transfer from Liquor fund to Capital Equipment ($250,000).
(3) Transfer of $88,500 from Liquor Fund to finance General Fund activities
(4) Transfer of $135,000 from the Park Improvements Fund to the General Fund cover employee time spent on park improvements
(5) Transfer of $106,600 from the Street Improvements Fund to finance General Fund activities.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

13. Fund Balance

A. Fund Balance Classifications

At December 31, 2023, a summary of the governmental fund balance classifications are as follows:

	General	Debt Service	Street Improvements	Community Investment	Park Improvements	CARES/ ARPA	Other Governmental	Total City	Component Unit
Nonspendable:									
Inventory	$83,152	$ -	$ -	$ -	$ -	$ -	$ -	$83,152	$ -
Prepaid items	175,500	-	-	-	-	-	32,211	207,711	-
Mortgage loan receivable	-	-	-	-	-	-	-	-	3,548,471
Total nonspendable	258,652	-	-	-	-	-	32,211	290,863	3,548,471
Restricted for:									
Donations	88,985	-	-	-	-	-	-	88,985	-
Public safety	1,292,504	-	-	-	-	-	-	1,292,504	-
Debt service	-	5,433,063	-	-	-	-	-	5,433,063	-
Tax increment	-	-	-	-	-	-	-	-	6,985,866
Police forfeitures	-	-	-	-	-	-	136,211	136,211	-
Cable television equipment	-	-	-	-	-	-	100,218	100,218	-
Unspent bond proceeds	-	-	-	-	15,021,631	-	-	15,021,631	-
Total restricted	1,381,489	5,433,063	-	-	15,021,631	-	236,429	22,072,612	6,985,866
Committed to:									
ARPA programs	-	-	-	-	-	70,260	-	70,260	-
Cable television programming	-	-	-	-	-	-	955,894	955,894	-
Recycling programs	-	-	-	-	-	-	97,230	97,230	-
Nature Center activities	-	-	-	-	-	-	224,785	224,785	-
Community investment	-	-	-	14,197,809	-	-	-	14,197,809	-
Police activity	-	-	-	-	-	-	8,537	8,537	-
Capital equipment	-	-	-	-	-	-	2,389,142	2,389,142	-
Emergency reserves	-	-	-	-	-	-	11,741	11,741	-
Housing loan program	-	-	-	-	-	-	-	-	947,614
Total committed	-	-	-	14,197,809	-	70,260	3,687,329	17,955,398	947,614
Assigned to:									
Capital improvements	-	-	2,005,960	-	1,089,623	-	2,160,185	5,255,768	-
Unassigned	11,245,668	(52,451)	-	-	-	-	-	11,193,217	10,178,661
Total	$12,885,809	$5,380,612	$2,005,960	$14,197,809	$16,111,254	$70,260	$6,116,154	$56,767,858	$21,660,612

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, 2023, the unassigned fund balance of the General Fund was $11,245,668, compared to its targeted unassigned fund balance of between $7,923,895 and $11,319,850.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

14. Tax Increment Districts

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

Year Established	District	District Name	Tax Capacity Values Current	Tax Capacity Values Original	Tax Capacity Values Captured	Fiscal Disparity Adjustments	Retained By Authority
1985	6	Lake Pointe	$1,117,264	$326,940	$790,324	$ -	$790,324
2000	17	Gateway East	58,122	3,147	54,975	-	54,975
2007	18	Gateway West	62,781	4,430	58,351	-	58,351
2007	19	Main Street	278,896	45,628	233,268	-	233,268
2013	20	TIF 20 HSS 20A	3,246,922	276,688	2,970,234	-	2,970,234
2009	21	Gateway Northeast	800,067	28,419	771,648	-	771,648
2013	22	Northstar Transit Station	2,078,673	515,962	1,562,711	-	1,562,711
2017	23	Locke Point Park	330,247	62,486	267,761	-	267,761
2018	24	Northern Stacks VIII	230,436	115,566	114,870	-	114,870
2020	25	Holly Center	788,672	70,449	718,223	-	718,223
2023	26	Moon Plaza	50,186	46,560	3,626	-	3,626
2017	HR1/V5	Housing Replacement	2,987	208	2,779	-	2,779
1995	HR1/V6	Housing Replacement	6,530	316	6,214	-	6,214
1995	HR1/V9	Housing Replacement	3,096	286	2,810	-	2,810
1995	HR1/W1	Housing Replacement	2,964	357	2,607	-	2,607
1995	HR1/W2	Housing Replacement	2,853	286	2,567	-	2,567
1995	HR1/W6	Housing Replacement	9,392	516	8,876	-	8,876
1995	HR1/W7	Housing Replacement	3,418	170	3,248	-	3,248
1995	HR1/X8	Housing Replacement	6,711	503	6,208	-	6,208
2017	HR1/X9	Housing Replacement	4,233	164	4,069	-	4,069
1995	HR1/Y1	Housing Replacement	3,390	201	3,189	-	3,189
1995	HR1/Y2	Housing Replacement	3,521	181	3,340	-	3,340
2015	HR1/Y4	Housing Replacement	4,010	328	3,682	-	3,682
2017	HR1/Y5	Housing Replacement	3,491	251	3,240	-	3,240
2020	HR1/AA5	Housing Replacement	3,851	295	3,556	-	3,556
2020	HR1/AA7	Housing Replacement	3,762	299	3,463	-	3,463
2021	HR1/BB3	Housing Replacement	4,482	547	3,935	-	3,935
2021	HR1/BB4	Housing Replacement	3,863	350	3,513		3,513
		Totals	$9,114,820	$1,501,533	$7,613,287	$ -	$7,613,287

15. Commitments and Contingencies

A. Risk Managements

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

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

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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, 2023, the Self Insurance Fund has accumulated equity in the amount of $816,034 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, 2023.

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.

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

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

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

TIF District #6, Lake Pointe (Medtronic):

Issued in 2001 in the principal sum of $20,000,000 with an interest rate of 6.75% per annum. Principal and interest shall be paid on August 1, 2001 and each February 1 and August 1 thereafter to and including March 1, 2026. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the HRA. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for public improvements. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on March 1, 2026. The current year abatement (TIF note payments) amounted to $575,922. At December 31, 2023, the principal amount outstanding on the note was $20,000,000.

TIF District #19, Main Street:

Issued in 2008 in the principal sum of $1,500,000 with an interest rate of 7.00% per annum. Principal and interest shall be paid on August 1, 2009 and each February 1 and August 1 thereafter to and including February 1, 2025. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the HRA. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for certain public redevelopment costs. The current year abatement (TIF note payments) amounted to $144,785. At December 31, 2023, the principal amount outstanding on the note was $1,471,848.

TIF District #22, Northstar – Fridley Senior Apartments

Issued in 2021 in the principal sum of $3,204,650 with an interest rate of 5.00% per annum. Principal and interest shall be paid on August 1, 2022, and each February 1 and August 1 thereafter to and including February 1, 2043. Payments are solely from available tax increment derived from developed/redeveloped property and paid to the HRA. The pay-as-you-go note provides for payment to the developer equal to 90% of all increments received in the prior six months. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2043. Current year abatement (TIF note payments) amounted to $251,468. At December 31, 2023, the balance outstanding was $3,147,311.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

TIF District #22, Fridley Market Apartments

Issued in 2021 in the principal sum of $2,845,250 with an interest rate of 5.00% per annum. Principal and interest shall be paid on August 1, 2022, and each February 1 and August 1 thereafter to and including February 1, 2043. Payments are solely from available tax increment derived from developed/redeveloped property and paid to the HRA. The pay-as-you-go note provides for payment to the developer equal to 90% of all increments received in the prior six months. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2043. Current year abatement (TIF note payments) amounted to $222,980. At December 31, 2023, the balance outstanding was $2,750,091.

TIF District #22, Fridley City Apartments

Issued in 2023 in the principal sum of $1,222,750 with an interest rate of 5.00% per annum. Principal and interest shall be paid on August 1, 2023, and each February 1 and August 1 thereafter to and including February 1, 2043. Payments are solely from available tax increment derived from developed/redeveloped property and paid to the HRA. The pay-as-you-go note provides for payment to the developer equal to 90% of all increments received in the prior six months. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2043. Current year abatement (TIF note payments) amounted to $123,168. At December 31, 2023, the balance outstanding was $1,177,873.

TIF District #24, Northern Stacks Phase VIII:

Issued in 2018 in the principal sum of $660,000 with an interest rate of 5.75% per annum. Principal and interest shall be paid on August 1, 2020 and each February 1 and August 1 thereafter to and including February 1, 2042. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the HRA. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for street, utilities, right-of-way, land acquisition, and other public improvements. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2042. Current year abatement (TIF note payments) amounted to $49,874. At December 31, 2023, the principal amount outstanding on the note was $649,970.

TIF District #25, Roers – Holly Center:

Issued in 2023 in the principal sum of $6,489,820 with an interest rate of 4.00% per annum. Principal and interest shall be paid on August 1, 2023 and each February 1 and August 1 thereafter to and including February 1, 2049. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the HRA. The pay-as-you-go note provides for payment to the developer equal to 90% of all tax increment received in the prior six months. The payment reimburses the developer for street, utilities, right-of-way, land acquisition, and other public improvements. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2049. Current year abatement (TIF note payments) amounted to $226,745. At December 31, 2023, the principal amount outstanding on the note was $6,489,820.

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, 2023, there are five series outstanding issued after July 1, 1995 with an aggregate principal amount payable of $69,818,624.

17. Deficit Fund Balances

At December 31, 2023, individual funds with a deficit fund balance are as follows:

Primary government:	
Internal Service Fund:	
Employee Benefits	($12,176,407)
Component unit:	
Gateway Northeast	($1,863,566)
BAE Hazardous Sub District	(2,303,296)
Locke Point Park	(4,188,709)
Lake Pointe	(93,539)
Gateway East	(68,355)
Gateway West	(145,366)
Northern Stacks VIII	(23,492)
Moon Plaza	(5,884)

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, 2023 is $2,829,463. Interest is added quarterly at a rate of 8.25%. Payments on the note receivable are made in an amount equal to 11.11% of tax increment note payments received by Medtronic through 2013, and 22.22% of tax increment note payments receivable from 2013 through 2026.

19. Construction Commitments

At December 31, 2023, the City had construction project contracts in progress. The commitments related to the remaining contract balances amounted to $5,818,085.

THE CITY OF FRIDLEY, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

20. 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. 100 *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62.* The provisions of this Statement are effective for fiscal years beginning after June 15, 2023.

Statement No. 102 *Certain Risk Disclosures.* The provisions of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103 *Financial Reporting Model Improvements* The provisions of this Statement are effective for fiscal years beginning after June 15, 2025.

The effect these standards may have on future financial statements is not determinable at this time.

21. Subsequent Events and Uncertainties

Subsequent events have been evaluated for recognition or disclosure through June 3, 2024, 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, 2023

	2023			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes and special assessments:				
Current ad valorem taxes	$13,844,700	$13,844,700	$13,732,933	($111,767)
Delinquent ad valorem taxes-net of abatements	26,800	26,800	(56,804)	(83,604)
Penalties and interest	12,100	12,100	34,144	22,044
Special assessments	53,300	53,300	47,216	(6,084)
Total taxes and special assessments	13,936,900	13,936,900	13,757,489	(179,411)
Licenses and permits:				
Licenses:				
Rental	164,000	164,000	180,527	16,527
Business	87,900	87,900	63,115	(24,785)
All other	36,600	36,600	40,885	4,285
Permits	833,300	833,300	847,243	13,943
Total licenses and permits	1,121,800	1,121,800	1,131,770	9,970
Intergovernmental revenue:				
Federal grants	165,000	165,000	131,501	(33,499)
State maintenance aid	448,200	448,200	648,725	200,525
Local grants	709,400	713,400	2,141,013	1,427,613
Other state grants	199,600	234,100	297,168	63,068
Police and fire pension	640,400	747,400	749,580	2,180
Total intergovernmental revenue	2,162,600	2,308,100	3,967,987	1,659,887
Charges for services:				
General government	1,358,100	1,358,100	1,390,361	32,261
Public safety	593,700	627,700	650,767	23,067
Public works	396,900	408,200	272,762	(135,438)
Community development	229,600	229,600	210,157	(19,443)
Recreation	153,200	159,200	161,847	2,647
Total charges for services	2,731,500	2,782,800	2,685,894	(96,906)
Fines and forfeits	132,200	136,200	154,274	18,074
Investment income:				
Interest and dividends	176,100	176,100	262,596	86,496
Net change in the fair value of investments	-	-	379,501	379,501
Total investment income	176,100	176,100	642,097	465,997
Miscellaneous revenue:				
Insurance and other reimbursements	30,700	33,700	120,105	86,405
Gambling tax	60,000	60,000	29,697	(30,303)
Donations	9,800	27,800	47,200	19,400
Miscellaneous	12,800	12,800	112,802	100,002
Total miscellaneous revenue	113,300	134,300	309,804	175,504
Total revenues	20,374,400	20,596,200	22,649,315	2,053,115

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, 2023

	2023			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Expenditures:				
General government:				
City management:				
Mayor and council:				
Current:				
Personnel services	$90,400	$90,400	$111,965	($21,565)
Supplies and other charges	78,600	78,600	54,694	23,906
Total mayor and council	169,000	169,000	166,659	2,341
City manager:				
Current:				
Personnel services	371,300	371,300	373,844	(2,544)
Supplies and other charges	19,900	19,900	20,014	(114)
Total city manager	391,200	391,200	393,858	(2,658)
Employee resources:				
Current:				
Personnel services	348,100	348,100	354,777	(6,677)
Supplies and other charges	63,800	63,800	43,924	19,876
Total employee resources	411,900	411,900	398,701	13,199
Legal:				
Current:				
Supplies and other charges	406,600	406,600	432,076	(25,476)
Elections:				
Current:				
Personnel services	-	-	2	(2)
Supplies and other charges	16,300	16,300	17,197	(897)
Total elections	16,300	16,300	17,199	(899)
Communications and engagement				
Current:				
Personnel services	140,700	140,700	140,527	$173
Supplies and other charges	71,300	75,300	61,712	13,588
Total communications and engagement	212,000	216,000	202,239	13,761
City clerk/records:				
Personnel services	235,500	235,500	234,066	1,434
Supplies and other charges	22,600	22,600	25,351	(2,751)
Total city clerk/records	258,100	258,100	259,417	(1,317)
Total city management	1,865,100	1,869,100	1,870,149	(1,049)
Finance:				
Accounting:				
Current:				
Personnel services	685,700	685,700	670,583	15,117
Supplies and other charges	94,200	94,200	92,569	1,631
Total accounting	779,900	779,900	763,152	16,748
Assessing:				
Current:				
Personnel services	288,600	288,600	279,348	9,252
Supplies and other charges	18,000	18,000	12,779	5,221
Total assessing	306,600	306,600	292,127	14,473
Information Technology:				
Current:				
Personnel services	419,400	419,400	275,269	144,131
Supplies and other charges	339,300	339,300	329,679	9,621
Total Information Technology	758,700	758,700	604,948	153,752
Total finance	1,845,200	1,845,200	1,660,227	184,973
Emergency reserves:				
Current:				
Supplies and other charges	88,300	88,300	-	88,300
Nondepartmental:				
Current:				
Supplies and other charges	23,700	23,700	24,527	(827)
Total nondepartmental	23,700	23,700	24,527	(827)

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, 2023

	2023			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Expenditures: (continued)				
General government: (continued)				
Facilities management:				
Current:				
Personnel services	$310,500	$310,500	$303,894	$6,606
Supplies and other charges	426,300	426,300	502,721	(76,421)
Total facilities management	736,800	736,800	806,615	(69,815)
Total general government	4,559,100	4,563,100	4,361,518	201,582
Public safety:				
Police:				
Police protection:				
Current:				
Personnel services	7,477,200	7,517,200	7,593,100	(75,900)
Supplies and other charges	675,700	751,700	800,829	(49,129)
Total police protection	8,152,900	8,268,900	8,393,929	(125,029)
Emergency management:				
Current:				
Supplies and other charges	14,600	14,600	15,311	(711)
Total police	8,167,500	8,283,500	8,409,240	(125,740)
Fire:				
Fire protection:				
Current:				
Personnel services	1,337,600	1,377,600	1,320,425	57,175
Supplies and other charges	472,200	511,200	552,717	(41,517)
Total fire protection	1,809,800	1,888,800	1,873,142	15,658
Rental inspections:				
Current:				
Personnel services	244,800	244,800	242,210	2,590
Supplies and other charges	11,000	11,000	7,430	3,570
Total rental inspections	255,800	255,800	249,640	6,160
Total public safety	10,233,100	10,428,100	10,532,022	(103,922)
Public works:				
Engineering:				
Current:				
Personnel services	380,700	380,700	385,873	(5,173)
Supplies and other charges	120,200	120,200	96,702	23,498
Total engineering	500,900	500,900	482,575	18,325
Lighting:				
Current:				
Personnel services	18,700	18,700	18,260	440
Supplies and other charges	256,500	256,500	189,027	67,473
Total lighting	275,200	275,200	207,287	67,913

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, 2023

	2023			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Expenditures: (continued)				
Park maintenance:				
Current:				
Personnel services	856,300	856,300	827,700	28,600
Supplies and other charges	233,300	237,300	210,553	26,747
Total park maintenance	1,089,600	1,093,600	1,038,253	55,347
Street:				
Current:				
Personnel services	917,500	924,800	952,330	(27,530)
Supplies and other charges	598,700	598,700	617,121	(18,421)
Total street	1,516,200	1,523,500	1,569,451	(45,951)
Fleet services:				
Current:				
Personnel services	427,200	427,200	417,706	9,494
Supplies and other charges	42,900	42,900	67,733	(24,833)
Total garage	470,100	470,100	485,439	(15,339)
Forestry				
Current:				
Supplies and other charges	81,900	87,400	76,187	11,213
Total forestry	81,900	87,400	76,187	11,213
Total public works	3,933,900	3,950,700	3,859,192	91,508
Community development:				
Building inspection:				
Current:				
Personnel services	$358,000	$358,000	$351,690	$6,310
Supplies and other charges	138,100	138,100	116,329	21,771
Total building inspection	496,100	496,100	468,019	28,081
Planning:				
Current:				
Personnel services	737,000	737,000	734,580	2,420
Supplies and other charges	205,400	205,400	177,186	28,214
Total planning	942,400	942,400	911,766	30,634
Total community development	1,438,500	1,438,500	1,379,785	58,715
Parks and recreation				
Current:				
Personnel services	681,800	687,800	647,145	40,655
Supplies and other charges	208,100	208,100	161,777	46,323
Total parks and recreation	889,900	895,900	808,922	86,978
Total expenditures	21,054,500	21,276,300	20,941,439	334,861
Excess (deficiency) of revenues over (under) expenditures	(680,100)	(680,100)	1,707,876	2,387,976
Other financing sources (uses):				
Transfers in	680,100	680,100	330,100	(350,000)
Total other financing sources	680,100	680,100	330,100	(350,000)
Net change in fund balance	$ -	$ -	2,037,976	$2,037,976
Fund balance - January 1			10,847,833	
Fund balance - December 31			$12,885,809	

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

	2023	2022	2021	2020	2019	2018
Total OPEB Liability:						
Service cost	$ 37,191	$ 41,774	$ 40,554	$ 29,976	$ 24,817	$ 30,073
Interest cost	31,042	30,625	46,853	53,743	36,281	14,035
Addition of disabled police officers	-	-	-	-	-	659,344
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	828,651	-	(272,762)	-	345,222	-
Changes in assumptions	(403,871)	-	142,709	149,391	(61,029)	-
Benefit payments	(54,737)	(39,292)	(46,423)	(38,283)	(32,982)	(15,301)
Net change in total OPEB liability	438,276	33,107	(89,069)	194,827	312,309	688,151
Total OPEB liability - beginning	1,542,143	1,509,036	1,598,105	1,403,278	1,090,969	402,818
Total OPEB liability - ending	$ 1,980,419	$ 1,542,143	$ 1,509,036	$ 1,598,105	$ 1,403,278	$ 1,090,969
Covered-employee payroll	$12,650,589	$11,843,778	$11,498,814	$10,759,599	$10,446,213	$10,037,870
Total OPEB liability as a percentage of covered payroll	16.0%	13.0%	13.1%	14.9%	13.4%	10.9%

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

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

Measurement Date June 30	Fiscal Year Ending December 31	City's Proportionate Share (Percentage) of the Net Pension Liability	City's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with City (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.1004%	$5,203,249	$ -	$5,203,249	$5,903,611	88.1%	78.2%
2016	2016	0.1018%	8,265,655	107,922	8,373,577	6,281,307	133.3%	68.9%
2017	2017	0.0979%	6,249,871	78,569	6,328,440	6,269,774	100.9%	75.9%
2018	2018	0.0976%	5,414,448	177,601	5,592,049	6,461,494	86.5%	79.5%
2019	2019	0.0919%	5,080,945	157,993	5,238,938	6,505,506	80.5%	80.2%
2020	2020	0.0946%	5,671,702	174,864	5,846,566	6,747,539	86.6%	79.1%
2021	2021	0.0987%	4,214,932	128,697	4,343,629	7,107,615	61.1%	87.0%
2022	2022	0.0982%	7,777,472	228,060	8,005,532	7,353,484	108.9%	76.7%
2023	2023	0.1007%	5,631,031	155,264	5,786,295	8,009,849	72.2%	83.1%

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

See accompanying notes to the required supplementary information.

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

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2015	$466,069	$466,069	$ -	$6,214,253	7.5%
December 31, 2016	458,639	458,639	-	6,115,187	7.5%
December 31, 2017	479,410	479,410	-	6,392,134	7.5%
December 31, 2018	480,597	480,597	-	6,407,960	7.5%
December 31, 2019	495,872	495,872	-	6,611,626	7.5%
December 31, 2020	525,081	525,081	-	7,001,082	7.5%
December 31, 2021	541,932	541,932	-	7,225,769	7.5%
December 31, 2022	569,464	569,464	-	7,592,844	7.5%
December 31, 2023	625,623	625,623	-	8,341,627	7.5%

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

See accompanying notes to the required supplementary information.

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

Measurement Date June 30	Fiscal Year Ending December 31	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	0.4170%	$4,738,096	$ -	$4,738,096	$3,821,428	124.0%	86.6%
2016	2016	0.4050%	16,253,355	-	16,253,355	3,898,494	416.9%	63.9%
2017	2017	0.3710%	5,008,941	-	5,008,941	3,812,191	131.4%	85.4%
2018	2018	0.4185%	4,460,779	-	4,460,779	4,265,364	104.6%	88.8%
2019	2019	0.4147%	4,414,900	-	4,414,900	4,373,847	100.9%	89.3%
2020	2020	0.4043%	5,329,107	125,537	5,454,644	4,560,658	119.6%	87.2%
2021	2021	0.3895%	3,006,527	135,161	3,141,688	4,603,126	68.3%	93.7%
2022	2022	0.4048%	17,615,297	769,563	18,384,860	4,917,823	373.8%	70.5%
2023	2023	0.3983%	6,878,123	277,026	7,155,149	5,230,355	136.8%	86.5%

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

See accompanying notes to the required supplementary information.

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

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2015	$644,283	$644,283	$ -	$3,977,056	16.20%
December 31, 2016	606,767	606,767	-	3,745,475	16.20%
December 31, 2017	653,014	653,014	-	4,030,951	16.20%
December 31, 2018	700,029	700,029	-	4,321,166	16.20%
December 31, 2019	751,753	751,753	-	4,435,121	16.95%
December 31, 2020	807,829	807,829	-	4,564,003	17.70%
December 31, 2021	839,373	839,373	-	4,742,218	17.70%
December 31, 2022	903,357	903,357	-	5,103,712	17.70%
December 31, 2023	946,028	946,028	-	5,344,791	17.70%

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

See accompanying notes to the required supplementary information.

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2023

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.

2023 Changes
- No benefit changes.
- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.
- The retirement, withdrawal, and salary increase rates for public safety employees were updated to reflect the latest experience study.
- These changes decreased the liability $403,871.

2022 Changes
- No benefit changes.
- No assumptions changes.

2021 Changes
- No benefit changes.
- The discount rate was changed from 2.90% to 2.00%.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale to Pub-2010 Public retirement Plans Headcount – Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.

2020 Changes
- No benefit changes.
- The discount rate was changed from 3.80% to 2.90%.

2019 Changes
- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for Police and Fire Personnel were updated.
- The discount rate was changed from 3.30% to 3.80%.

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2023

C. PENSION INFORMATION

PERA – General Employees Retirement Fund

2023 Changes in Actuarial Assumptions:
- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

2023 Changes in Plan Provisions:
- An additional one-time direct state aid contribution of $170.1 million was contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 Changes
- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 Changes
- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- Base mortality tables were changed from RP-2014 tables to Pub-2010 tables, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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

2019 Changes
Changes in Actuarial Assumptions:
- The mortality projection scale was changed from MP-2017 to MP-2018

Changes in the Plan Provisions

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2023

- The employer supplemental contribution was changed prospectively, decreasing from $31 million to $21 million per year. The State's special funding contribution was changed prospectively, requiring $16 million due per year through 2031.

2018 Changes
Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

2017 Changes
Changes in Actuarial Assumptions:

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

2016 Changes
Changes in Actuarial Assumptions:

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

PERA – Public Employees Police and Fire Fund

2023 Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.40% to 7.00%

2023 Changes in Plan Provisions:

- An additional one-time direct state aid contribution of $19.4 million was contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.00% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2023

2022 Changes
- The single discount rate changed from 6.50% to 5.4%.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 Changes
- The investment return and single discount rates were changed from 7.50% to 6.50% for financial reporting purposes.

- The inflation assumption was changed from 2.50% to 2.25%.

- The payroll growth assumption was changed from 3.25% to 3.00%.

- The base mortality tables for healthy annuitants, disabled annuitants and employees were changed from RP-2014 tables to Pub-2010 Public Safety Mortality tables. The mortality improvement scale was changed from MP-2019 to MN-2020.

- Assumed salary increase and retirement rates were modified as recommended in the July 14, 2020 experience study. The changes result in a decrease in gross salary increase rates, slightly more unreduced retirements and fewer assumed early retirements.

- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.

- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.

- Assumed percent married for active female members was changed from 60% to 70%.

2020 Changes
Changes in Actuarial Assumptions:
- The mortality projection scale was changed from MP-2018 to MP-2019.

2019 Changes
Changes in Actuarial Assumptions:
- The mortality projection scale was changed from MP-2017 to MP-2018

Changes in the Plan Provisions:
- There have been no changes since the prior valuation.

2018 Changes
Changes in Actuarial Assumptions:
- The mortality projection scale was changed from MP-2016 to MP-2017.

2017 Changes
Changes in Actuarial Assumptions:
- The single discount rate was changed from 5.6% to 7.5%.

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 % lower than the previous rates.

- Assumed rates of retirement were changed, resulting in fewer retirements.

CITY OF FRIDLEY, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2023

- The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 perfect for all years to 1.00% per year through 2064 and 2.50% thereafter.

2016 Changes
Changes in Actuarial Assumptions:
- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

City of Fridley

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SPECIAL REVENUE FUNDS

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

CAPITAL PROJECT FUNDS

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

Exhibit C-1

CITY OF FRIDLEY, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2023

	Special Revenue	Capital Project	Total Nonmajor Governmental Funds
Assets			
Cash and investments	$1,398,889	$4,147,645	$5,546,534
Receivables:			
Accounts	95,058	-	95,058
Taxes	12,405	820	13,225
Special assessments	-	67,338	67,338
Due from other governments	129,600	4,949	134,549
Due from component unit	-	434,972	434,972
Prepaids	32,211	-	32,211
Total assets	$1,668,163	$4,655,724	$6,323,887
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts payable	$40,778	$26,498	$67,276
Due to other funds	29,133	-	29,133
Deposits payable	2,150	-	2,150
Due to other governments	283	-	283
Salaries payable	35,101	-	35,101
Total liabilities	107,445	26,498	133,943
Deferred inflows of resources:			
Unavailable revenue	5,632	68,158	73,790
Fund balance:			
Nonspendable	32,211	-	32,211
Restricted	236,429	-	236,429
Committed	1,286,446	2,400,883	3,687,329
Assigned	-	2,160,185	2,160,185
Total fund balance	1,555,086	4,561,068	6,116,154
Total liabilities, deferred inflows of resources, and fund balance	$1,668,163	$4,655,724	$6,323,887

CITY OF FRIDLEY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2023

	Special Revenue	Capital Project	Total Nonmajor Governmental Funds
Revenues:			
Taxes	$495,795	$74,000	$569,795
Special assessments	-	28,792	28,792
Licenses and permits	221,068	-	221,068
Intergovernmental revenue	151,294	1,015,000	1,166,294
Charges for services	555,299	2,500	557,799
Reimbursements	200,034	-	200,034
Fines and forfeits	41,652	-	41,652
Investment income (loss)	78,105	204,274	282,379
Contributions and donations	18,041	-	18,041
Miscellaneous	4,140	25,406	29,546
Total revenues	1,765,428	1,349,972	3,115,400
Expenditures:			
Current:			
General government	819,366	375,153	1,194,519
Public safety	236,871	762,750	999,621
Public works	-	13,358	13,358
Parks and recreation	715,273	26,324	741,597
Community development	-	6,360	6,360
Capital outlay	24,245	736,085	760,330
Debt service:			
Principal	-	75,908	75,908
Interest and other charges	-	22,107	22,107
Total expenditures	1,795,755	2,018,045	3,813,800
Excess (deficiency) of revenues over (under) expenditures	(30,327)	(668,073)	(698,400)
Other financing sources (uses):			
Proceeds from sale of capital assets	-	188,057	188,057
Lease issuance	-	592,308	592,308
Transfers in	-	250,000	250,000
Total other financing sources (uses)	-	1,030,365	1,030,365
Net change in fund balance	(30,327)	362,292	331,965
Fund balance - January 1	1,585,413	4,198,776	5,784,189
Fund balance - December 31	$1,555,086	$4,561,068	$6,116,154

City of Fridley

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NONMAJOR GOVERNMENTAL FUNDS

City of
Fridley

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NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

CITY OF FRIDLEY, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2023

Assets	Cable TV	Solid Waste Abatement	Drug and Gambling Forfeiture	Police Activity	Springbrook Nature Center	Totals Nonmajor Special
Cash and investments	$1,005,163	$17,018	$135,536	$ -	$241,172	$1,398,889
Receivables:						
Accounts	63,676	30,707	675	-	-	95,058
Taxes	-	-	-	-	12,405	12,405
Due from other governments	-	75,971	-	53,629	-	129,600
Prepaids	32,211	-	-	-	-	32,211
Total assets	$1,101,050	$123,696	$136,211	$53,629	$253,577	$1,668,163
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts payable	$5,180	$24,308	$ -	$9,659	$1,631	$40,778
Due to other funds	-	-	-	29,133	-	29,133
Deposits payable	-	-	-	-	2,150	2,150
Due to other governments	-	-	-	-	283	283
Salaries payable	7,547	2,158	-	6,300	19,096	35,101
Total liabilities	12,727	26,466	0	45,092	23,160	107,445
Deferred inflows of resources:						
Unavailable revenue	-	-	-	-	5,632	5,632
Fund balance:						
Nonspendable	32,211	-	-	-	-	32,211
Restricted	100,218	-	136,211	-	-	236,429
Committed	955,894	97,230	-	8,537	224,785	1,286,446
Total fund balance	1,088,323	97,230	136,211	8,537	224,785	1,555,086
Total liabilities, deferred inflows of resources, and fund balance	$1,101,050	$123,696	$136,211	$53,629	$253,577	$1,668,163

CITY OF FRIDLEY, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2023

	Cable TV	Solid Waste Abatement	Drug and Gambling Forfeiture	Police Activity	Springbrook Nature Center	Totals Nonmajor Special Revenue Funds
Revenues:						
Taxes	$ -	$ -	$ -	$ -	$495,795	$495,795
Licenses and permits	221,068	-	-	-	-	221,068
Intergovernmental revenue	-	151,294	-	-	-	151,294
Charges for services	44,214	327,102	-	-	183,983	555,299
Reimbursements	-	-	-	200,034	-	200,034
Fines and forfeits	-	-	41,652	-	-	41,652
Investment income (loss)	67,387	625	-	-	10,093	78,105
Contributions and donations	-	-	-	-	18,041	18,041
Miscellaneous	-	3,109	-	-	1,031	4,140
Total revenues	332,669	482,130	41,652	200,034	708,943	1,765,428
Expenditures:						
Current:						
General government	347,697	471,669	-	-	-	819,366
Public safety	-	-	22,775	214,096	-	236,871
Parks and recreation	-	-	-	-	715,273	715,273
Capital Outlay	24,245	-	-	-	-	24,245
Total expenditures	371,942	471,669	22,775	214,096	715,273	1,795,755
Excess (deficiency) of revenues over (under) expenditures	(39,273)	10,461	18,877	(14,062)	(6,330)	(30,327)
Fund balance - January 1	1,127,596	86,769	117,334	22,599	231,115	1,585,413
Fund balance - December 31	$1,088,323	$97,230	$136,211	$8,537	$224,785	$1,555,086

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NONMAJOR CAPITAL PROJECT FUNDS

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

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

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

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

CITY OF FRIDLEY, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2023

Assets	Special Assessment Construction Capital Projects	Building Improvements	Information System Improvement	Capital Equipment	Totals Nonmajor Capital Project Funds
Cash and investments	$11,741	$1,403,739	$335,052	$2,397,113	$4,147,645
Receivables:					
Taxes	820	-	-	-	820
Special assessments	67,338	-	-	-	67,338
Due from other governments	-	165	-	4,784	4,949
Due from component unit	-	434,972	-	-	434,972
Total assets	$79,899	$1,838,876	$335,052	$2,401,897	$4,655,724
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	$ -	$12,600	$1,143	$12,755	$26,498
Total liabilities	-	12,600	1,143	12,755	26,498
Deferred inflows of resources:					
Unavailable revenue	68,158	-	-	-	68,158
Fund balance:					
Committed	11,741	-	-	2,389,142	2,400,883
Assigned	-	1,826,276	333,909	-	2,160,185
Total fund balance	11,741	1,826,276	333,909	2,389,142	4,561,068
Total liabilities, deferred inflows of resources, and fund balance	$79,899	$1,838,876	$335,052	$2,401,897	$4,655,724

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, 2023

	Special Assessment Construction Capital Projects	Building Improvements	Information System Improvement	Capital Equipment	Totals Nonmajor Capital Project Funds
Revenues:					
Taxes	$ -	$ -	$74,000	$ -	$74,000
Special assessments	28,792	-	-	-	28,792
Intergovernmental revenue	-	-	250,000	765,000	1,015,000
Charges for services	-	-	2,500	-	2,500
Investment income (loss)	-	87,564	16,949	99,761	204,274
Miscellaneous	-	17,961	-	7,445	25,406
Total revenues	28,792	105,525	343,449	872,206	1,349,972
Expenditures:					
Current:					
General government	53,365	33,272	288,052	464	375,153
Public safety	-	-	-	762,750	762,750
Public works	-	-	-	13,358	13,358
Parks and recreation	-	-	-	26,324	26,324
Community development	-	-	-	6,360	6,360
Debt Service:					
Principal	-	-	-	75,908	75,908
Interest and other charges	-	-	-	22,107	22,107
Capital outlay	-	12,600	111,702	611,783	736,085
Total expenditures	53,365	45,872	399,754	1,519,054	2,018,045
Excess (deficiency) of revenues over (under) expenditures	(24,573)	59,653	(56,305)	(646,848)	(668,073)
Other financing sources (uses):					
Proceeds from sale of capital assets	-	-	-	188,057	188,057
Lease issuance	-	-	-	592,308	592,308
Transfers in	-	-	-	250,000	250,000
Total other financing sources (uses)	-	-	-	1,030,365	1,030,365
Net change in fund balance	(24,573)	59,653	(56,305)	383,517	362,292
Fund balance - January 1	36,314	1,766,623	390,214	2,005,625	4,198,776
Fund balance - December 31	$11,741	$1,826,276	$333,909	$2,389,142	$4,561,068

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

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INDIVIDUAL BUDGET TO ACTUAL STATEMENTS
SPECIAL REVENUE FUNDS

Exhibit

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, 2023

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Licenses - franchise fee	$249,900	$249,900	$221,068
Charges for services	78,400	78,400	44,214
Investment income:			
Interest and dividends	21,000	21,000	17,723
Net change in the fair value of investments	-	-	49,664
Total revenues	349,300	349,300	332,669
Expenditures:			
Current:			
General government:			
Personal services	193,300	193,300	191,125
Supplies and other charges	249,100	249,100	156,572
Capital Outlay	-	-	24,245
Total expenditures	442,400	442,400	371,942
Excess (deficiency) of revenues over (under) expenditures	($93,100)	($93,100)	(39,273)
Fund balance - January 1			1,127,596
Fund balance - December 31			$1,088,323

Exhibit D-2

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, 2023

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Intergovernmental revenue:			
State	$126,800	$126,800	$151,294
Charges for services	322,300	327,300	327,102
Investment income:			
Interest and dividends	700	700	294
Net change in the fair value of investments	-	-	331
Miscellaneous	1,500	1,500	3,109
Total revenues	451,300	456,300	482,130
Expenditures:			
Current:			
General government:			
Personal services	64,000	64,000	54,538
Supplies and other charges	396,400	401,400	417,131
Total expenditures	460,400	465,400	471,669
Excess (deficiency) of revenues over (under) expenditures	($9,100)	($9,100)	10,461
Fund balance - January 1			86,769
Fund balance - December 31			$97,230

Exhibit

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, 2023

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Charges for services	$218,800	$218,800	$200,034
Expenditures:			
Public safety:			
Personal services	163,500	163,500	163,574
Supplies and other charges	55,100	55,100	50,522
Total expenditures	218,600	218,600	214,096
Excess (deficiency) of revenues over (under) expenditures	$200	$200	(14,062)
Fund balance - January 1			22,599
Fund balance - December 31			$8,537

Exhibit D-[illegible]

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, 2023

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues:			
Taxes	$498,100	$498,100	$495,795
Charges for service	171,900	171,900	183,983
Investment income:			
Interest and dividends	2,400	2,400	3,093
Net change in the fair value of investments	-	-	7,000
Contributions and donations	21,800	21,800	18,041
Miscellaneous	1,500	1,500	1,031
Total revenues	695,700	695,700	708,943
Expenditures:			
Current:			
Parks, recreation and naturalist			
Personal services	597,400	597,400	585,365
Supplies and other charges	125,800	125,800	129,908
Total expenditures	723,200	723,200	715,273
Excess (deficiency) of revenues over (under) expenditures	($27,500)	($27,500)	(6,330)
Fund balance - January 1			231,115
Fund balance - December 31			$224,785

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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.

Exhibit

CITY OF FRIDLEY, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2023

	Employee Benefits	Self Insurance	Total
Assets:			
Cash and investments	$1,748,532	$835,838	$2,584,370
Accounts receivable	-	3,880	3,880
Total assets	1,748,532	839,718	2,588,250
Deferred outflows of resources:			
Pension related	12,014,266	-	12,014,266
Liabilities:			
Current liabilities:			
Accounts payable	-	5,435	5,435
Due to other governments	-	18,249	18,249
Payroll deductions payable	136,328	-	136,328
Compensated absences payable - current portion	857,229	-	857,229
Total current liabilities	993,557	23,684	1,017,241
Noncurrent liabilities:			
Compensated absences payable - long-term portion	433,454	-	433,454
Net pension liability	12,509,154	-	12,509,154
Total liabilities	13,936,165	23,684	13,959,849
Deferred inflows of resources:			
Pension related	12,003,040	-	12,003,040
Net position:			
Unrestricted	(12,176,407)	816,034	(11,360,373)
Total net position	($12,176,407)	$816,034	($11,360,373)

CITY OF FRIDLEY, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2023

	Employee Benefits	Self Insurance	Total
Operating revenues:			
Charges for services	$1,653,207	$234,201	$1,887,408
Operating expenses:			
Personal services	3,256,053	-	3,256,053
Supplies and other charges	2,659	337,760	340,419
Total operating expenses	3,258,712	337,760	3,596,472
Operating income (loss)	(1,605,505)	(103,559)	(1,709,064)
Nonoperating revenues:			
Investment income (loss)	95,208	58,541	153,749
Intergovernmental	19,860	-	19,860
Insurance reimbursement	-	19,084	19,084
Total nonoperating revenues	115,068	77,625	192,693
Change in net position	(1,490,437)	(25,934)	(1,516,371)
Net position - January 1	(10,685,970)	841,968	(9,844,002)
Net position - December 31	($12,176,407)	$816,034	($11,360,373)

CITY OF FRIDLEY, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2023

	Employee Benefits	Self Insurance	Total
Cash flows from operating activities:			
Receipts from interfund services provided	$1,653,207	$237,028	$1,890,235
Payment to suppliers	(2,659)	(379,328)	(381,987)
Payment to employees	(1,589,830)	-	(1,589,830)
Net cash flows from operating activities	60,718	(142,300)	(81,582)
Cash flows from noncapital financing activities:			
Intergovernmental revenue	19,860	-	19,860
Cash flows from capital and related financing activities:			
Insurance reimbursement	-	19,084	19,084
Cash flows from investing activities:			
Investment income	95,208	58,541	153,749
Net increase (decrease) in cash and cash equivalents	175,786	(64,675)	111,111
Cash and cash equivalents - January 1	1,572,746	900,513	2,473,259
Cash and cash equivalents - December 31	$1,748,532	$835,838	$2,584,370
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	($1,605,505)	($103,559)	($1,709,064)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Changes in assets and liabilities:			
Decrease (increase) in receivables	-	2,827	2,827
Decrease (increase) in deferred outflows of resources	2,916,998	-	2,916,998
Increase (decrease) in payables	(12,800,378)	(41,568)	(12,841,946)
Increase (decrease) in deferred inflows of resources	11,549,603	-	11,549,603
Total adjustments	1,666,223	(38,741)	1,627,482
Net cash provided by operating activities	$60,718	($142,300)	($81,582)

HOUSING AND REDEVELOPMENT AUTHORITY COMPONENT UNIT

CITY OF FRIDLEY, MINNESOTA
BALANCE SHEET - GOVERNMENTAL FUNDS
HOUSING AND REDEVELOPMENT AUTHORITY
December 31, 2023

	General	Housing Loan	Gateway Northeast	BAE Northern Stacks
Assets				
Cash and investments	$10,717,058	$64,599	$9,040	$3,241,983
Receivables:				
Accounts	699,985	-	-	-
Note	400,000	-	-	-
Taxes	16,042	-	-	64
Mortgage:				
Deferred	-	3,548,471	-	-
Interest	93,778	-	-	-
Due from other funds	8,772,506	-	-	-
Land held for resale	659,370	-	-	-
Total assets	$21,358,739	$3,613,070	$9,040	$3,242,047
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	$3,249	$84,568	$ -	$ -
Due to primary government	450,595	-	-	-
Due to other funds	-	-	1,872,606	-
Total liabilities	453,844	84,568	1,872,606	-
Deferred inflows of resources:				
Unavailable revenue	1,066,444	-	-	64
Fund balance (deficit):				
Nonspendable	-	3,548,471	-	-
Restricted	-	-	-	3,241,983
Committed	947,614	-	-	-
Unassigned	18,890,837	(19,969)	(1,863,566)	-
Total fund balance (deficit)	19,838,451	3,528,502	(1,863,566)	3,241,983
Total liabilities, deferred inflows of resources, and fund balance	$21,358,739	$3,613,070	$9,040	$3,242,047

BAE Hazardous Sub District	Locke Point Park	Lake Pointe	Northstar Transit Station	Other Governmental Funds	Intra - Activity Eliminations	Totals Governmental Funds
$87,592	$323	$289,725	$3,231,946	$978,405	$ -	$18,620,671
-	-	-	-	-	-	699,985
-	-	-	-	-	-	400,000
-	2,942	-	21,394	5,027	-	45,469
-	-	-	-	-	-	3,548,471
-	-	-	-	-	-	93,778
-	-	-	-	-	(8,772,506)	-
-	-	-	-	83,660	-	743,030
$87,592	$3,265	$289,725	$3,253,340	$1,067,092	($8,772,506)	$24,151,404
$ -	$ -	$287,961	$298,978	$211,987	$ -	$886,743
-	-	-	-	-	-	450,595
2,390,888	4,191,974	95,303	-	221,735	(8,772,506)	-
2,390,888	4,191,974	383,264	298,978	433,722	(8,772,506)	1,337,338
-	-	-	-	86,946	-	1,153,454
-	-	-	-	-	-	3,548,471
-	-	-	2,954,362	789,521	-	6,985,866
-	-	-	-	-	-	947,614
(2,303,296)	(4,188,709)	(93,539)	-	(243,097)	-	10,178,661
(2,303,296)	(4,188,709)	(93,539)	2,954,362	546,424	-	21,660,612
$87,592	$3,265	$289,725	$3,253,340	$1,067,092	($8,772,506)	$24,151,404

Fund balance reported above	$21,660,612
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds	1,011,755
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue	1,153,454
Net position of governmental activities	$23,825,821

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, 2023

	General	Housing Loan	Gateway Northeast	BAE Northern Stacks
Revenues:				
Tax increment	$ -	$ -	$684,832	$2,133,395
Property taxes	337,477	288,328	-	-
Investment income/(loss)	470,543	26,891	10,641	93,133
Mortgage interest earnings	-	31,721	-	-
Interfund and other loan interest earnings	384,587	-	-	-
Miscellaneous	103,732	34,500	-	-
Total revenues	1,296,339	381,440	695,473	2,226,528
Expenditures:				
Personal services	990	-	-	-
Supplies and other charges	703,436	61,069	1,601	47,110
Developer assistance	-	111,167	-	-
Interest expense	17,961	-	98,452	-
Payments to primary government	-	-	-	1,135,413
Redevelopment expense	643,508	-	-	-
Total expenditures	1,365,895	172,236	100,053	1,182,523
Excess (deficiency of revenues over (under expenditures	(69,556)	209,204	595,420	1,044,005
Other financing sources:				
Sale of real estate	127,970	-	-	-
Transfers in	-	540,855	-	-
Transfers out	-	-	-	(540,855)
Total other financing sources (uses)	127,970	540,855	-	(540,855)
Net change in fund balance	58,414	750,059	595,420	503,150
Fund balance (deficit) - January 1	19,780,037	2,778,443	(2,458,986)	2,738,833
Fund balance (deficit) - December 31	$19,838,451	$3,528,502	($1,863,566)	$3,241,983

BAE Hazardous Sub District	Locke Point Park	Lake Pointe	Northstar Transit Station	Other Governmental Funds	Totals Governmental Funds
$247,074	$275,475	$639,913	$1,402,700	$707,334	$6,090,723
-	-	-	-	-	625,805
4,400	3,985	4,179	104,028	35,575	753,375
-	-	-	-	-	31,721
-	-	-	-	-	384,587
-	-	-	-	-	138,232
251,474	279,460	644,092	1,506,728	742,909	8,024,443
-	-	-	-	-	990
-	3,872	1,540	50,073	25,036	893,737
-	-	575,922	597,616	482,857	1,767,562
86,515	171,813	-	-	15,808	390,549
-	-	-	-	-	1,135,413
-	-	-	-	-	643,508
86,515	175,685	577,462	647,689	523,701	4,831,759
164,959	103,775	66,630	859,039	219,208	3,192,684
-	-	-	-	-	127,970
-	-	-	-	-	540,855
-	-	-	-	-	(540,855)
-	-	-	-	-	127,970
164,959	103,775	66,630	859,039	219,208	3,320,654
(2,468,255)	(4,292,484)	(160,169)	2,095,323	327,216	18,339,958
($2,303,296)	($4,188,709)	($93,539)	$2,954,362	$546,424	$21,660,612

Amounts reported for governmental activities in the statement of activities (Exhibit A-2) are different because:	
Net changes in fund balances - total above	$3,320,654
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	284,411
Changes in net position of governmental activities (Exhibit A-2)	$3,605,065

CITY OF FRIDLEY, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
HOUSING AND REDEVELOPMENT AUTHORITY
December 31, 2023

	Gateway East	Gateway West	Housing Replacement
Assets			
Cash and investments	$1,231	$899	$257,209
Taxes receivable	-	-	3,257
Land held for resale	-	2,610	81,050
Total assets	$1,231	$3,509	$341,516
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Due to other funds	69,586	146,265	-
Total liabilities	69,586	146,265	-
Deferred inflows of resources:			
Unavailable revenue	-	2,610	84,307
Fund balance (deficit):			
Restricted	-	-	257,209
Unassigned	(68,355)	(145,366)	-
Total fund balance (deficit)	(68,355)	(145,366)	257,209
Total liabilities, deferred inflows of resources, and fund balance	$1,231	$3,509	$341,516

McGlynn Bakeries	Satellite Lane Apts.	Main Street	Northern Stacks VIII	Holly Center	Moon Plaza	Total Nonmajor Capital Project Funds
$398	$530,889	$72,974	$1,445	$113,360	$ -	$978,405
-	12	-	-	1,758	-	5,027
-	-	-	-	-	-	83,660
$398	$530,901	$72,974	$1,445	$115,118	$0	$1,067,092
$ -	$510	$72,392	$24,937	$114,148	$ -	$211,987
-	-	-	-	-	5,884	221,735
0	510	72,392	24,937	114,148	5,884	433,722
-	12	-	-	17	-	86,946
398	530,379	582	-	953	-	789,521
-	-	-	(23,492)	-	(5,884)	(243,097)
398	530,379	582	(23,492)	953	(5,884)	546,424
$398	$530,901	$72,974	$1,445	$115,118	$0	$1,067,092

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, 2023

	Gateway East	Gateway West	Housing Replacement
Revenues:			
Tax increment	$56,950	$54,104	$64,710
Investment income/(loss)	2,761	1,361	8,788
Total revenues	59,711	55,465	73,498
Expenditures:			
Supplies and other charges	982	707	320
Developer assistance	-	-	-
Interest expense	6,052	9,530	-
Total expenditures	7,034	10,237	320
Excess (deficiency of revenues over (under expenditures	52,677	45,228	73,178
Fund balance (deficit) - January 1	(121,032)	(190,594)	184,031
Fund balance (deficit) - December 31	($68,355)	($145,366)	$257,209

Exhibit F-4

McGlynn Bakeries	Satellite Lane Apts.	Main Street	Northern Stacks VIII	Holly Center	Moon Plaza	Totals Nonmajor Capital Project Funds
$ -	$61,602	$160,872	$55,416	$253,680	$ -	$707,334
-	22,315	-	-	350	-	35,575
-	83,917	160,872	55,416	254,030	-	742,909
-	921	15,505	464	479	5,658	25,036
60,943	510	144,785	49,874	226,745	-	482,857
-	-	-	-	-	226	15,808
60,943	1,431	160,290	50,338	227,224	5,884	523,701
(60,943)	82,486	582	5,078	26,806	(5,884)	219,208
61,341	447,893	-	(28,570)	(25,853)	-	327,216
$398	$530,379	$582	($23,492)	$953	($5,884)	$546,424

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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, 2023

	Hotel/Motel Tax
Assets:	
Cash and investments	$7,464
Accounts receivables	8,110
Total assets	$15,574
Liabilities:	
Accounts payable	15,574
Net Position:	
Restricted for economic development	$ -

Exhibit C-2

CITY OF FRIDLEY, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
For The Year Ended December 31, 2023

	Hotel/Motel Tax
Additions:	
Tax collections from other government	$136,089
Total additions	136,089
Deductions:	
Payments of tax to other governments	129,285
Administrative fee	6,804
Total deductions	136,089
Net increase (decrease) in Fiduciary net position	-
Net position - beginning	-
Net position - ending	$ -

City of Fridley

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III. STATISTICAL SECTION (UNAUDITED)

City of Fridley

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Statistical Section (Unaudited)

This part of the City of Fridley's annual comprehensive financial report presents detailed statistical information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents | **Tables**

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

	2014	2015	2016	2017
Governmental activities:				
Net investment in capital assets	$14,186,359	$16,811,842	$23,932,586	$31,006,344
Restricted	2,673,982	2,233,179	2,204,983	2,739,575
Unrestricted	25,321,659	16,052,833	13,175,954	8,889,557
Total governmental activities net position	$42,182,000	$35,097,854	$39,313,523	$42,635,476
Business-type activities:				
Net investment in capital assets	$13,053,816	$14,234,711	$13,913,434	$13,897,925
Unrestricted	8,727,382	8,058,181	9,567,290	11,077,566
Total business-type activities net position	$21,781,198	$22,292,892	$23,480,724	$24,975,491
Primary government:				
Net investment in capital assets	$27,240,175	$31,046,553	$37,846,020	$44,904,269
Restricted	2,673,982	2,233,179	2,204,983	2,739,575
Unrestricted	34,049,041	24,111,014	22,743,244	19,967,123
Total primary government net position	$63,963,198	$57,390,746	$62,794,247	$67,610,967

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

2018	2019	2020	2021	2022	2023
$30,070,173	$27,349,945	$31,075,685	$29,987,129	$27,164,052	$30,920,434
2,977,454	3,047,005	3,662,136	2,763,121	3,957,778	7,102,089
11,049,555	15,961,597	5,783,139	9,898,422	9,915,345	12,454,606
$44,097,182	$46,358,547	$40,520,960	$42,648,672	$41,037,175	$50,477,129
$15,068,876	$18,211,710	$21,135,232	$23,043,111	$23,290,271	$24,180,284
12,674,876	11,837,418	11,052,792	12,250,803	15,034,748	18,472,064
$27,743,752	$30,049,128	$32,188,024	$35,293,914	$38,325,019	$42,652,348
$45,139,049	$45,561,655	$52,210,917	$53,030,240	$50,454,323	$55,100,718
2,977,454	3,047,005	3,662,136	2,763,121	3,957,778	7,102,089
23,724,431	27,799,015	16,835,931	22,149,225	24,950,093	30,926,670
$71,840,934	$76,407,675	$72,708,984	$77,942,586	$79,362,194	$93,129,477

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

	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	$4,092,123	$4,156,904	$4,398,370	$4,298,149
Public safety	7,570,322	8,048,655	10,313,163	9,129,111
Public works	5,959,595	5,127,667	4,975,340	5,112,090
Community development	898,455	1,107,348	1,126,835	981,433
Parks and recreation	1,513,135	1,353,320	1,440,232	1,720,811
Interest on long-term debt	179,420	144,064	97,684	2,292,957
Total governmental activities expenses	20,213,050	19,937,958	22,351,624	23,534,551
Business-type activities:				
Liquor	4,596,316	4,914,786	5,043,703	5,110,714
Water	2,902,419	3,101,356	3,076,493	3,531,649
Sanitary sewer	4,988,587	5,040,861	5,068,146	5,340,062
Storm water	597,915	785,626	1,030,467	1,085,780
Total business-type activities expenses	13,085,237	13,842,629	14,218,809	15,068,205
Total primary government expenses	$33,298,287	$33,780,587	$36,570,433	$38,602,756
Program revenues				
Governmental activities:				
Charges for services:				
General government	$2,079,719	$1,905,021	$2,031,207	$2,021,012
Public safety	683,418	619,630	742,523	798,510
Public works	27,312	53,589	32,522	34,681
Community development	798,392	1,194,534	1,108,177	895,125
Parks and recreation	327,508	336,847	333,766	352,245
Operating grants and contributions	1,837,860	1,139,385	1,077,559	1,847,380
Capital grants and contributions	1,220,903	2,370,009	6,296,532	5,333,480
Total governmental activities program revenues	6,975,112	7,619,015	11,622,286	11,282,433
Business-type activities:				
Charges for services:				
Liquor	4,786,987	5,256,840	5,439,423	5,520,161
Water	2,913,717	2,907,123	3,330,350	3,486,965
Sanitary sewer	4,754,492	4,809,679	5,298,995	5,640,419
Storm water	732,961	1,225,153	1,324,460	1,378,095
Operating grants and contributions	-	-	67,551	61,476
Capital grants and contributions	440,627	421,990	186,791	713,655
Total business-type activities program revenues	13,628,784	14,620,785	15,647,570	16,800,771
Total primary government program revenues	$20,603,896	$22,239,800	$27,269,856	$28,083,204

2018	2019	2020	2021	2022	2023
$3,697,097	$5,504,858	$6,003,817	$5,851,445	$6,389,864	$6,921,931
9,274,465	10,035,219	9,946,434	9,816,095	12,178,884	13,556,667
4,699,946	5,677,069	5,304,937	5,698,161	6,186,146	6,244,765
946,173	973,708	16,037,288	1,051,339	1,478,757	1,450,922
1,835,082	1,565,950	1,459,005	1,754,110	1,854,907	661,060
1,685,039	1,795,560	2,012,685	1,881,282	2,795,304	2,580,922
22,137,802	25,552,364	40,764,166	26,052,432	30,883,862	31,416,267
5,544,091	5,698,502	6,115,659	6,552,204	6,098,010	5,858,397
3,047,417	2,811,051	3,192,159	3,086,716	3,270,302	3,364,844
5,347,742	5,722,230	5,911,370	5,776,014	6,266,036	6,726,694
1,071,446	1,208,564	1,243,060	1,288,000	1,496,526	1,566,767
15,010,696	15,440,347	16,462,248	16,702,934	17,130,874	17,516,702
$37,148,498	$40,992,711	$57,226,414	$42,755,366	$48,014,736	$48,932,969
$2,244,912	$2,236,868	$1,490,036	$1,623,061	$2,157,317	$2,229,748
840,976	558,695	2,181,463	2,066,986	791,031	903,757
53,360	31,841	792,658	874,269	553,539	1,997,663
1,206,364	1,502,589	971,674	1,299,234	1,982,209	2,247,338
319,998	317,088	59,289	233,035	320,780	348,186
1,185,939	1,845,628	1,603,520	1,483,495	2,082,891	2,908,752
520,201	1,334,148	6,096,584	1,265,349	2,135,051	4,743,465
6,371,750	7,826,857	13,195,224	8,845,429	10,022,818	15,378,909
6,029,627	6,195,797	6,708,539	7,290,355	6,521,618	6,230,594
3,912,727	3,798,381	4,143,249	4,666,860	4,545,403	4,894,229
6,095,556	6,075,840	5,937,276	6,325,191	6,639,735	7,491,197
1,433,935	1,491,252	1,523,085	1,600,201	1,767,347	2,033,430
-	251,666	118,410	-	84,590	38,706
499,800	-	163,816	275,449	466,483	191,275
17,971,645	17,812,936	18,594,375	20,158,056	20,025,176	20,879,431
$24,343,395	$25,639,793	$31,789,599	$29,003,485	$30,047,994	$36,258,340

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

	2014	2015	2016	2017
Net (expense) revenue:				
Governmental activities	($13,237,938)	($12,318,943)	($10,729,338)	($12,252,118)
Business-type activities	543,547	778,156	1,428,761	1,732,566
Total primary government net (expense) revenue	($12,694,391)	($11,540,787)	($9,300,577)	($10,519,552)
General revenues and other changes in net position				
Governmental activities:				
General property taxes	$11,521,196	$11,795,707	$12,222,937	$13,884,775
Grants not restricted to programs	1,476,664	1,325,388	1,763,614	657,546
Investment income/(loss)	634,411	157,281	254,379	413,165
Gain (loss) on sale of property	-	67,581	11,005	-
Other	93,236	418,640	354,572	280,085
Transfers	250,000	338,600	338,500	338,500
Total governmental activities	13,975,507	14,103,197	14,945,007	15,574,071
Business-type activities:				
Grants not restricted to programs	-	2,413	-	-
Investment earnings	148,248	42,722	95,713	68,805
Gain (loss) on sale of property	-	10,672	-	16,000
Other	12,201	16,331	1,858	15,896
Transfers	(250,000)	(338,600)	(338,500)	(338,500)
Total business-type activities	(89,551)	(266,462)	(240,929)	(237,799)
Total primary government	$13,885,956	$13,836,735	$14,704,078	$15,336,272
Change in net position:				
Governmental activities	$737,569	$1,784,254	$4,215,669	$3,321,953
Business-type activities	453,996	511,694	1,187,832	1,494,767
Total primary government	$1,191,565	$2,295,948	$5,403,501	$4,816,720

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

2018	2019	2020	2021	2022	2023
($15,766,052)	($17,725,507)	($27,568,942)	($17,207,003)	($20,861,044)	($16,037,358)
2,960,949	2,372,589	2,132,127	3,455,122	2,894,302	3,362,729
($12,805,103)	($15,352,918)	($25,436,815)	($13,751,881)	($17,966,742)	($12,674,629)
$14,839,034	$15,387,457	$16,225,057	$16,932,793	$17,340,718	$19,410,491
1,613,020	1,670,719	3,948,112	1,848,065	1,839,727	1,875,934
651,609	811,009	980,709	(180,488)	(576,946)	2,866,774
(335,183)	(249,165)	21,429	129,604	48,528	188,057
120,778	2,028,352	298,544	266,241	259,020	797,556
338,500	338,500	257,504	338,500	338,500	338,500
17,227,758	19,986,872	21,731,355	19,334,715	19,249,547	25,477,312
8,957	8,957	-	-	794,835	434,500
142,716	257,520	262,616	(24,062)	(387,377)	828,946
(7,046)	3,772	-	12,450	17,550	39,551
1,185	1,038	1,657	880	295	103
(338,500)	(338,500)	(257,504)	(338,500)	(338,500)	(338,500)
(192,688)	(67,213)	6,769	(349,232)	86,803	964,600
$17,035,070	$19,919,659	$21,738,124	$18,985,483	$19,336,350	$26,441,912
$1,461,706	$2,261,365	($5,837,587)	$2,127,712	($1,611,497)	$9,439,954
2,768,261	2,305,376	2,138,896	3,105,890	2,981,105	4,327,329
$4,229,967	$4,566,741	($3,698,691)	$5,233,602	$1,369,608	$13,767,283

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

	2014	2015	2016	2017
General Fund:				
Nonspendable	$60,123	$66,265	$51,305	$55,777
Restricted	15,176	19,376	35,903	14,466
Unassigned	8,242,331	8,858,309	9,084,228	9,522,843
Total general fund	$8,317,630	$8,943,950	$9,171,436	$9,593,086
All other governmental funds:				
Nonspendable	$ -	$ -	$ -	$ -
Restricted	2,071,259	1,808,572	1,903,290	34,821,855
Committed	2,566,101	2,709,638	2,549,903	2,658,339
Assigned	11,949,555	11,272,588	10,573,287	8,510,134
Unassigned	(97,712)	(43,153)	(27,574)	(9,453)
Total all other governmental funds	$16,489,203	$15,747,645	$14,998,906	$45,980,875

Table 3

2018	2019	2020	2021	2022	2023
$77,801	$53,334	$65,779	$105,578	$225,418	$258,652
20,335	42,180	24,513	20,849	58,765	1,381,489
11,045,978	10,166,947	13,603,533	10,598,912	10,563,650	11,245,668
$11,144,114	$10,262,461	$13,693,825	$10,725,339	$10,847,833	$12,885,809
$ -	$ -	$ -	$ -	$ -	$32,211
5,009,553	12,775,223	3,566,713	3,720,128	27,174,772	20,691,123
6,765,928	11,165,161	11,550,431	16,180,954	16,523,003	17,955,398
4,567,369	6,177,195	6,362,198	6,811,853	4,799,846	5,255,768
-	-	(567)	(52,012)	(66,780)	(52,451)
$16,342,850	$30,117,579	$21,478,775	$26,660,923	$48,430,841	$43,882,049

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

	2014	2015	2016	2017
Revenues:				
General property taxes	$11,554,557	$11,805,580	$12,244,211	$13,878,204
Special assessments	938,290	542,248	865,722	621,621
Licenses and permits	1,171,365	1,549,785	1,442,895	1,272,753
Intergovernmental	3,208,442	4,375,972	7,330,338	4,227,709
Charges for services	2,518,062	2,374,896	2,592,665	2,560,831
Fines and forfeits	226,922	184,940	212,635	267,989
Earnings on investments	565,245	157,281	254,379	413,165
Interest on loan	-	-	-	-
Other	314,416	429,713	887,678	766,059
Total revenues	$20,497,299	$21,420,415	$25,830,523	$24,008,331
Expenditures:				
Current:				
General government	3,732,056	3,777,688	3,924,877	3,953,025
Public safety	7,165,678	7,319,564	7,537,051	8,001,032
Public works	4,635,752	3,575,252	2,824,319	3,468,102
Community development	894,785	1,081,549	942,768	934,074
Parks and recreation	1,422,405	1,288,684	1,341,444	1,417,611
Debt service:				
Principal	1,150,000	1,190,000	1,230,000	1,730,000
Interest	190,890	152,894	112,421	931,527
Bond issuance costs	3,150	7,462	2,700	715,461
Capital outlay	1,290,008	3,645,425	8,618,369	22,577,062
Total expenditures	20,484,724	22,038,518	26,533,949	43,727,894
Revenues over (under) expenditures	$12,575	($618,103)	($703,426)	($19,719,563)
Other financing sources (uses):				
Bonds/leases issued	-	-	-	49,130,000
Premium/(discount) on bonds issue	-	-	-	1,584,898
Proceeds from sale of capital assets	36,836	93,670	43,673	69,784
Transfers in	8,253,616	1,065,410	2,047,849	1,361,189
Transfers out	(7,462,485)	(726,810)	(1,909,349)	(1,022,689)
Total other financing sources (uses)	827,967	432,270	182,173	51,123,182
Net change in fund balance	$840,542	($185,833)	($521,253)	$31,403,619
Debt service as a percentage of noncapital expenditures	7.0%	7.3%	7.5%	13.0%
Debt service as percentage of total expenditures	6.5%	6.1%	5.1%	6.1%

Table 4

2018	2019	2020	2021	2022	2023
$14,857,454	$15,337,464	$16,133,737	$16,977,698	$17,352,753	$19,423,550
501,045	467,953	819,347	840,389	657,413	683,922
1,538,758	1,501,526	1,559,003	1,526,246	1,092,843	1,352,838
3,035,084	4,446,430	8,111,582	3,888,549	5,038,786	9,718,659
2,863,220	2,958,748	2,795,287	3,230,503	3,039,357	3,246,049
263,632	186,807	169,156	151,219	197,517	195,926
651,609	811,009	898,347	(164,818)	(503,820)	2,713,025
-	-	108,000	98,579	111,276	97,181
374,415	2,178,614	1,232,731	1,392,806	1,801,529	2,381,751
$24,085,217	$27,888,551	$31,827,190	$27,941,171	$28,787,654	$39,812,901
3,659,534	4,677,076	5,177,833	5,023,569	5,295,200	5,626,716
8,317,478	8,831,505	8,924,373	9,761,947	10,327,011	11,531,643
3,316,912	3,535,263	3,222,623	3,451,877	3,636,672	3,928,244
909,481	982,166	15,999,027	1,073,651	1,391,086	1,386,145
1,557,052	1,244,351	1,175,270	1,438,269	1,471,176	1,603,950
1,390,000	1,495,000	1,540,000	2,070,000	2,105,000	2,285,908
1,761,843	1,721,308	1,958,725	2,106,674	2,022,014	2,971,536
2,800	155,218	62,855	-	558,999	-
31,660,699	2,721,649	4,412,516	1,269,626	2,686,883	14,108,440
52,575,799	25,363,536	42,473,222	26,195,613	29,494,041	43,442,582
($28,490,582)	$2,525,015	($10,646,032)	$1,745,558	($706,387)	($3,629,681)
-	9,510,000	4,540,000	-	20,730,000	592,308
-	504,837	619,659	-	1,481,771	-
65,085	14,724	21,429	129,604	48,528	188,057
7,795,728	2,819,740	338,500	338,500	338,500	338,500
(7,457,228)	(2,481,240)	(80,996)	-	-	-
403,585	10,368,061	5,438,592	468,104	22,598,799	1,118,865
($28,086,997)	$12,893,076	($5,207,440)	$2,213,662	$21,892,412	($2,510,816)
15.1%	14.3%	9.2%	16.8%	15.7%	17.9%
6.0%	12.7%	8.2%	15.9%	14.0%	12.1%

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
2014	$7,885,298	$12,520,981	$44,648	$4,362,496
2015	9,538,484	12,771,829	49,868	4,737,031
2016	9,488,686	13,688,867	58,699	4,958,693
2017	10,488,279	15,061,056	59,759	5,564,751
2018	11,639,971	15,097,292	62,282	5,961,619
2019	18,645,518	16,935,599	69,652	1,189,818
2020	20,305,713	18,228,064	52,061	1,200,626
2021	23,149,590	19,713,466	62,485	1,415,212
2022	23,326,147	19,746,828	61,735	1,072,472
2023	23,027,902	22,034,994	62,818	7,306,294

Source: Continuing Disclosure Document

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

Total Tax Capacity	Add: for Area-wide Values and Increment	Less: Fiscal Disparity Contribution	Adjusted Tax Capacity Value	Total Direct Tax Rate	Estimated Market Value [1]	Tax Capacity as a Percent of EMV
$24,813,423	$2,799,171	$4,509,587	$23,103,007	48.577%	$1,948,580,100	107.40%
27,097,212	2,934,045	4,358,570	25,672,687	43.508%	2,146,063,300	105.55%
28,194,945	2,986,838	4,681,350	26,500,433	44.960%	2,207,363,400	106.39%
31,173,845	2,946,266	5,225,764	28,894,347	48.218%	2,416,338,500	107.89%
32,761,164	2,918,699	5,571,692	30,108,171	47.907%	2,557,662,900	108.81%
36,840,587	3,230,754	5,830,355	34,240,986	45.380%	2,854,939,900	107.59%
39,786,464	3,841,599	6,520,022	37,108,041	45.253%	3,073,484,500	107.22%
44,340,753	5,047,146	7,707,520	41,680,379	44.941%	3,427,584,200	106.38%
44,207,182	5,039,430	7,707,747	41,538,865	45.242%	3,425,676,400	106.42%
52,432,008	(641,369)	7,634,706	44,155,933	43.017%	4,068,533,300	118.74%

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
2014	48.577%	28.265%	24.824%	49.552%
2015	43.508%	22.482%	32.562%	48.422%
2016	44.960%	20.885%	29.442%	54.252%
2017	48.218%	18.590%	27.633%	49.408%
2018	47.907%	18.392%	27.900%	51.006%
2019	45.382%	16.330%	33.148%	49.055%
2020	45.253%	16.948%	23.385%	46.213%
2021	44.941%	16.152%	28.771%	44.306%
2022	45.242%	16.319%	24.986%	43.699%
2023	43.017%	13.671%	18.201%	34.656%

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.

Item 9.

Table

School District No. 16(1)	County	Special Districts with Coon Creek	Special Districts with Rice Creek	Total Tax Capacity Rates By School Districts			
				School District No. 11(1)	School District No. 13(2)	School District No. 14(2)	School District No. 16(2)
44.562%	43.239%	9.559%	10.296%	129.640%	126.936%	151.664%	146.674%
40.045%	38.123%	8.591%	9.079%	112.704%	123.272%	139.132%	130.755%
39.609%	38.894%	9.688%	9.622%	114.427%	122.918%	147.728%	133.085%
40.229%	36.841%	6.758%	7.200%	110.407%	119.892%	141.667%	132.488%
39.617%	37.792%	6.892%	7.282%	110.983%	120.881%	143.987%	132.598%
37.632%	34.473%	6.265%	6.699%	102.450%	119.702%	135.609%	124.186%
35.452%	33.440%	6.120%	6.642%	101.761%	108.720%	131.548%	120.787%
33.110%	32.885%	4.354%	4.876%	98.332%	111.473%	127.008%	115.812%
33.380%	29.254%	4.224%	4.582%	95.039%	104.064%	122.777%	112.458%
27.812%	24.176%	5.073%	5.385%	85.937%	90.779%	107.234%	100.390%

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

	2023			2014		
Taxpayer	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Medtronic, Inc.	$2,159,520	1	4.12%	$1,663,360	1	6.70%
Onan Corp (Cummins Power)	845,496	2	1.61%	513,046	3	2.07%
Target Corporation	816,294	3	1.56%	549,794	2	2.22%
BNSF Railroad	741,563	4	1.41%	N/A		N/A
Industrial Equities Group	677,329	5	1.29%	281,190	5	1.13%
Cielo Partners LLC	671,614	6	1.28%	N/A		N/A
University Avenue Associates	547,540	7	1.04%	234,936	7	0.95%
Shamrock Investments	539,916	8	1.03%	276,456	6	1.11%
Georgetown Apartments	481,753	9	0.92%	N/A		N/A
GPT Fridley / BAE	424,538	10	0.81%	210,344	8	0.85%
Hyde Development	-		0.00%	N/A		N/A
Fridley Medical Clinic	-		0.00%	N/A		N/A
Fridley Market (60th/Main)	-		N/A	N/A		N/A
Wal-Mart/Sam's Club	-		N/A	329,397	4	1.33%
River Pointe Apartments	-		N/A	185,007	9	0.75%
ZCOF (Fridley Market)	-		N/A	N/A		N/A
Lifetime Fitness	-		N/A	181,092	10	0.73%
Total	$7,905,563		15.07%	$4,424,622		17.84%
Total All Property	$52,432,008			$24,813,423		

Source: City Assessor

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

Fiscal Year Ended Dec. 31	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of the Levy		Collections in Subsequent Years[1]	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	11,511,288	11,372,812	98.80%	138,476	11,511,288	100.00%
2015	11,734,607	11,657,855	99.35%	76,752	11,734,607	100.00%
2016	12,200,835	12,172,555	99.77%	25,468	12,198,023	99.98%
2017	14,122,251	13,990,154	99.06%	129,366	14,119,520	99.98%
2018	14,807,913	14,804,501	99.98%	429	14,804,930	99.98%
2019	15,494,419	15,339,721	99.00%	154,184	15,493,905	100.00%
2020	16,109,557	16,030,087	99.51%	67,543	16,097,630	99.93%
2021	16,890,084	16,834,247	99.67%	40,587	16,874,834	99.91%
2022	17,392,070	17,326,104	99.62%	37,199	17,363,303	99.83%
2023	19,620,870	19,458,238	99.17%	N/A	19,458,238	99.17%

[1] Includes repayment of property tax abatements

Source: City Finance Department

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

	Governmental Activities					Business Type Activities			
Fiscal Year	Improvement Bonds	Tax Increment Bonds	Equipment Certificates	Tax Abatement	Total	Revenue Bonds	Total Primary Government	Percentage of Personal Income[1]	Per Capita[1]
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%	1,969
2020	47,126,597	15,048,975	295,000	-	62,470,572	5,575,343	68,045,915	7.01%	2,088
2021	45,768,201	14,282,043	150,000	-	60,200,244	3,688,506	63,888,750	6.51%	2,020
2022	44,454,805	13,440,111	-	22,211,771	80,106,687	3,111,669	83,218,356	7.71%	2,674
2023	42,926,410	12,558,178	-	22,121,218	77,605,806	2,524,832	80,130,638	7.33%	2,562

[1]Demographic information can be found on Table 13

CITY OF FRIDLEY, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2023

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Independent School District No. 11	$238,210,000	1.60%	$3,811,360
Independent School District No. 13	16,153,058	31.46%	5,081,752
Independent School District No. 14	38,885,000	100.00%	38,885,000
Independent School District No. 16	91,825,000	36.80%	33,791,600
Metro Council	1,694,829,000	1.19%	20,168,465
Anoka County	34,695,000	18.04%	6,258,978
Vocational/Technical District No. 916	69,450,000	2.21%	1,534,845
Subtotal - overlapping debt			109,532,000
City of Fridley - direct debt			77,605,806
Total direct and overlapping debt	$77,605,806	100.00%	$187,137,806

Sources: Continuing Disclosure Document

[1]Overlapping 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		$4,068,533,300	
Debt Limit 3% of Market Value			$122,055,999
Amount of Debt Applicable to Debt Limit:			
Total Debt		$76,920,000	
Deductions:			
Revenue Bonds	2,440,000	2,440,000	
Total Amount of Debt Applicable to Debt Limit			74,480,000
Legal Debt Margin			$47,575,999

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
2014	$58,457,403	$1,530,000	$56,927,403	2.62%
2015	64,381,899	1,330,000	63,051,899	2.07%
2016	66,220,902	1,130,000	65,090,902	1.71%
2017	72,490,155	50,055,000	22,435,155	69.05%
2018	76,729,887	48,790,000	27,939,887	63.59%
2019	85,648,197	56,935,000	28,713,197	66.48%
2020	92,204,535	60,070,000	32,134,535	65.15%
2021	102,827,526	58,065,000	44,762,526	56.47%
2022	102,770,292	46,260,000	59,525,202	57.92%
2023	122,055,999	74,480,000	47,575,999	61.02%

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

	Improvement Bonds				Equipment Certificates					
Fiscal Year	Special Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage	Property Tax Collections	Debt Service Principal	Debt Service Interest	Coverage	Utility Service Revenues	Less Operating Expenses
2014	$932,078	$955,000	$166,235	0.83	$234,357	$195,000	$25,653	1.06	$8,363,415	$6,987,095
2015	188,303	990,000	129,815	0.17	231,310	200,000	23,080	1.04	8,936,287	7,405,596
2016	166,895	1,030,000	92,090	0.15	234,359	200,000	20,330	1.06	9,938,517	7,381,382
2017	105,827	1,525,000	914,322	0.04	225,962	205,000	17,205	1.02	10,499,230	8,374,461
2018	52,979	1,185,000	1,747,988	0.02	232,848	205,000	13,855	1.06	11,442,218	9,307,210
2019	48,680	1,285,000	1,710,938	0.02	231,149	210,000	10,371	1.05	11,365,473	9,608,209
2020	25,154	1,325,000	1,671,788	0.01	157,817	215,000	6,570	0.71	11,603,610	9,812,423
2021	10,336	1,295,000	1,638,638	0.00	160,511	145,000	3,526	1.08	12,592,252	9,681,907
2022	-	1,250,000	1,594,113	0.00	(95)	150,000	1,238	0.00	12,952,485	12,091,570
2023	-	1,465,000	1,526,238	0.00	1,878	-	-	N/A	14,419,231	12,806,455

Utility Revenue Bonds				Tax Abatement Bonds				Tax Increment Bonds			
Net Available Revenue	Debt Service			Tax Increment Collections	Debt Service			Tax Increment Collections	Debt Service		
	Principal	Interest	Coverage		Principal	Interest	Coverage		Principal	Interest	Coverage
$1,376,320	$570,000	$223,459	1.73	$ -	$ -	$ -	-	$ -	$ -	$ -	-
1,530,691	585,000	203,060	1.94	-	-	-	-	-	-	-	-
2,557,135	610,000	181,610	3.23	-	-	-	-	-	-	-	-
2,124,769	2,600,000	261,888	0.74	-	-	-	-	-	-	-	-
2,135,008	915,000	180,688	1.95	-	-	-	-	-	-	-	-
1,757,264	945,000	155,763	1.60	-	-	-	-	-	-	-	-
1,791,187	730,000	134,838	2.07	-	-	-	-	-	-	280,368	-
2,910,345	1,875,000	131,838	1.45	-	-	-	-	-	630,000	460,038	-
860,915	565,000	66,763	1.36	-	-	-	-	-	705,000	426,663	-
1,612,776	575,000	55,363	2.56	-	-	1,030,880	-	-	745,000	390,413	-

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

Fiscal Year	Population	Unemployment Rate	Total Personal Income	Per Capita Personal Income
2014	27,952	4.2%	720,406,896	25,773
2015	28,547	3.9%	747,503,195	26,185
2016	28,631	3.9%	810,142,776	28,296
2017	28,667	3.8%	829,622,980	28,940
2018	28,824	3.1%	862,385,256	29,919
2019	28,981	3.3%	897,599,532	30,972
2020	29,924	7.5%	971,033,800	32,450
2021	29,806	5.0%	981,899,058	32,943
2022	29,962	2.6%	1,062,531,280	36,040
2023	30,289	3.4%	1,092,705,964	36,076

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

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

Employer	2023 Employees	2023 Rank	2023 Percentage of Total City Employment	2014 Employees	2014 Rank	2014 Percentage of Total City Employment
Medtronic, Inc.	3,410	1	13.76%	3,800	1	17.01%
Mercy - Unity Medical Center	1,482	2	5.98%	1,245	3	5.57%
Cummins Power (Onan)	1,481	3	5.98%	1,500	2	6.71%
Target	1,476	4	5.96%	696	4	3.11%
BAE Systems	615	5	2.48%	600	5	2.69%
ISD #14 (Fridley Schools)	568	6	2.29%	578	6	2.59%
Minco Products	367	7	1.48%	500	7	2.24%
Kurt Manufacturing	348	8	1.40%	263	10	1.18%
Wal-Mart	286	9	1.15%	280	9	1.25%
Taylor Communications	75	10	0.30%	N/A		N/A
Park Construction	N/A		N/A	300	8	1.34%
Total	10,108		40.78%	9,762		43.69%
Total City Employment	24,784			22,345		

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

	Full-Time Equivalent Employees as of December 31,			
Function/Program	2014	2015	2016	2017
General government:				
City administration	4.7	4.7	5.0	5.0
Finance	16.0	16.0	15.0	15.0
Employee resources	2.0	2.0	2.0	2.0
Community development	9.8	9.6	10.0	10.0
Public safety:				
Police department	51.6	52.6	52.4	52.4
Fire department	7.6	7.0	7.0	7.0
Public works:				
Administration	0.6	1.5	1.5	1.8
Engineering	5.0	1.8	1.8	2.1
Fleet	4.0	3.8	3.8	3.8
Streets	8.5	8.5	8.5	8.8
Water	7.0	7.8	7.8	7.9
Sewer	5.0	3.7	3.7	3.7
Parks	6.5	5.8	5.8	5.8
Storm Water	-	5.1	5.1	5.1
Parks and recreation:				
Parks and recreation	9.6	9.0	9.0	9.8
Total	137.9	138.9	138.4	140.0

Source: City Finance Department

Table 15

Full-Time Equivalent Employees as of December 31,					
2018	2019	2020	2021	2022	2023
5.7	6.0	4.0	5.0	7.0	7.0
2.8	3.0	3.0	3.0	3.0	3.0
16.1	16.9	17.9	22.0	20.0	20.0
10.0	10.0	10.0	10.0	10.0	11.0
52.1	54.1	54.9	56.7	58.7	58.7
7.0	6.0	4.9	6.0	6.0	6.0
1.8	2.8	2.8	3.0	2.9	2.9
2.1	2.1	2.1	2.1	1.8	2.8
5.8	5.8	5.8	5.8	6.1	7.1
8.8	8.8	8.9	8.7	8.3	8.3
3.8	3.8	4.0	3.6	3.9	3.9
7.9	7.9	7.9	8.2	8.1	8.1
3.7	3.7	4.6	4.2	4.6	4.6
5.0	5.0	6.7	6.0	6.1	6.1
10.2	9.0	11.7	10.8	11.3	11.5
142.8	144.9	149.2	155.1	157.8	161.0

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

Function/Program	Fiscal Year 2014	2015	2016	2017
Police:				
Physical arrests	1,256	1,386	752	979
Parking violations	373	278	922	553
Traffic violations	3,245	2,592	2,601	2,250
Fire:				
Emergency responses	3,089	3,047	3,268	3,439
Fires occurred	110	103	127	126
Commercial inspections	1,505	1,663	789	867
Community development:				
Rental inspections	1,428	1,881	1,559	1,434
Refuse collection:				
Recyclables collected (tons per day)	6.22	6.33	5.99	6.62
Recyclables collected (pounds per person)	164.59	165.96	156.54	169.25
Building inspection:				
Permits issued:				
Residential	1,974	4,642	2,227	1,804
Commercial	492	642	599	612
Total permit valuation	$47,109,811	$60,598,103	$73,636,057	$103,663,306
Other public works:				
Street resurfacing (miles)	3.3	2.9	2.2	1.9
Recreation				
Total Program Participant hours	310,000	311,500	315,000	300,000
Total Senior Program Participant hours	70,000	62,218	65,500	65,500
Nature Center Education Participants	23,860	20,404	15,609	16,339
Nature Center Special Event Participants	N/A	N/A	4,751	2,670
Nature Center Facility Rental Visitors	N/A	N/A	N/A	5,364
Water:				
Connections	8,243	8,245	8,374	8,259
Storage capacity (gallons)	6,500,000	6,500,000	6,500,000	6,500,000
Average daily demand (gallons)	2,517,808	2,968,901	3,560,000	3,390,000
Peak daily demand (gallons)	7,439,000	6,803,000	6,392,000	6,379,000
Sewer:				
Connections	8,252	8,254	8,271	8,235

Sources: Various City departments.

Table 16

Fiscal Year					
2018	2019	2020	2021	2022	2023
1,043	911	761	1,247	1,365	1,397
612	1,741	671	841	1,289	1,137
2,622	1,932	1,883	1,395	1,258	1,891
2,415	2,596	3,342	3,003	3,372	3,254
126	105	123	159	162	126
829	1,672	862	397	588	722
1,410	1,643	1,260	1,374	1,494	1,657
6.20	6.37	6.57	5.79	5.68	6
158.29	162.28	163.28	142.72	140.32	137
2,007	2,093	2,329	2,278	2,095	2,260
514	453	378	430	297	353
$91,601,072	$98,100,786	$99,191,402	$87,575,510	$32,218,314	$73,578,562
0.2	0.6	3.6	2.2	1.8	4.8
321,927	58,354	6,892	50,765	50,770	51,687
21,615	N/A	N/A	N/A	N/A	N/A
16,872	15,587	3,785	10,581	18,343	17,229
4,200	3,700	145	3,528	6,168	5,769
5,500	4,456	1,059	1,419	3,901	4,632
8,261	8,305	8,343	8,362	8,364	8,356
6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000
3,233,000	3,056,000	3,370,000	3,480,000	3,490,000	3,390,000
5,900,000	5,720,000	6,458,000	7,345,000	6,443,000	7,802,000
8,239	8,291	8,326	8,344	8,346	8,338

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

	Fiscal Year									
Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Squad cars	15	13	13	12	15	15	15	15	15	16
Fire stations	3	3	3	3	3	2	2	2	2	2
Other public works:										
Streets (miles)	125.3	125.5	125.5	125.5	125.8	126.1	126.1	126.1	126.1	126.1
Highways (miles)	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3
Streetlights	1,059	1,059	1,059	1,059	1,059	1,093	1,123	1,123	1,123	1,123
Traffic signals	36	36	36	36	36	36	36	36	36	36
Parks and recreation:										
Acreage	682	682	682	682	665	665	666	666	666	742
Playgrounds	29	29	29	29	28	28	29	29	29	30
Baseball/softball diamonds	22	22	22	21	21	21	21	21	21	21
Soccer/football fields	2	2	2	2	2	2	2	2	2	2
Water:										
Water mains (miles)	113.0	113.2	113.2	113.2	116.0	117.5	127.0	127.8	127.8	127.8
Fire hydrants	1,013	1,013	1,013	1,013	1,020	1,040	1,040	1,070	1,420	1,422
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	106.0	107.5	109.0	109.0	109.2	109.2
Storm sewers (miles)	102.0	102.2	102.2	102.2	104.5	107.0	115.5	115.5	115.5	89.1

Sources: Various City departments.

CITY OF FRIDLEY, MINNESOTA

AUDIT MANAGEMENT LETTER

December 31, 2023

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

We have completed the 2023 audit of the City of Fridley, Minnesota and have issued our report thereon. Our Independent Auditor's Report is included in the City's Annual Comprehensive Financial Report.

This Audit Management Letter provides a summary of audit results along with comparisons and trend analysis of financial results.

Thank you for the opportunity to serve the City. We are available to discuss this report with you.

Redpath and Company LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

June 3, 2024

400 Robert Street North, Suite 1600, St. Paul, MN, 55101 651.426.7000 www.redpathcpas.com

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REPORT SUMMARY

Several reports are issued in conjunction with the audit. A brief summary is as follows:

Report Name	Elements of Report	Overview
Annual Comprehensive Financial Report *(ACFR)*	• Management's Discussion and Analysis • Financial statements • Footnotes • Supplemental information • Statistical information	• Unmodified ("clean") opinion on the Basic Financial Statements
Report on Internal Control over Financial Reporting and on Compliance and Other Matters	Results of testing • Internal controls over financial reporting • Compliance with laws, regulations, contracts and grants	• No internal control findings
State Legal Compliance Report	• Results of testing certain provisions of Minnesota Statutes	• No compliance findings

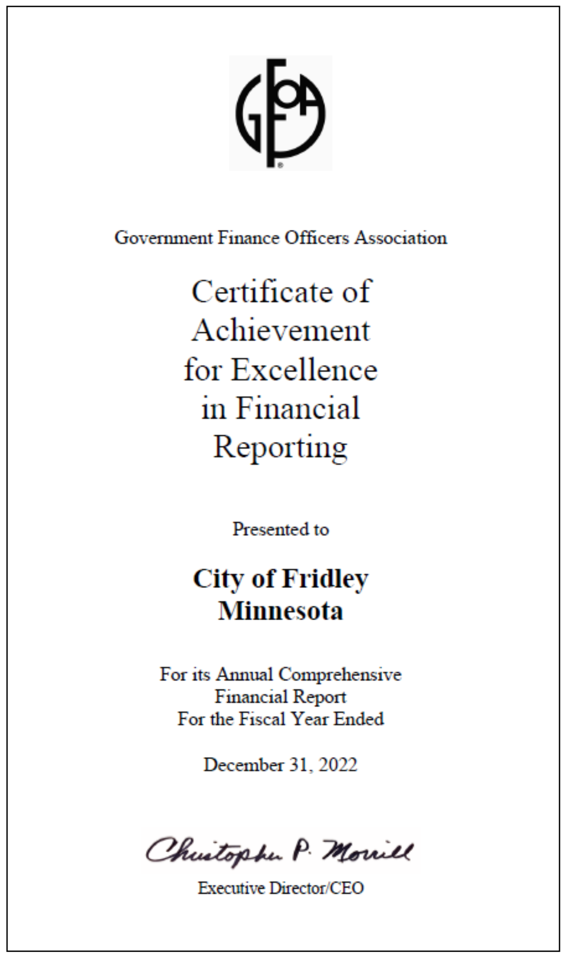
National Recognition for Excellence in Financial Reporting

The "Certificate of Achievement for Excellence in Financial Reporting" is an award program offered by the Government Finance Officers Association of the United States and Canada (GFOA). This Award Program has three key objectives:

- Recognize governments that issue a high-quality ACFR.
- Encourage governments to prepare an easily readable and understandable Financial Report.
- Provide educational materials, comments, and suggestions for improvements to program participants.

The City of Fridley, Minnesota has been awarded the Certificate of Achievement for Excellence in Financial Reporting every year since 2011.

Continued participation in this program demonstrates the City's commitment to financial reporting.


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, 2022

Christopher P. Morrill
Executive Director/CEO

SUMMARY OF FINANCIAL ACTIVITY

The financial statement document is very complex. Individual fund information is presented in several different sections of the document. As such, a summary of financial activity (rounded to the nearest 1,000) of the City's Governmental Funds for 2023 is presented below:

Fund Type	Revenues	Expenditures	Interfund Transfers (Net)	Change in Fund Balance	Fund Balance 12/31/2023
General	$22,649,000	$20,941,000	$330,000	$2,038,000	$12,886,000
Special Revenue	1,895,000	1,841,000	-	54,000	1,625,000
Debt Service	6,279,000	5,159,000	548,000	1,668,000	5,381,000
Capital Project	9,770,000	15,501,000	(539,000)	(6,270,000)	36,876,000
Total	$40,593,000	$43,442,000	$339,000	($2,510,000)	$56,768,000

Additional detail by fund is presented on the next page.

Financial Statement Summary

Fund	Other Sources and Revenues	Expenditures	Interfund Transfers (Net)	Change in Fund Balance/ Net Position	Fund Balance/ Net Position 12/31/2023
General	$22,649,315	$20,941,439	$330,100	$2,037,976	$12,885,809
Special Revenue:					
Cable TV	332,669	371,942		(39,273)	1,088,323
Solid Waste Abatement	482,130	471,669		10,461	97,230
Drug and Gambling Forfeiture	41,652	22,775		18,877	136,211
Police Activity	200,034	214,096		(14,062)	8,537
Springbrook Nature Center	708,943	715,273		(6,330)	224,785
CARES/ARPA	129,154	45,102		84,052	70,260
Debt Service:					
Debt Service Fund	6,278,942	5,159,429	547,655	1,667,168	5,380,612
Capital Project:					
Building Improvements	105,525	45,872		59,653	1,826,276
Park Improvements	1,201,738	7,743,017	(682,655)	(7,223,934)	16,111,254
Street Improvements	5,297,548	5,714,218	(106,600)	(523,270)	2,005,960
Information System Improvement	343,449	399,754		(56,305)	333,909
Capital Equipment	1,652,571	1,519,054	250,000	383,517	2,389,142
Special Assessment	28,792	53,365		(24,573)	11,741
Community Investment	1,140,804	25,577		1,115,227	14,197,809
Enterprise:					
Liquor	1,853,652	1,392,721	(338,500)	122,431	2,322,598
Water	5,747,200	3,336,559		2,410,641	17,647,302
Sewer	7,711,738	6,712,397	-	999,341	10,540,814
Storm Water	2,426,378	1,547,546	-	878,832	12,320,481
Internal Service:					
Employee Benefits	1,768,275	3,258,712		(1,490,437)	(12,176,407)
Self Insurance	311,826	337,760		(25,934)	816,034
HRA:					
General	1,424,309	1,365,895		58,414	19,838,451
Housing Loan	381,440	172,236	540,855	750,059	3,528,502
Tax Increment	6,346,664	3,293,628	(540,855)	2,512,181	(1,706,341)
Total	$68,564,748	$64,860,036	$ -	$3,704,712	$109,899,292

Property Tax Collection

The City of Fridley continues to have a strong property tax collection rate. A schedule of the collection rate for the past seven years is as follows:

Year	Certified Tax Levy	Collection Rate
2017	14,122,251	99.1%
2018	14,807,913	99.9%
2019	15,494,419	99.0%
2020	16,109,557	99.5%
2021	16,890,094	99.7%
2022	17,392,070	99.6%
2023	19,620,870	99.2%

GENERAL FUND

The General Fund balance increased $2,037,976 during 2023. A budgetary comparison for 2023 is as follows:

	2023		
	Budget	Actual	Budget Variance
Revenues	$20,596,200	$22,649,315	$2,053,115
Expenditures	21,276,300	20,941,439	334,861
Revenues over (under) expenditures	(680,100)	1,707,876	2,387,976
Transfers from other funds	680,100	330,100	(350,000)
Transfers to other funds	-	-	-
Total transfers	680,100	330,100	(350,000)
Net change in fund balance	$ -	2,037,976	$2,037,976
Fund Balance - January 1		10,847,833	
Fund Balance - December 31		$12,885,809	

Detail of the preceding budget variances is presented in Exhibit B-1 of the 2023 Annual Comprehensive Financial Report. A summary of the significant budget variances are as follows:

Revenues:

Investment income exceeded budget by approximately $466,000 primarily due to year-end market value adjustment.

Intergovernmental revenues exceeded budget by approximately $1,425,000, primarily as a result of public safety aid received from the state. These resources are restricted for spending on public safety expenditures.

Expenditures:

General Government – Expenditures were less than budget by $201,000. This is primarily a result of personnel costs less than budget across multiple divisions.

Public Safety – Expenditures exceeded budget by $104,000. This is primarily a result of spending in the area of other services and charges.

Fund balance:

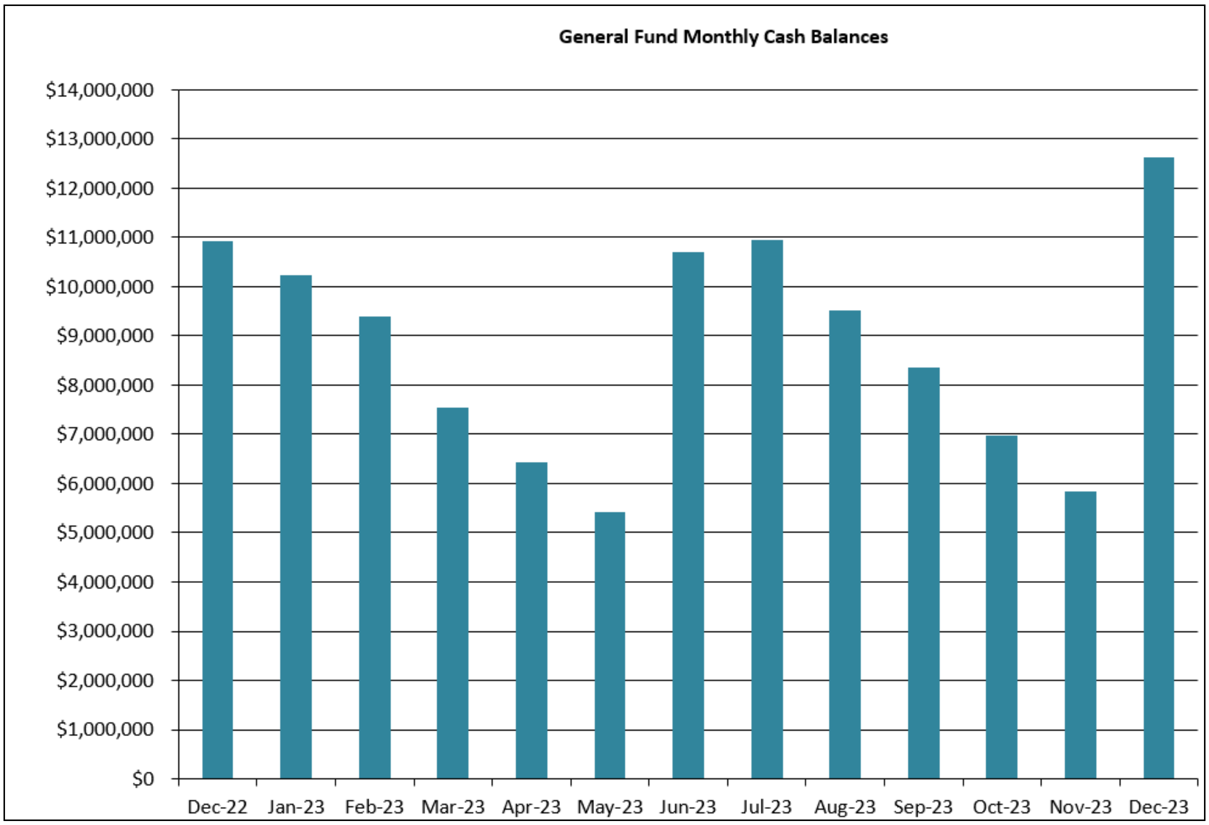
The fund balance of the General Fund was $12,885,809 as of December 31, 2023. Further detail on the components of fund balance is as follows:

Fund Balance Component	December 31, 2023 Amount	December 31, 2022 Amount
Nonspendable	$258,652	$225,418
Restricted	1,381,489	58,765
Unassigned:		
Cash flow purposes	11,245,668	10,527,250
Remaining balance	-	36,400
Total	$12,885,809	$10,847,833

Fund Balance – Cash Flow Purposes

Over 64% of General Fund revenue is from property taxes and Local Government Aid (LGA). These monies are not received until the second half of the fiscal year. As such, working capital is necessary for cash flow operations during the first half of the year. In 2011, the City approved an unassigned General Fund Balance policy. The policy is to maintain a General Fund balance in the range of 35% - 50% of the subsequent years budgeted expenditures. The unassigned General Fund balance at December 31, 2023 was $11,245,668 which is 49.7% of the 2024 budgeted expenditures of $22,639,700. The City has a policy of transferring amounts over 50% to the Community Investment Fund.

The following chart of General Fund monthly cash balances illustrates the need for working capital.



SPECIAL REVENUE FUNDS

Special Revenue Funds are a classification of funds to account for revenues (and related expenditures) segregated by City policy or Federal or State Statutes for specific purposes. The City maintained six Special Revenue Funds during 2023 as follows:

Fund	Revenues and Other Sources	Expenditures and Other Uses	Interfund Transfers Net	Net Change in Fund Balance	12/31/2023 Fund Balance (Deficit)
Cable TV	$332,669	$371,942	$ -	($39,273)	$1,088,323
Solid Waste Abatement	482,130	471,669	-	10,461	97,230
Drug and Gambling Forfeiture	41,652	22,775	-	18,877	136,211
Police Activity	200,034	214,096	-	(14,062)	8,537
Springbrook Nature Center	708,943	715,273	-	(6,330)	224,785
CARES/ARPA	129,154	45,102	-	84,052	70,260
Totals	$1,894,582	$1,840,857	$0	$53,725	$1,625,346

Springbrook Nature Center

Similar to the City's General Fund, the Springbrook Nature Center Fund's primary revenue source is property taxes. Due to the timing of receipt of property taxes (July and December), a reserve is needed to fund operations between property tax receipts. A recommended reserve amount is 50% of the annual tax levy, which is approximately $250,000.

CARES/ARPA

This fund was established in 2021 to account for the federal Coronavirus Relief Fund monies.

DEBT SERVICE FUNDS

Debt Service Funds are a type of governmental fund to account for the accumulation of resources for the payment of interest and principal on debt (other than Enterprise Fund debt).

Current governmental reporting standards do not provide for the matching of long-term debt with its related financing sources. Although this information can be found in the City's Financial Report, it is located in several different sections of the Financial Report. The following schedule extracts information from these different sections to provide an overview analysis of long-term debt and its related funding.

Bond Issue	Fund Balance at 12/31/2023	Debt Payable at 12/31/2023	Source of Repayment
General Obligation Bonds:			
Equipment Certificates	$83,181	$ -	Property taxes
G.O. CIP Bonds, Series 2017A (Civic Campus	3,226,829	41,780,000	Property taxes
G.O. Tax Increment Bonds, 2019A	405,388	9,510,000	Tax increment
G.O. Tax Increment Bonds, 2020A	192,379	2,460,000	Tax increment
G.O. Tax Abatement Bonds, 2022A	1,525,286	20,730,000	Property taxes
Improvement Bonds:			
G.O. Improvement Bonds, 2010A	(52,451)		Property taxes and assessments
Total	$5,380,612	$74,480,000	

CAPITAL PROJECTS FUNDS

The financial activity of the Capital Project Funds for 2023 was as follows:

Fund	Revenue	Expenditures	Interfund Transfers	Change in Fund Balance	Fund Balance 12/31/2023	Comments
Street Improvements	$5,297,548	$5,714,218	($106,600)	($523,270)	$2,005,960	Expenditures include the 2022 and 2023 Street Rehab projects and the 53rd Avenue trail and turn-about.
Special Assessment Construction Capital Projects	28,792	53,365	-	(24,573)	11,741	
Building Improvements	105,525	45,872	-	59,653	1,826,276	
Park Improvements	1,201,738	7,743,017	(682,655)	(7,223,934)	16,111,254	Expenditures primarily relate to the Park System Improvement plan, namely the Moore Lake Project.
Information System Improvement	343,449	399,754	-	(56,305)	333,909	
Capital Equipment	1,652,571	1,519,054	250,000	383,517	2,389,142	Rescue truck and vehicle leases.
Community Investment	1,140,804	25,577	-	1,115,227	14,197,809	Created in 2018 and funded by interfund transfers from the Closed Bond Fund.
Totals	$9,770,427	$15,500,857	($539,255)	($6,269,685)	$36,876,091	

ENTERPRISE OPERATING FUNDS

The City maintains four Enterprise Operating Funds. The financial statements for these funds are presented in Exhibits A-6 through A-8 of the 2023 Annual Comprehensive Financial Report.

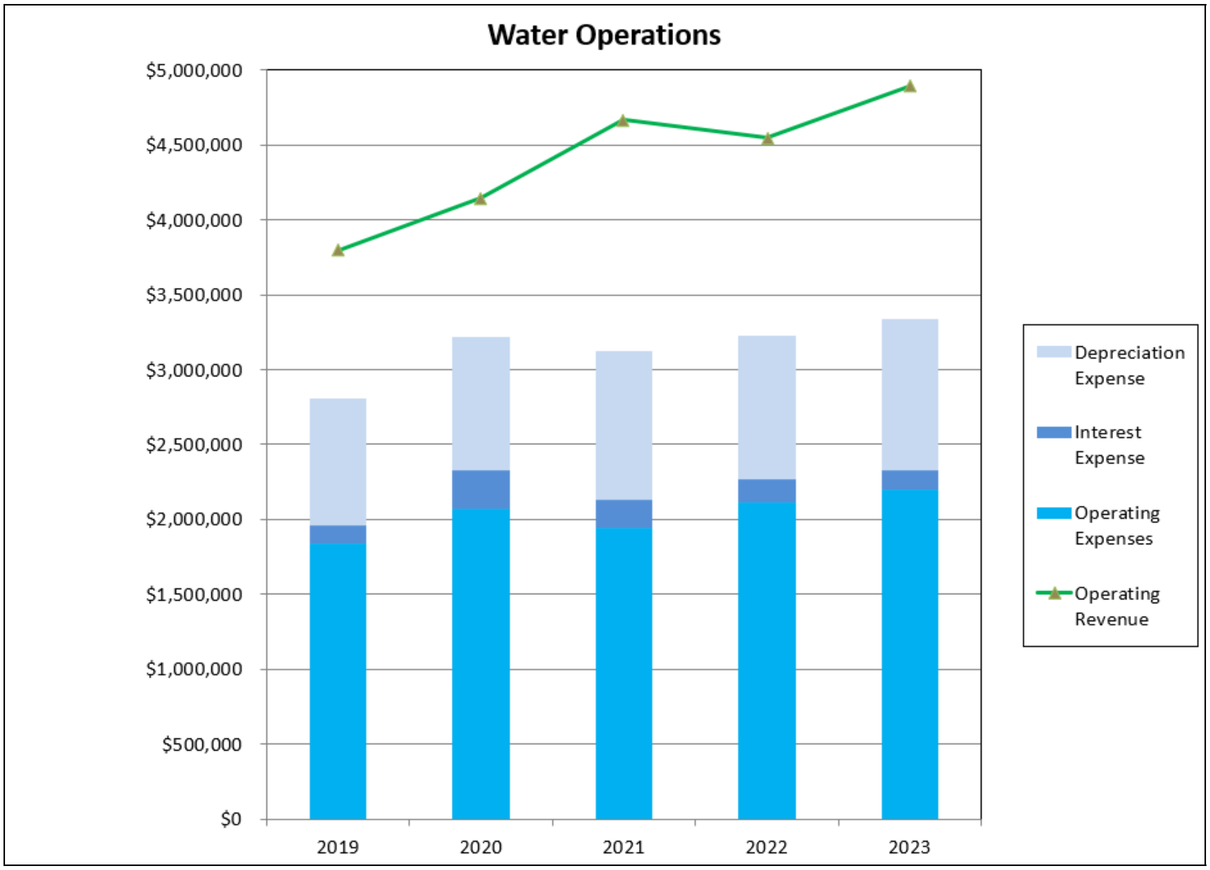
Summary of Cash Flow

	Liquor	Water	Sewer	Storm Water	Total
Cash flows from operating activities	$671,533	$2,523,913	$566,373	$764,460	$4,526,279
Cash flows from financing activities:					
Intergovernmental revenue	-	435,225	-	37,981	473,206
Transfer to other funds	(338,500)	-	-	-	(338,500)
Cash flows from capital and related financing activities:					
Debt service	(42,371)	(723,612) a	(5,815)	(2,600)	(774,398)
Purchase of capital assets	(93,141)	(933,068) b	(176,619)	(974,407) c	(2,177,235)
Capital grants	-	-	55,837	238,433	294,270
Interfund loan	-	(488,149)	(40,000)	(30,000)	(558,149)
Lease related	(107,115)	(4,721)	(7,140)	-	(118,976)
All other	-	13,291	30,373	1,059	44,723
Cash flows from investing activities:					
Investment income	66,621	408,568	170,544	183,213	828,946
Net change in cash and investments	$157,027	$1,231,447	$593,553	$218,139	$2,200,166
Cash and investments - December 31	$1,561,958	$7,639,586	$4,095,118	$3,397,385	$16,694,047

a - includes principal payments of $575,000.
b - includes the following activity:
$210,725 Well update project
$721,264 Water lines replacement
c - includes the following activity:
$474,767 Moore Lake filter
$181,655 Apex Pond Project

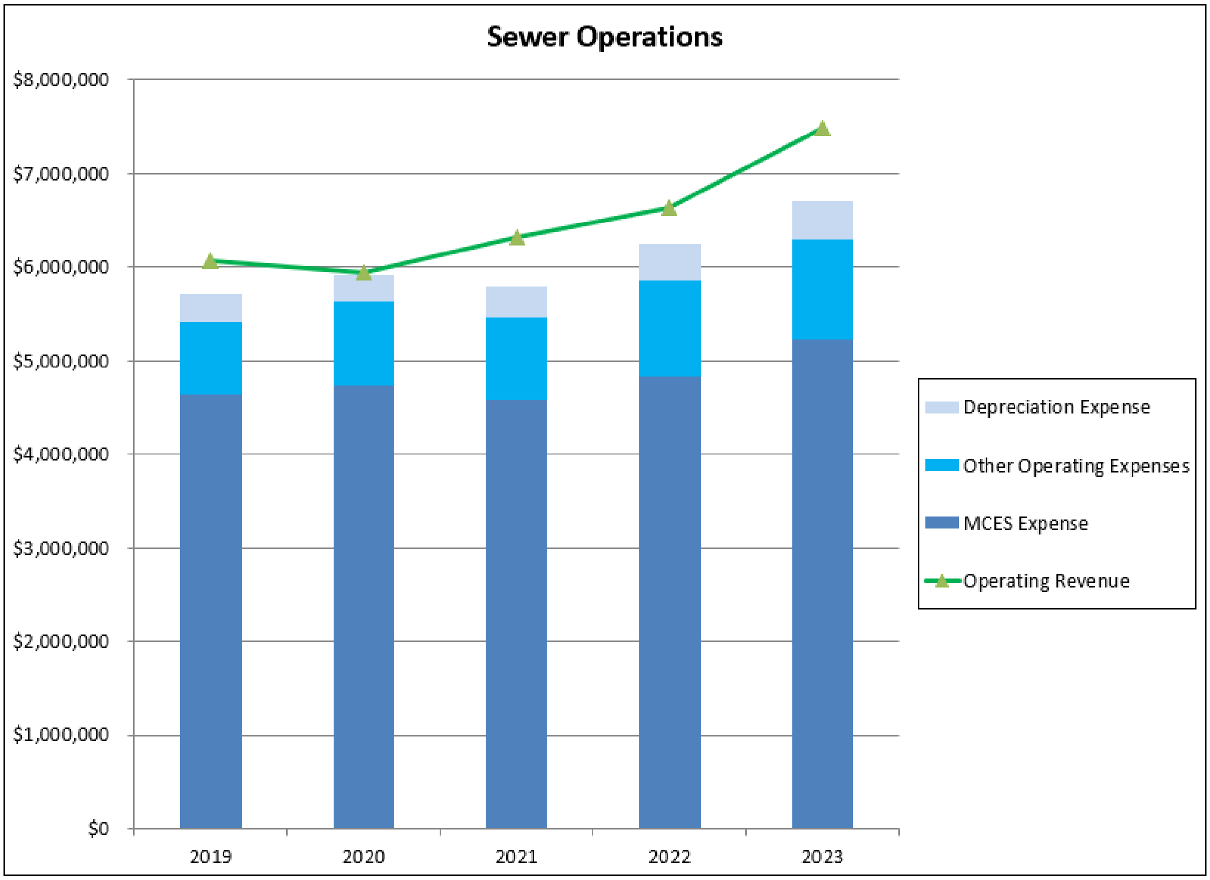
Water Operations

A chart of income and expense from operations is presented below:



Sewer Operations

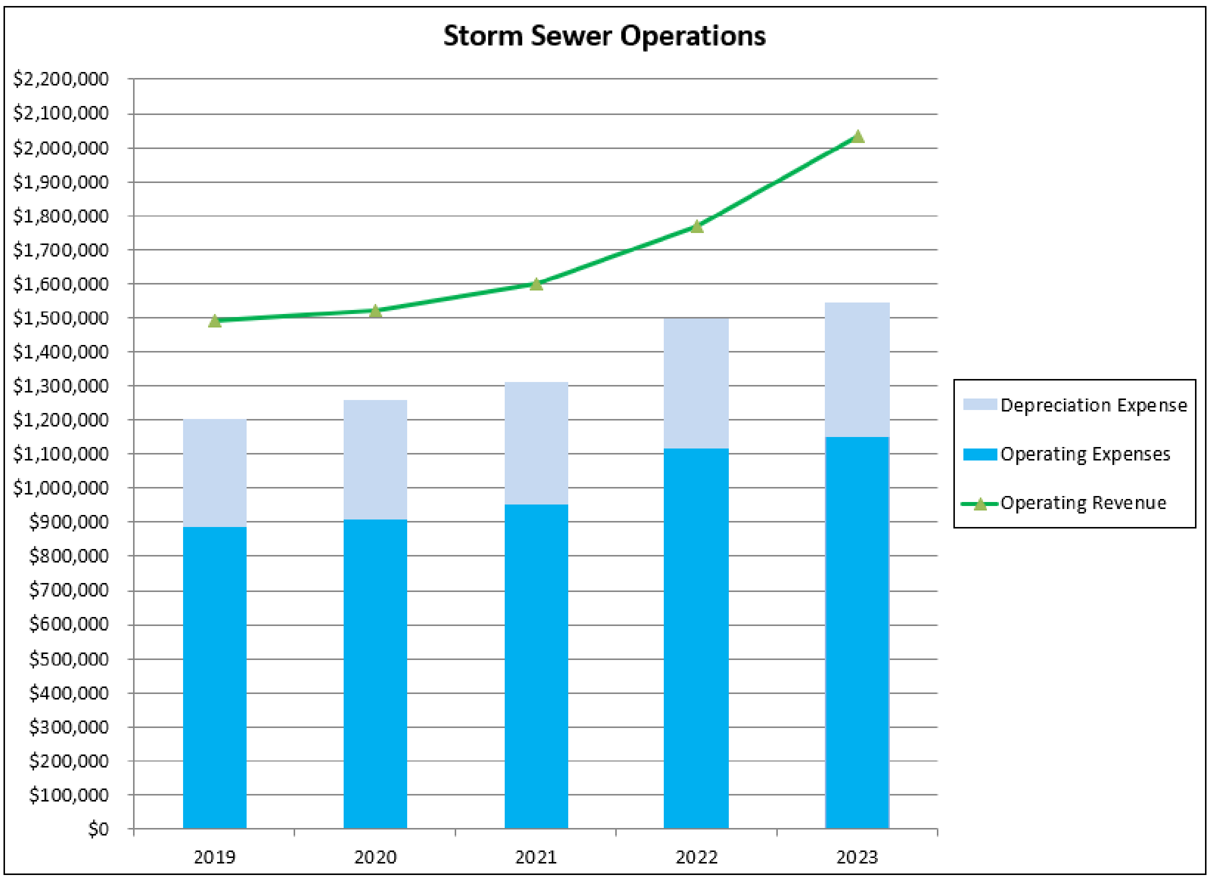
A chart of income and expense from operations is presented below:



Storm Water Operations

The Storm Water Operations Fund is designed to accumulate resources for future storm water systems and/or improvements to existing systems. Operating expenses consist primarily of maintenance costs.

A chart of income and expense from operations is presented below:

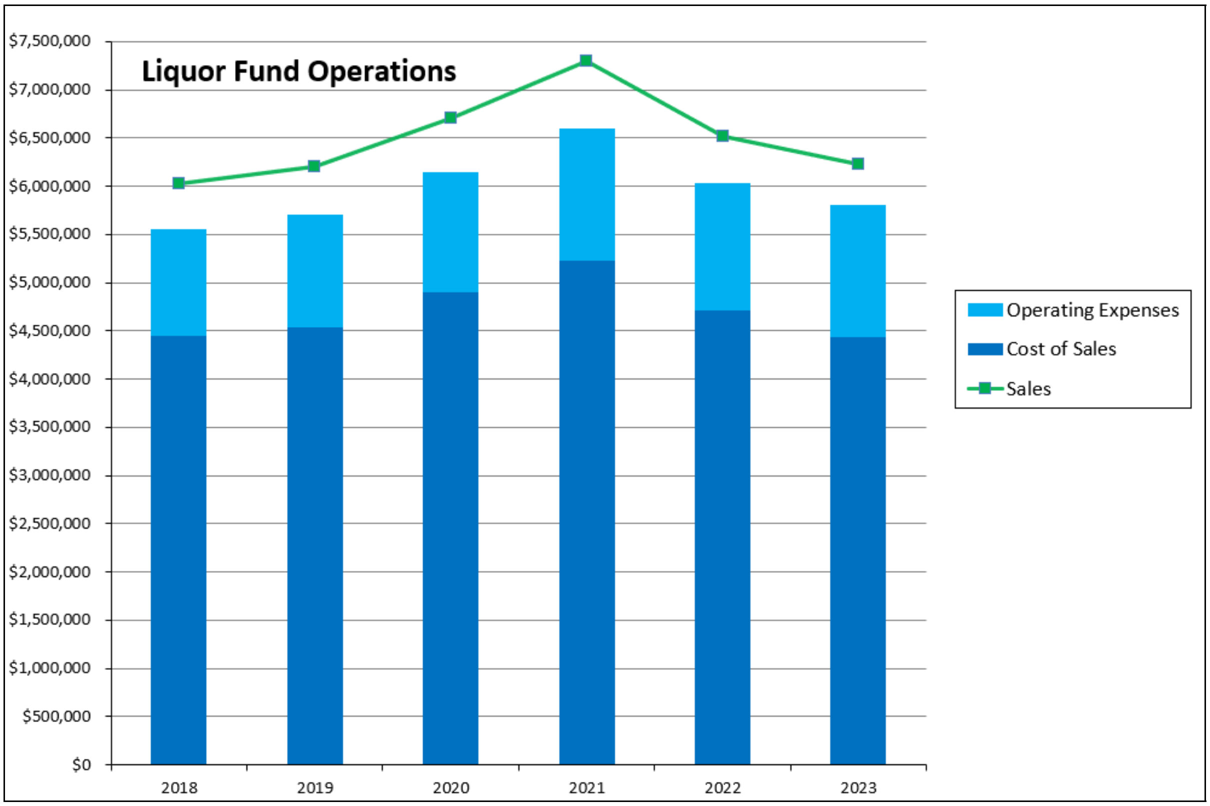


Municipal Liquor Fund

A summary of operations for the past three years is as follows:

	2021		2022		2023	
	Amount	Percent	Amount	Percent	Amount	Percent
Sales	$7,290,355	100.0%	$6,521,618	100.0%	$6,230,594	100.0%
Cost of sales	5,231,959	71.8%	4,713,669	72.3%	4,443,563	71.3%
Gross profit	2,058,396	28.2%	1,807,949	27.7%	1,787,031	28.7%
Operating expenses:						
Personal services	708,858	9.7%	660,604	10.1%	713,095	11.4%
Supplies and other charges	610,852	8.4%	467,363	7.2%	458,474	7.4%
Depreciation and amortization	36,669	0.5%	179,886	2.8%	178,782	2.9%
Total operating expense	1,356,379	18.6%	1,307,853	20.1%	1,350,351	21.7%
Operating income	$702,017	9.6%	$500,096	7.6%	$436,680	7.0%

A chart of income and expense from operations for the past five years is presented below.



HOUSING AND REDEVELOPMENT AUTHORITY

Financial reporting standards require a City's Annual Comprehensive Financial Report to include all component units of the City.

The definition of a component unit is "a legally separate organization for which the elected officials of the primary government [City of Fridley] are financially accountable." The Housing and Redevelopment Authority (HRA) is considered a component unit of the City for financial reporting purposes.

Detail of the funds included in the HRA is presented in Exhibits F-1 through F-4 of the 2023 Annual Comprehensive Financial Report.

A summary of the individual funds is as follows:

District No.	Name	Revenue	Expenditures	Interfund Transfers	Change in Fund Balance	Fund Balance 12/31/2023
	General Fund	$1,424,309	$1,365,895	$ -	$58,414	19,838,451
	Housing Loan Fund	381,440	172,236	540,855	750,059	3,528,502
	Subtotal	1,805,749	1,538,131	540,855	808,473	23,366,953
	Tax Increment Funds:					
6	Lake Pointe	644,092	577,462	-	66,630	(93,539)
12	McGlynn Bakery	-	60,943	-	(60,943)	398
13	Satellite Lane Apartments	83,917	1,431	-	82,486	530,379
17	Gateway East	59,711	7,034	-	52,677	(68,355)
18	Gateway West	55,465	10,237	-	45,228	(145,366)
19	Main Street	160,872	160,290	-	582	582
21	Gateway Northeast	695,473	100,053	-	595,420	(1,863,566)
HR1	Housing Replacement	73,498	320	-	73,178	257,209
20	BAE Northern Stacks	2,226,528	1,182,523	(540,855)	503,150	3,241,983
20A	BAE Hazardous Sub District	251,474	86,515	-	164,959	(2,303,296)
22	Northstar Transit Station	1,506,728	647,689	-	859,039	2,954,362
23	Locke Point Park	279,460	175,685	-	103,775	(4,188,709)
24	Northern Stacks VIII	55,416	50,338	-	5,078	(23,492)
25	Holly Center	254,030	227,224	-	26,806	953
26	Moon Plaza	-	5,884	-	(5,884)	(5,884)
	Subtotal	6,346,664	3,293,628	(540,855)	2,512,181	(1,706,341)
	Total	$8,152,413	$4,831,759	$0	$3,320,654	$21,660,612

Individual funds that report a deficit have financed the deficit by an interfund loan from the HRA’s General Fund. A schedule of interfund loans as of December 31, 2023 is as follows:

Fund	Due From	Due To
General	$8,772,506	$ -
Lake Pointe	-	95,303
Gateway East	-	69,586
Gateway West	-	146,265
Gateway Northeast	-	1,872,606
BAE Hazardous Sub District	-	2,390,888
Moon Plaza	-	5,884
Locke Point Park	-	4,191,974
Total	$8,772,506	$8,772,506

If any of the above balances are not expected to be repaid within a reasonable time, accounting standards require that they be reclassified as a transfer. We recommend that the HRA review the likelihood of repayment of the above loans and authorize transfers for any that may not be repaid.

ACCOUNTING STANDARDS

Governmental Accounting Standards Board (GASB) statements that are required to be implemented in future years that may affect the City are as follows:

Upcoming GASB Statements	City Implementation Required By
Statement No. 99 *Omnibus 2022*	2024
Statement No. 100 *Accounting for Changes and Error Corrections*	2024
Statement No. 102 *Certain Risk Disclosures*	2025
Statement No. 103 *Financial Reporting Model Improvements*	2026

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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 for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 6, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements are the estimated present value of the lease receivable and lease liability, and the estimates used to calculate the net pension liability, the pension related deferred outflows and inflows of resources, and pension expense. These estimates are based on the City's estimated incremental borrowing rate upon commencement of the leases and actuarial studies. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. Determining sensitivity is subjective, however, we believe the disclosure most likely to be considered sensitive is Note 7 – Defined Benefit Pension Plans.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Financial Statement Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements that have an effect on our opinion on the financial statements. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individual or in the aggregate, to each opinion unit's financial statements as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 3, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

RSI and Supplementary Information

We applied certain limited procedures to the management's discussion and analysis, the budgetary comparison information reported as RSI, the schedule of proportionate share of net pension liability, the schedule of pension contributions, OPEB related RSI, and the notes to required supplementary information which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on that RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Restriction on Use

This information is intended solely for the use of the City of Fridley's City Council and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component 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, 2023, and the related notes to the financial statements, which collectively comprise the City of Fridley, Minnesota's basic financial statements, and have issued our report thereon dated June 3, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Fridley, Minnesota's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Fridley, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Fridley, Minnesota's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fridley, Minnesota's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Fridley, Minnesota's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Fridley, Minnesota's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Redpath and Company LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

June 3, 2024

REDPATH AND COMPANY

MINNESOTA LEGAL COMPLIANCE REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component 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, 2023, and the related notes to the financial statements, which collectively comprise the City of Fridley, Minnesota's basic financial statements, and have issued our report thereon dated June 3, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Fridley, Minnesota failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Redpath and Company LLC

REDPATH AND COMPANY, LLC
St. Paul, Minnesota

June 3, 2024